

GROUP SUPPORT TO THE MICROENTERPRISE SECTOR

(1990-2000)



FEBRUARY 2001

Banco Interamericano de Desarrollo
Departamento de Desarrollo Sostenible
MICRO, SMALL AND MEDIUM ENTERPRISE DIVISION

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FOREWORD

The microenterprise sector has undergone a major rethinking in the past ten years. Until the late 1980s, the sector had for the most part been viewed as an undesirable and unproductive element of Latin American and Caribbean economies. Many donors believed that the men and women working in this sector needed highly subsidized support to overcome poverty. As the 1980s drew to a close, however, the perception of the sector was gradually changing, and donors were beginning to see that there was much more to the microenterprise story.

Today, it is generally acknowledged that the sector holds enormous potential for Latin American and Caribbean economies. In spite of the difficult conditions for the people in this sector, its dynamism and potential for income generation for individuals and families are now widely recognized. This perception constitutes a major change from ten years ago.

Unfortunately, the potential of the sector in many ways remains unrealized. A number of factors, including inappropriate regulatory frameworks and inadequate access to financial and other services, often prevent microenterprises from taking advantage of the opportunities present in their local economies. Moreover, the policies resulting from the earlier view of microenterprises—as needing and deserving of charity—were not conducive to creating institutions capable of serving this sector efficiently and in a sustainable manner. Over time, donors and practitioners have come to realize that sustained *access* to services is more fundamental to microentrepreneurs than the *price* of the services. This realization has contributed to a rethinking of how and under what conditions support to the sector should be provided.

The new paradigm for support to the microenterprise sector is based on the principle of treating microenterprises as the businesses they are. This vision, which has matured over the last ten years, foresees a microenterprise sector served by a broad range of financial institutions and sustainable providers of business development services. It seeks an expansion of the flow of private resources to the sector, and emphasizes the importance of establishing and maintaining a legal and regulatory framework that ensures equal opportunity for small and microenterprises.

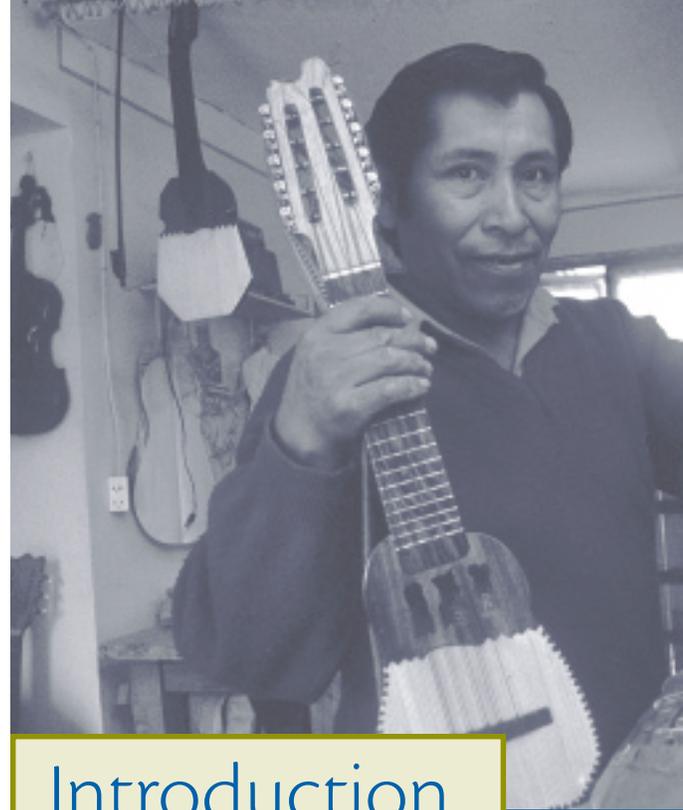
The realization of this vision has been at the core of IDB's support to the microenterprise sector in Latin America and the Caribbean during the 1990s. Considerable progress has been achieved using a variety of instruments, including loans, equity investments, and grant-based technical assistance, each of which fulfills a different objective. Some instruments strengthen capacity of local institutions serving microentrepreneurs, such as technical assistance under the Social Entrepreneurship Program. Others aim to deepen the financial resources available to the sector, like the Global Microenterprise Loan program. The common goal of all IDB support, however, is to unleash the enormous potential of the hemisphere's 65 million microentrepreneurs.

This report presents an overview of the contributions the IDB has made to the microenterprise sector, outlining success cases and highlighting some of the important lessons learned during the last ten years. It provides the reader with a sense of the accomplishments of the IDB, but also with a general understanding of the context in which IDB support has taken place. Finally, it serves as a blueprint for further action in the donor community, identifying recent trends and innovations and indicating some of the IDB's priorities for the coming years.

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Microenterprises play a crucial role in their contribution to economic activity and employment generation in Latin America and the Caribbean. Unfortunately, despite impressive gains in the past decade, too many microenterprises in the region still lack access to the services available to larger firms. Due to the competitive nature of the global economy, access to financial and business development services is essential, and may well determine who in the region will be able to compete on the local and international level. This reality makes the work of the Inter-American Development Bank Group in support of the microenterprise sector more important today than ever. The IDB Group, guided by its Strategy for Microenterprise Development, has made the creation of a sustainable market of services to the sector one of its most important priorities during the past decade. Accordingly, the Group's three institutions (the Inter-American Development Bank, the Multilateral Investment Fund, and the Inter-American Investment Corporation) have provided financing for hundreds of projects in the areas of financial services, business development services, and regulatory environment for microenterprises. Through these projects and other activities, the IDB Group demonstrates its firm and ongoing commitment to the region's microenterprises.



Introduction

I. INTRODUCTION

IDB's Principal Areas of Activity

For the past decade, the Inter-American Development Bank Group (IDB Group) has been at the forefront of the worldwide movement toward supporting the microenterprise sector. The IDB Group has played a major role in ensuring that microentrepreneurs are provided the services, both financial and nonfinancial, that they need to grow and prosper. To accomplish this goal, the IDB Group has concentrated on four areas of microenterprise development.

- The IDB Group has played an important role in improving the supply of *financial services* to microentrepreneurs in the region. Utilizing a combination of loans, equity investments, and technical assistance, the IDB has helped financial institutions expand vital financial services to micro and small entrepreneurs.
- The IDB Group has consistently emphasized *business development services* as an integral factor in supporting the micro and small enterprise (MSE) sector.
- The IDB Group has contributed to an improvement in the *policy and regulatory environment within which MSEs operate*, thereby expanding opportunities for the sector's growth.
- The IDB Group has worked to disseminate *best practices*, using publications, conferences and workshops to help practitioners and donors learn from some of the most effective and innovative examples from around the region.

The Microenterprise Sector in Latin America and the Caribbean

One of the most dynamic and diverse sectors in Latin America and the Caribbean, the microenterprise sector encompasses what is generally referred to as the "informal economy." It is not, however, a marginal area of the economy, at either the local, national or regional level. Not only do microenterprises account for a major portion of the work force; many workers opt to work in this sector because of its flexibility and the opportunities it provides for enhancing their income.

In the mid-1990s, the microenterprise sector employed more than half the work force in most Latin American countries. Its importance ranges from about a third of the work force in Argentina to close to 80 percent in Peru. More than 65 million microenterprises operate in the region, providing employment to more than 110 million individuals. Between 1990 and 1995, an average of 84 out of every 100 new jobs in the region were created by microenterprises. While the precise contribution of this sector to GDP is difficult to estimate because of its informal nature and considerable diversity, measurements of its contribution range from under 10 to 50 percent, depending on the socio-economic characteristics of the country and the method of measurement.¹

Microenterprises range from subsistence businesses to firms that use relatively sophisticated methods of production, grow rapidly, and have direct relationships with large-scale firms operating within

¹ IDB (1996)

the formal economy. Microenterprises include sidewalk vendors, bicycle repair shops, metalworking shops, bakeries, and tailor shops, to mention just a few.

Microentrepreneurs and their employees are more likely than the general population to be poor, although they are not uniformly poor (see box for discussion on microenterprises and poverty). Although the high incidence of poverty justifies focusing attention and resources on the sector, the complex relationship between poverty and the microenterprise sector suggests that treating microenterprises as objects of charity is misguided.

The development of the sector, and the entrance of microenterprises into the formal economy, are hampered by a number of obstacles, notably the inadequacy of policy regimes, and the limited availability of financial and non-financial services.

While economic reform in the region has opened up new opportunities for growth in the microenterprise sector, as well as for the development of institutions to serve that sector, much remains to be done in the area of policy reform to create equitable conditions for the region's small-scale economic activities. Among the challenges are reform of tax systems, licensing requirements, and financial regulation frameworks.

Demand for financial and nonfinancial services for the microenterprise sector still far outstrips supply in Latin America and the Caribbean. Despite many years of institutional development programs, fewer than 5 percent of the region's microentrepreneurs have access to formal financial services. Formal financial institutions, using their traditional credit technologies, are still unable to reach most microbusinesses. Nongovernmental organizations (NGOs) offer access to credit to a significant number of microenterprises. However, most of these organizations have high operating costs and are not yet able to cover their full costs without subsidies. Moreover, many microenterprises lack access to formal saving services since NGOs are not permitted to offer such services. In addition, microentrepreneurs lack access to training in basic business techniques such as accounting, technology transfer and marketing.

Expanding the supply of services for microenterprises will require greater investment in the sector. However, so far private social and for-profit investment in microfinance institutions has been hampered by information constraints and high transaction costs. Investors and creditors are in many instances unable to adequately assess the risk of individual microfinance institutions and therefore hesitate to commit their resources to this end. Moreover, since the credit and investment need of each microfinance institution is

What is a Microenterprise?

Microenterprises generally share the following characteristics:

- They are managed by an owner-operator, a high percentage of whom are women.
- They have ten or fewer employees, and depend to a large extent on family labor.
- They tend to mix domestic finances with business finances.
- They have fixed assets of up to US\$20,000.
- They lack access to the formal financial sector and to business support services.
- Their owners typically lack administrative and technical training.

relatively small, transaction costs become relatively high, particularly for international investors and creditors. The IDB Group has tailored its assistance to help microfinance institutions not only serve their clients better, but also bridge the gap to potential creditors and investors.

The IDB Group

For more than 20 years, the IDB Group has supported microenterprise development as a way to both reduce poverty and develop the private sector in Latin America and the Caribbean. The IDB Group has carried out joint efforts with governments of member countries, with the private sector and with nongovernmental organizations aimed at making the necessary financial and technical resources available to realize the enormous potential of the microenterprise sector.

The IDB Group consists of three institutions, each of which plays a major role in the development of Latin America and the Caribbean: the Inter-American Development Bank (IDB), the Multilateral Investment Fund (MIF), and the Inter-American Investment Corporation (IIC).

Inter-American Development Bank

The Inter-American Development Bank is a multilateral development bank created in 1959 with the mission of accelerating the economic and social growth of the countries of Latin America and the Caribbean. In addition to making financing available to borrowing member nations, the Bank also provides technical assistance for preparing, financing and implementing development plans and projects, and makes private investments when private capital is not available on reasonable terms. Toward this end, the IDB uses its own capital as well as funds obtained in financial markets and from donor countries.

Multilateral Investment Fund

The Multilateral Investment Fund, created in 1993, promotes private sector investments in Latin America and the Caribbean. The MIF is administered by the IDB, but is endowed with its own resources.

Are Microentrepreneurs Poor?

The answer to the question may seem obvious, but the reality is fairly complex. On the one hand, poverty rates among *employees* of microenterprises are substantial—much higher than among employees of larger firms^a. Yet poverty rates for *owners of firms with one or more employees* are much lower^b. Finally, there is significant poverty among the *self-employed* (that is, owners of firms without any employees). Their average poverty rate is far above that of wage earners as a whole^c. Of particular interest is the fact that poverty rates are substantially higher for *those located in the rural areas*. This is true across the board: for microenterprise and other employees, and for owners of both single-person and larger firms.

Perhaps the most significant conclusion that can be drawn from these data is that, given their large size and high concentration of poor, the self-employed and microenterprise employees constitute about 70 percent of Latin America's poor earners.

a: 25 percent versus 12 percent when measuring household poverty, and 46 percent versus 15 percent when measuring individual poverty

b: 9 percent when measuring household poverty, and 8 percent when measuring individual poverty

c: 24 percent versus 15 percent when measuring household poverty, and 38 percent versus 24 percent when measuring individual poverty

Source: María Beatriz Orlando and Molly Pollock. "Microenterprises and Poverty: Evidence from Latin America", February 2000

The MIF provides grants for technical assistance as well as loans and equity for investments in intermediary institutions promoting small and microenterprise development. MIF operations fall into three categories, or “facilities”. Facility I supports public sector policy reform and modernization, including modernization of the legal framework affecting private enterprise activities. Facility II supports training for the labor force. Facility III finances projects that promote entrepreneurial cooperation and development. In particular, Facility III promotes expansion of a wide variety of financial and nonfinancial services for small and microenterprises.

Inter-American Investment Corporation

The Inter-American Investment Corporation, which commenced operations in 1989, promotes private sector development by making equity investments and term loans for projects in which traditional financing would not be available on reasonable terms. Its activities are directed toward small and medium-sized enterprises, and IIC projects do not target microenterprises as defined above. Nonetheless, IIC staff often lend their technical expertise on equity investment to microenterprise investment projects in which the MIF is involved.

Funding Instruments Used by the IDB Group

As indicated by the previous sections, the IDB Group has at its disposal a number of different funding instruments to support the microenterprise sector, including debt and equity financing, and grants. The choice of instruments is based upon the unique goals and circumstances of each project. In some cases, these instruments are employed within the framework of a specific program that delineates the purpose of the financing as well as its target populations and institutions.

Social Entrepreneurship Program

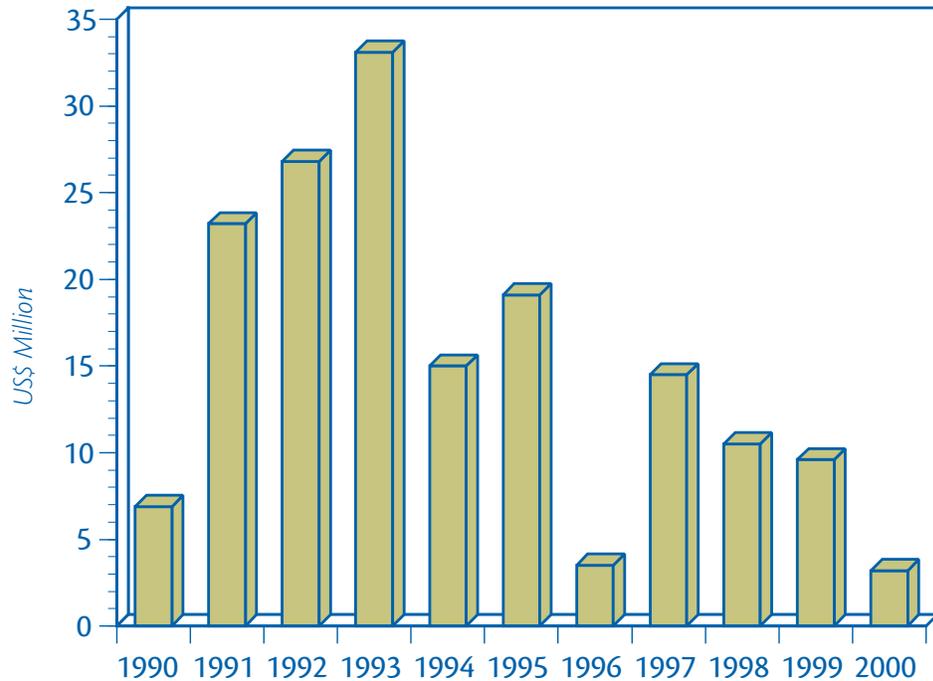
The Social Entrepreneurship Program (SEP) was created in 1998 to promote social equity and the economic development of poor and marginal groups. It replaces the Small Projects Program (SPP), which was established in 1978 to support the productive activities of the poorest segments of Latin American society.

The Small Projects Program was one of the most important instruments ever implemented by the Bank to promote microenterprise development in Latin America. In the 20 years since the funding of its initial project, the Program has contributed significantly to the development and strengthening of the region’s nongovernmental organizations and their efforts to improve the livelihood of low-income individuals (see Figure 1 on following page).

From the inception of the Small Projects Program until 2000, the Bank has financed 298 projects totaling US\$109 million, including US\$41.4 million in parallel technical assistance. (See Annex I, Tables A and B). A restructuring of the IDB in the mid-nineties and a lack of donor funding in 2000 led to lower levels of project approvals in those years. As donor funding has decreased, the importance of achieving maximum impact with each and every project has become crucial.

Bank support during this period has been critical to the microenterprise sector. The Small Projects Program made it possible to support the early stages of microfinance institutions that are currently

Figure 1: Small Projects and Social Entrepreneurship Projects, 1990–2000

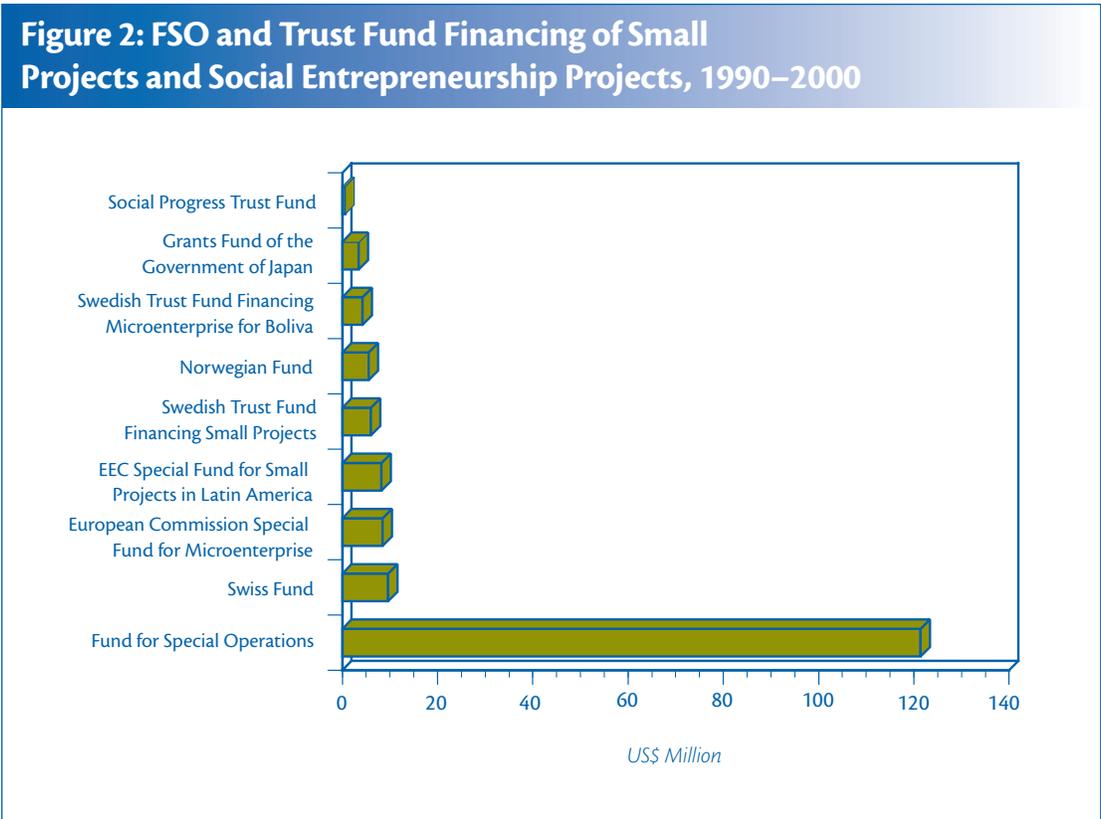


recognized as leaders in Latin America. Among the organizations that received support from the Small Projects Program are: Financiera Calpia (El Salvador), Banco ADEMI (the Dominican Republic), Bancosol and Caja los Andes (Bolivia), Bangente (Venezuela), Cajas Municipales de Ahorro y Crédito (Peru), Emprender (Argentina), and Women's World Banking (Colombia).

The Social Entrepreneurship Program, which replaced the Small Projects Program in 1998, was created in response to the economic and structural changes taking place in the region over the past 20 years. Important lessons were learned from the Small Projects Program and were incorporated into the design of the Social Entrepreneurship Program. As a result, the Social Entrepreneurship Program targets a wider range of activities and institutions; through the Program, the IDB can assist in the provision of entrepreneurial and social development services (in addition to financial services) and it can work with for-profit companies and municipalities in addition to non-profit organizations. This reform of the program enables the IDB to design and implement projects that help low-income entrepreneurs in new and innovative ways.

Technical Cooperation

One of the principal goals of the IDB during the 1990s has been to strengthen institutions that provide services to microentrepreneurs. To this end, the IDB and MIF both use technical assistance grants, called Technical Cooperation projects (TCs). By providing services such as expert operational



advice and training, these grants—over US\$119 million over the course of the decade—have helped expand the number of self-sustainable institutions providing quality services to a growing pool of microentrepreneurs.

Equity Investments

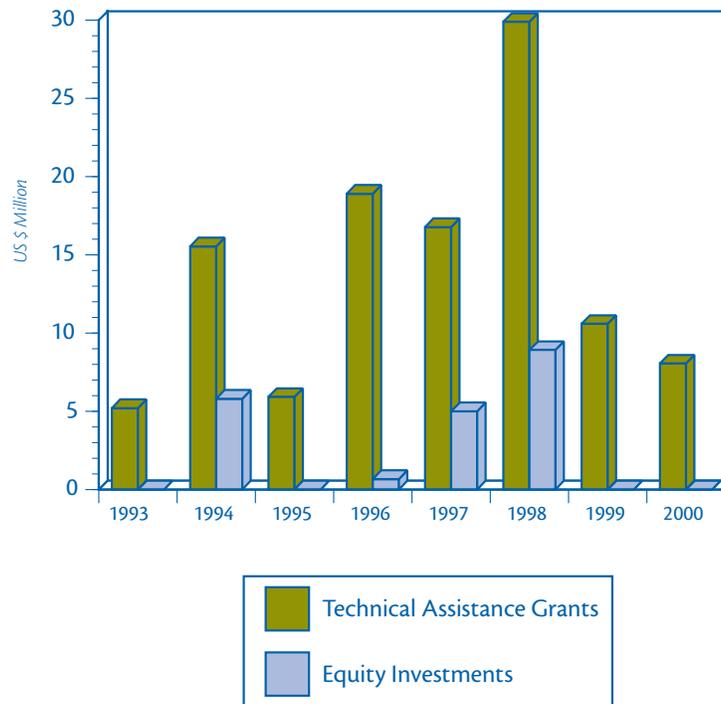
Through the Multilateral Investment Fund, the IDB Group supports microfinance institutions likely to survive as viable private sector concerns. The MIF provides valuable expertise, as well as much-needed equity capital, to institutions that make the leap to market-driven operations. Its investments often serve as the catalyst for attracting private investors in projects. From 1994 to 2000, the MIF placed over US\$15 million in equity investments, both through direct equity in microfinance institutions as well as through equity in funds that invest in a portfolio of microfinance institutions.

Technical Cooperation projects carried out by IDB and MIF, 1990-2000	
MIF	US\$117,912,000
IDB	US\$2,004,160
Total	US\$119,916,160

Global Microenterprise Loans

The IDB has been a pioneer in the area of commercial bank “downscaling”. Through its Global Microenterprise Loan program, the IDB loans funds to second-tier financial institutions—often a country’s central bank or development bank. This institution on-lends the funds to either commercial banks or retail microfinance institutions, which in turn lend to individual microentrepreneurs.

Figure 3: MIF Projects by Funding Mechanism, 1990–2000



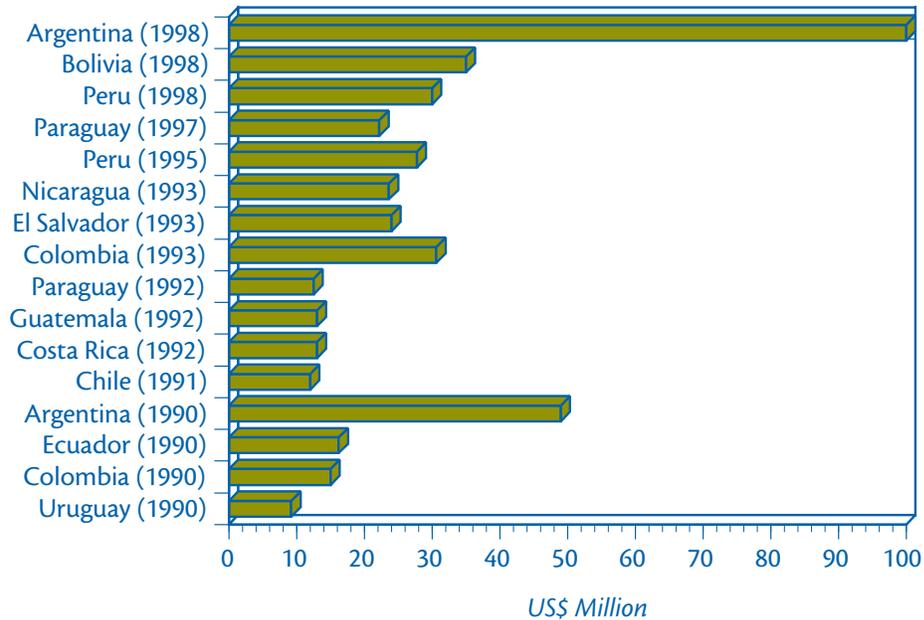
Financing is usually accompanied by a technical assistance component for participating institutions, to assist in the adaptation or introduction of microcredit lending methodologies. The IDB’s 16 global loans during the 1990s have provided approximately US\$476 million in expanded credit to microenterprises throughout the region. (see Annex II)

In effect, the Global Microenterprise Loans are promoting and encouraging commercial bank downscaling. In this exciting trend, commercial banks are exploring the microenterprise sector as a new market, either by lending directly or by way of loans to microfinance NGOs. Although downscaling is in its initial phases, it has the potential to greatly expand the amount of credit available to MSEs by demonstrating that microloans can be a profitable part of any bank’s lending activities.

MIF Line of Activity

In 1998, the MIF created a special US\$10 million “Line of Activity” for strengthening institutions striving to serve microenterprise in a more commercially sustainable way. The technical assistance grants provided under the Line of Activity aim to strengthen the operating and management capabilities of microfinance institutions that have committed themselves to operate in accordance with standards of financial and institutional efficiency and sustainability. These include both regulated

Figure 4: Global Microenterprise Loans, by Country, 1990-2000



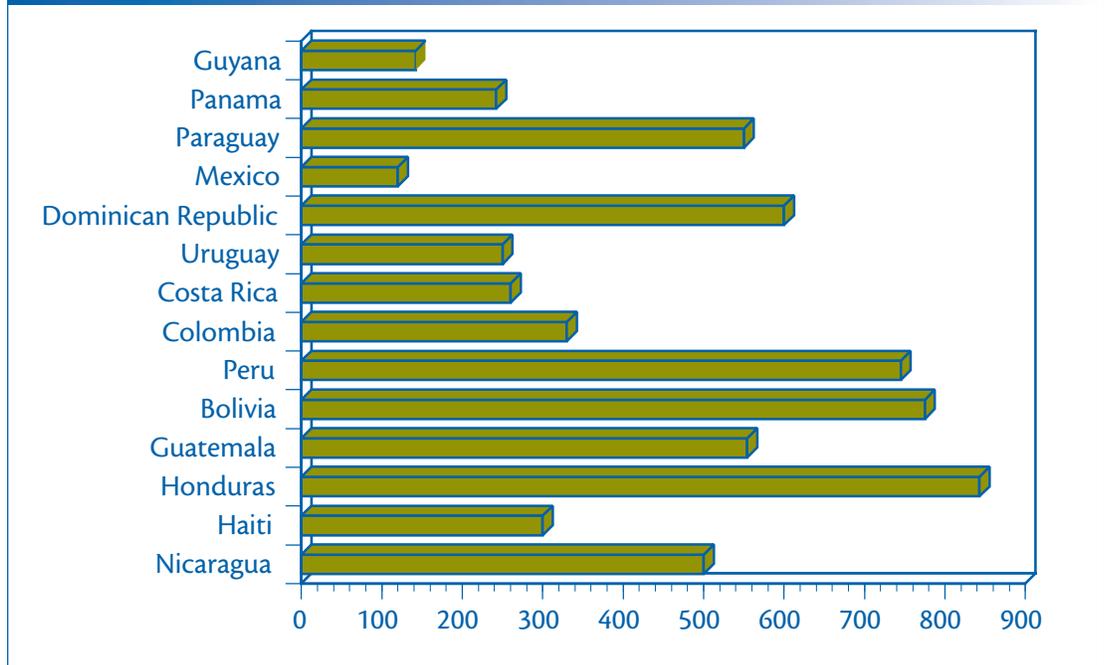
and nonregulated microfinance institutions, the latter with plans to become regulated financial entities. Funds from the Line of Activity are also used to support commercial banks in the process of downscaling their operations to provide credit to microenterprises.

Trust Funds

Country donors have established several microenterprise trust funds for specific purposes related to microenterprise development. Generally, they assist minority groups in rural areas and provide technical assistance to strengthen nongovernmental organizations. Some trust funds have specifically focused on Small Project (and now Social Entrepreneurship) financing in the region's less-developed countries.

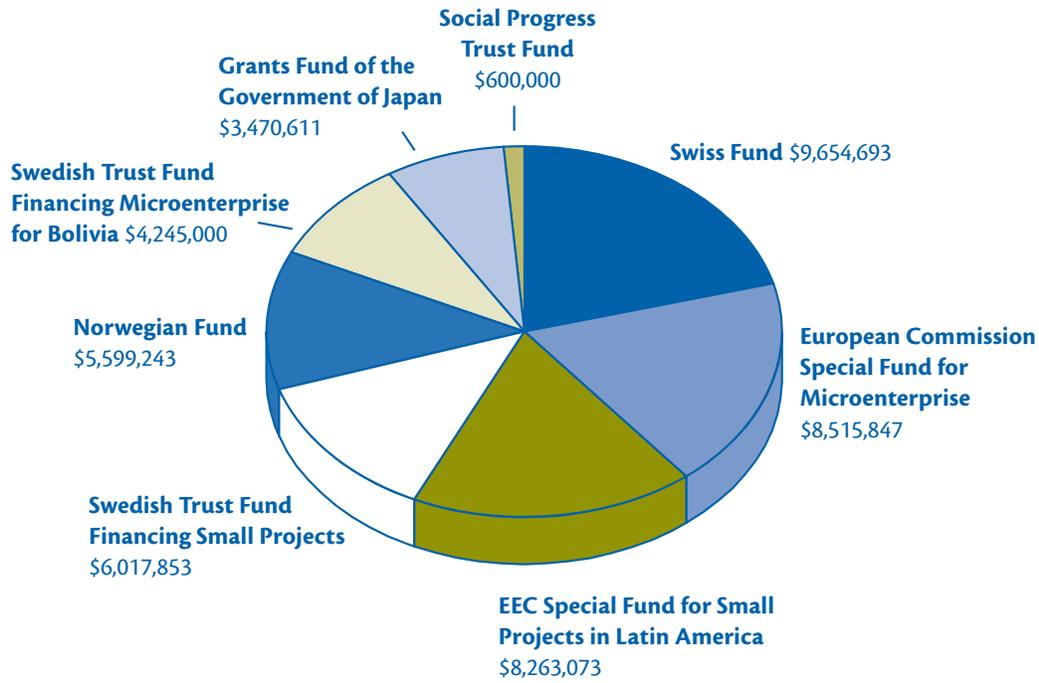
- **The Special EEC Fund for Small Project Financing in Latin America** was created by the European Union in 1991. Through this fund, 19 projects received US\$9.1 million in financing between 1991 and 1999. In 1997, the European Community Commission established the *Special Fund for Microenterprise Financing*, which has provided US\$18 million to small projects over a period of three years.
- **The Swedish Trust Fund for Small Project Financing** has made available some US\$6.8 million to 15 projects since 1991. In 1993, Sweden also created a trust fund totaling US\$3.8 million to finance seven projects in support of Bolivian NGOs.
- **The Norwegian Small Projects Fund** has extended more than US\$5.6 million to 600 small projects. This fund gives priority importance to projects in Central America and to projects aimed at improving the status of women and promoting environmental protection.

**Figure 5: Projects Approved under MIF
Line of Activity, 1999-2000**

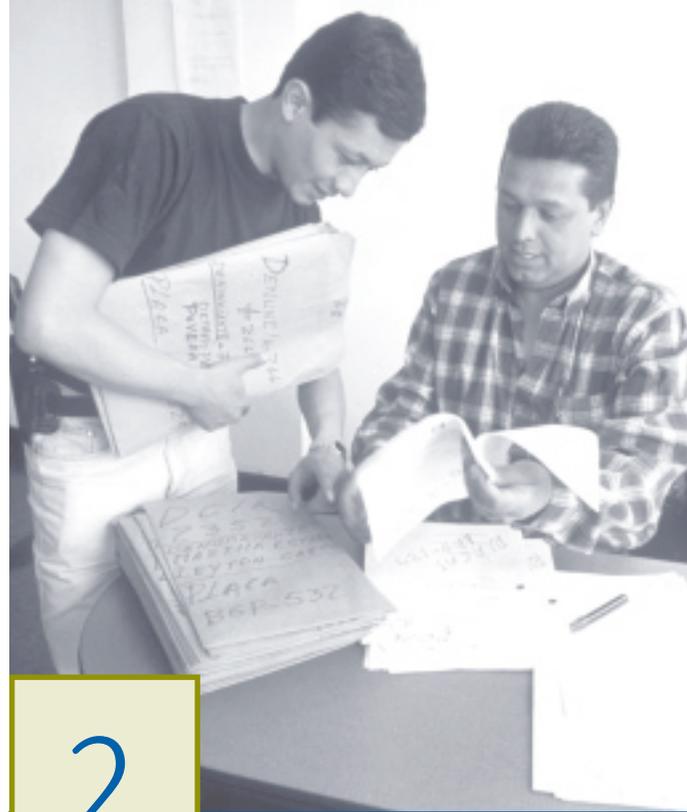


- **The Norwegian Fund for Microenterprise Development** will provide approximately US\$2.1 million to strengthen the institutional capacity of NGOs, share lessons learned, and improve the execution of projects in the sector.
- **The Special Japanese Fund** has approved six small projects and US\$3.7 million for the institutional strengthening of NGOs in the region.
- **The Swiss Fund for Technical Cooperation and Small Projects** provided more than US\$12 million between 1990 and 1995 to finance 15 projects.

Figure 6: Trust Fund Financing of SP and SEP Projects, 1999-2000



During the 1990s, the Inter-American Development Bank's operations were characterized by an emphasis on structural economic reform, with a particular focus on trade liberalization, government modernization, financial market deepening, and labor market flexibility. Simultaneously, the IDB embarked on a strategy of improving the specific environment for microenterprises. This strategy shared the underlying principles of the IDB's reform agenda; yet it involved bringing the benefits of a liberalized economy to people who often operate on the fringes of the formal economy. Accompanying this strategy, the IDB served as a hub of research on best practices and lessons learned in microenterprise development during the past decade, becoming an essential resource for practitioners, donors and governments.



2

Success Stories: The Inter-American Development Bank

II. SUCCESS STORIES: THE INTER-AMERICAN DEVELOPMENT BANK

Financial Services

To strengthen the microfinance sector in Latin America and the Caribbean, the IDB provides financial support and technical assistance aimed at improving administrative, accounting and management methods of microfinance institutions. IDB's support has enabled these institutions to increase the number of outstanding loans as well as the portfolio sizes, while improving profitability and financial soundness. In the case of non-profit organizations, IDB support also enables them to advance to the next stage of their development: that of becoming formal regulated financial institutions. The majority of financial services projects are in the form of loans, but the IDB also provides technical cooperation projects, which consists solely of technical assistance grants (see Annex IV).

Social Entrepreneurship Projects

Through the Social Entrepreneurship Program (SEP), the Bank has helped create and strengthen microfinance organizations that are now leaders in the field of microfinance services. Thanks in part to IDB support, many microfinance institutions in the region have achieved remarkable levels of performance. Figure 7 demonstrates that these institutions often perform at similar levels as commercial banks in the region, realizing high levels of profitability, even after their results are adjusted to account for subsidization and inflation. Two examples of institutions that have benefited from IDB programs since their inception are BANCOSOL and Financiera Calpia:

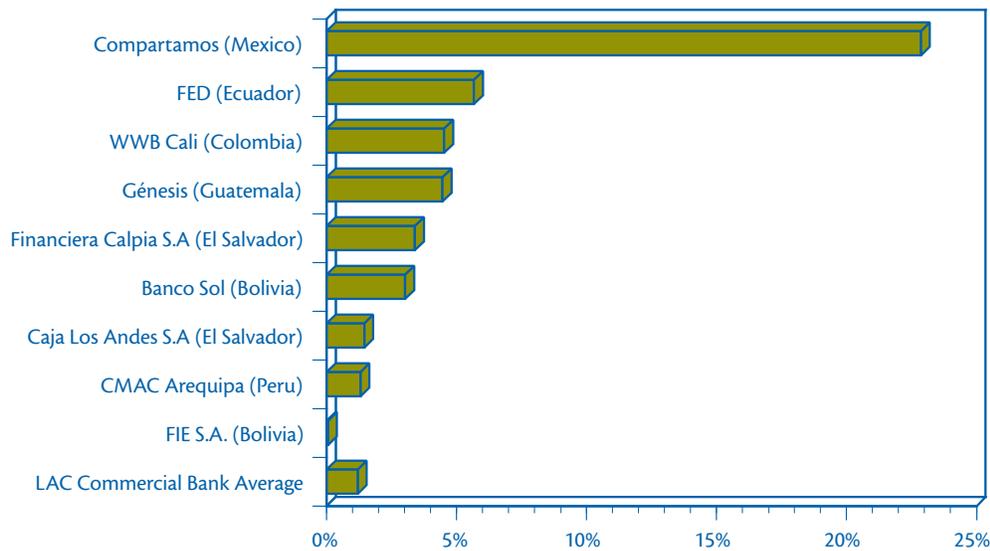
- **BANCOSOL** was the first commercial bank in Bolivia devoted to microfinance activities. It was founded in 1991 by the non-profit organization PRODEM, which received funds under the Small

Social Entrepreneurship: Uniting Social Impact and Economic Returns

Across Latin America and the Caribbean, a new concept is emerging as a powerful tool in the sustained fight against poverty. It is called Social Entrepreneurship, and it entails a partnership between the for-profit and nonprofit worlds. Nonprofit groups are becoming more businesslike to generate revenues, expand their services, operate more efficiently, and better achieve their missions. Businesses are launching socially conscious ventures, for philanthropic reasons and because it is good for business.

The IDB is committed to helping this new type of social entrepreneurship succeed, by supplying nonprofit organizations with the tools, training, finances, and resources to accomplish their mission; by supporting businesses in socially beneficial ventures; and by encouraging them to work with nonprofit and community groups to meet social objectives. Supporting social entrepreneurs will continue to be a major area of focus for the IDB in the years to come.

Figure 7: 1998 Adjusted ROA for 9 Top-Performing MFIs Supported By IDB, compared to Latin American Commercial Bank Average*



* Adjusted for inflation, subsidies, and differing loan loss provisioning policies.

Project Program for the launch of BANCOSOL. Today, BANCOSOL has become the most important microfinance bank in Latin America, with more than 80,000 outstanding loans and a portfolio totaling some US\$75 million. In 1999, the MIF provided PRODEM with US\$2 million to enable it to become a private financial fund (regulated entity) for microenterprises.

- **Financiera Calpia**, today one of the region's most well-known success stories, received a Small Project loan of US\$456,865, plus US\$135,000 in technical assistance in 1991. The project enabled the expansion of credit and other financial services to microentrepreneurs in El Salvador. Together with a subsequent US\$800,000 equity investment from the MIF in 1994, this Small Project strengthened Financiera Calpia's institutional capacity and supported its transformation from a non-governmental organization into a formal sector financial intermediary. The results have been impressive: Financiera Calpia is now one of the leading institutions of its kind, with over US\$22 million in outstanding loans to 29,000 clients. It is both profitable and efficient, and it consistently maintains a high quality loan portfolio. Additionally, Financiera Calpia is expanding the spectrum of financial services to microentrepreneurs, now offering high-demand products such as savings deposits and credit cards.

Global Microenterprise Loans

Through its global loans, the IDB has expanded financial services to the microenterprise sector by increasing both the breadth and depth of the supply of credit in the region. The program has been evolving to satisfy changing demands. The new generation of global loans consists of complete credit programs that seek not only to expand access to credit for microenterprises, but also to

strengthen institutions that provide microenterprise training services. In addition, global loans are aimed at changing the policies and attitudes of government and commercial banks, with a view toward incorporating microentrepreneurs into the formal financial system and the mainstream national economy. The following are among the most important global loans in terms of outreach and performance:

- **Peru.** Thanks in part to the US\$25 million global loan in 1995, as well as the second global loan for US\$30 million in 1998, Peru's financial sector has achieved impressive outreach to the microenterprise sector. Access to microcredit loans in rural areas has been greatly expanded, primarily through the Cajas Municipales and Cajas Rurales. Furthermore, average loan size has remained relatively low, at approximately \$1,000 per loan, suggesting that the beneficiaries have indeed been low-income clients.
- **The Global Microenterprise Loan to Paraguay** in 1992 was one of the program's most successful cases. The loan component consisted of US\$12 million (supplemented by US\$22 million in 1997) in financing to a number of institutions that would soon become some of the region's leading finance companies serving the microenterprise sector. In addition to this component, the Paraguay Global Microenterprise Loan included an inexpensive and innovative program of vouchers for business development services that soon became a role model for other countries. Rather than supporting individual providers of business development services (BDS), the program provided microentrepreneurs with vouchers that covered part of the cost of the course of their choice. The results were twofold: microentrepreneurs who were previously reluctant to spend scarce resources on training learned that they could increase their income by finding targeted services that met their specific needs. Meanwhile, BDS providers soon learned what services were demanded, and quickly responded to the demand by providing quality services targeted to specific sectors. After a year and a half of the program, over 11,324 vouchers had been distributed, and many microentrepreneurs continued to pay for the courses in full after the termination of the voucher program.

Business Development Services

In the area of business development services, the IDB has focused its efforts on the provision of various nonfinancial services required by microentrepreneurs to improve both yield and production in their businesses, such as technical assistance, technology transfer, marketing assistance, and general administrative assistance.

Social Entrepreneurship Projects

Through the SEP, the IDB has supported a number of BDS programs, such as entrepreneurial training and marketing, that are delivered in an efficient manner to microentrepreneurs, and that have shown their potential for achieving sustainability. Two examples of this success are Fundación Carvajal and PROARTE.

- **Fundación Carvajal**, based in Cali, Colombia, is a private institution created in 1961 by the firm Carvajal y Cía. Having developed a successful methodology for providing microentrepreneurial training, Carvajal launched a program of credit and worker training in 1979, with support from the IDB. To date, it has provided training to more than 4,000 individu-

als. Also with assistance from the IDB, the Fundación operates a training center for executives from other NGOs operating in the region.

- **PROARTE** is a profitable private enterprise that acts as commercial intermediary between some 100 Nicaraguan craftsmen and international buyers. PROARTE provides producers with services that facilitate the entry of their products into more profitable markets. Aided by a market-based strategy and an analysis of required services, producers have successfully penetrated the extremely competitive handicrafts market. In 1999, the IDB approved a US\$350,000 loan to PROARTE, together with US\$150,000 in technical assistance.

Independent Technical Cooperation

In some cases, the IDB has provided technical assistance to BDS providers without linking this assistance to a loan. These Independent Technical Cooperation projects (see Annex IV) have provided a cost-effective way of supporting BDS institutions that are in need of consulting or technical assistance, as well as disseminate lessons learned, a crucial component of BDS support.

One such independent technical cooperation was a regional conference in Rio de Janeiro, Brazil, in March, 1999. The conference brought together 380 individuals from throughout Latin America, including high-level practitioners, scholars, government officials, and representatives of NGOs, to promote best practices in the design and delivery of business development services to micro, small, and medium scale enterprises. Topics of debate included how to create a modern, financially sustainable industry that reaches all the way down to very small scale producers, the role of government in providing business services, and how best to achieve high impact among the smaller, poorer firms. As a result of the conference, *Small Enterprise Development Journal*, an international journal highlighting the latest trends in support to SMEs, produced a special Spanish edition dedicated to the conference, with articles from a number of the participants. These articles examined some of the most innovative ideas to come out of the conference, including a program of internet connection for SMEs and a case study of business centers in Perú and elsewhere in the region.

Business Registration: The First Step Towards a Reformed Policy Environment

The informal sector constitutes a significant segment of most Latin American economies and is made up of micro and small entrepreneurs who often perceive that the costs of entering and operating in the formal economy outweigh the benefits. Through its research, the IDB attempts to provide a conceptual framework for understanding and analyzing how business regulations, and in particular business registration requirements, affect small and microenterprises.

Conclusions so far indicate business registration should be one of the priority areas for reform, and that it is a promising area for project financing. Based on a review of lessons learned from international experiences, the IDB is exploring a number of concrete steps that can be taken to reform the business registration process in Latin American countries. Specifically, the IDB is analyzing how projects to streamline the business registration process can actually be put together and implemented. As a result, the IDB and the government of Costa Rica is currently considering an innovative project that will seek far-reaching reform of and private sector involvement in the business registration process.

Regulatory Environment

The IDB has been promoting the creation of equitable conditions for the smallest-scale activities in the region. The IDB works to promote microenterprise development through economic, legislative and regulatory reforms adapted to the context of each individual country. The Bank concentrates on four main areas: improving the policy environment for the provision of financial and nonfinancial services; streamlining business regulations; knowledge management; and disseminating best practices.

In the first two areas, the Bank finances projects in which the public and private sectors interact to develop policies and regulations favorable to microenterprises. In the third area, the Bank shares experiences and knowledge with other international organizations and promotes workshops and informative panel sessions on the microenterprise sector in annual microenterprise conferences. Lastly, through its many publications, the IDB disseminates best practices about improving the regulatory environment governing microenterprise activities.

Sector Reform Loans

Through its sector reform loans, the IDB has worked to strengthen the region's financial regulatory environment, a major goal not only for microenterprise development but also for development in general. One essential means of alleviating poverty lies in the creation of sound and stable financial systems that incorporate the poor as recognized clients of financial markets and services. The Bank therefore supports a variety of financial sector reforms aimed at promoting competition and depth in financial markets.

As a signal of commitment to microenterprise development, the Bank included an explicit microenterprise component in a financial reform loan for the first time in 1999. This US\$3.7 million grant to Peru is financed by the MIF and the Japanese Special Trust Fund. It aims to strengthen supervision of savings and loan cooperatives and other Peruvian microfinance institutions; strengthen the Cajas Rurales, which provide financial services to microenterprises operating in rural areas; and establish appropriate regulations for the country's credit bureaus.

In addition, in 1999, the IDB financed a US\$3.8 million program in support of financial sector reform in El Salvador. The loan will contribute to the stability and solvency of that country's financial system by strengthening its supervisory entities. This program also focuses on the supervision of nonbanking intermediaries that are important providers of microcredit.

Regional Technical Cooperation

Through regional Technical Cooperation projects, the IDB has promoted reform of the region's regulatory environment by researching best practices within the region and in other parts of the world. In this way, the Bank and its member countries have learned valuable lessons from countries that have implemented such reforms.

One such regional technical cooperation project was designed in the response to a mandate given to the IDB at the Summit of the Americas to promote the development of an appropriate regulatory framework for institutions providing microfinance services. In this technical cooperation project,

the IDB is currently collaborating with the bank supervisory authorities of Colombia, Paraguay and Peru to develop best practice guidelines for how to regulate and supervise microfinance activities.

Another regional technical cooperation project, carried out by the IDB in collaboration with FUNDES, a Latin America-based Swiss development foundation, researched ways in which the process of business registration could be made simpler, less expensive, and less time-consuming. Among the recommendations of this project were:

- The establishment of a unified window of contact for microentrepreneurs wishing to formalize their business.
- The full use of appropriate technology in making business registration procedures more streamlined, more cost-effective, and more accessible to the registrants.
- The establishment of target deadlines and automatic approval of applications if the responsible agency does not respond within the time period specified in the law.

The research carried out under these technical cooperation projects often serves as input for new and innovative IDB and MIF projects. In these cases, a project team uses the research to design a new project supported by funding from the MIF. For example, in the case of the regional technical cooperation project with FUNDES, the IDB and the MIF are now using the information to develop projects in Colombia, Venezuela and Costa Rica to streamline business registration processes.

Other Activities

The IDB is actively disseminating best practices, lessons learned, and valuable information about the microenterprise sector through publications, conferences and an annual Forum.

Publications

The IDB uses a variety of publications to disseminate valuable information and advice on microenterprise throughout the region—especially data and analyses that are otherwise difficult to attain. Notably, since 1994, when the Bank established a separate Microenterprise Unit, a team of microenterprise sec-

Benchmarking Latin American Microfinance Institutions

To help fill a gap in data about the microfinance industry, the IDB recently published a study comparing some of the top-performing microfinance institutions in Latin America. The study, “The Latin American Microfinance Industry: How Does It Measure Up?” provides benchmark indicators for microfinance institutions striving to achieve levels of profitability and outreach similar to these top performers. Among the principal conclusions were:

- The top-performing microfinance institutions compare well to the region’s commercial banks in terms of return on equity and return on assets.
- Most of the best-performing microfinance institutions have loan delinquency rates on par with the region’s commercial banks.
- Regulated microfinance institutions generally perform better than NGOs on measures such as efficiency, while there is little difference between the two institutional forms when it comes to loan delinquency.

tor specialists has been investigating various trends in the sector and has disseminated best practices and lessons learned. During this time period, the Unit has published 34 documents, including books, technical papers, and newsletters (see Annex V). These documents have been an important tool for knowledge building and sharing, and for dissemination of lessons learned for microenterprise practitioners. Among the most widely read publications of the past several years were:

- “Microfinance and Poverty: Questioning the Conventional Wisdom,” by Hege Gulli (1998), debunks some of the common misconceptions about microfinance, and marshals evidence and analysis to clarify how, when and which microentrepreneurs may benefit through the extension of microfinance.
- “Safe Money: Building Effective Credit Unions in Latin America,” edited by Glenn Westley and Brian Branch, was an important contribution to the rebirth of the credit union movement in Latin America. Published in 2000, it presents the new thinking on how credit unions can compete effectively in modern financial markets while still retaining their social mission.
- In 1998, the Bank began publishing a journal entitled “Microenterprise Development Review,” which has become a major vehicle for disseminating the findings of practical research efforts and best practices of the IDB and other entities. The journal includes brief but detailed discussions on topics and innovative ideas in the field of microenterprise development.

Conferences

The IDB, in collaboration with other international organizations, is continually sponsoring a variety of conferences aimed at supporting the development of the microenterprise sector.

In 1998, the IDB, the World Council of Credit Unions (WOCCU), and the “Deutscher Genossenschafts- und Raiffeisenverband E.V.” (DGRV) held a conference entitled “*Development of Modern and Effective Savings and Loan Cooperatives in Latin America and the Caribbean.*” The conference brought together experts on cooperatives, regulators and bankers to discuss the future of cooperatives in Latin America, including important topics such as cooperative rehabilitation, supervision, governability and consolidation.

In June of 2000, the IDB hosted a conference to promote best practices in Microfinance of Housing (small loans to low/moderate-income households for the purpose of home improvement or new home purchase). Organized by the Microenterprise Unit and one of the IDB’s Infrastructure and Finance Divisions, the conference included discussions on how to promote microfinance housing programs that actively involve low-income citizens, and how to design financially sustainable programs in the medium and long-term programs. Given the high priority of housing as a development issue, and the innovative and relatively embryonic nature of the microfinance housing industry, the conference was an extremely well received and timely event.

The Inter-American Forum on Microenterprise

Toward the end of the 1990s, the Bank took on the task of organizing, in collaboration with local Latin American institutions, an annual meeting to present and analyze the best practices and most innovative instruments for microenterprise development. The Forum has become a principal point of contact for those with an interest in this sector. An average of 600 individuals have attended these events representing the private sector, NGOs, governments and academic institutions in Latin America and the Caribbean, the

U.S.A., and Europe. Indeed, the Forum has become one of the most recognized and well-respected gatherings of its kind, and a “can’t-miss” event for anyone working in the field of microenterprise in Latin America.

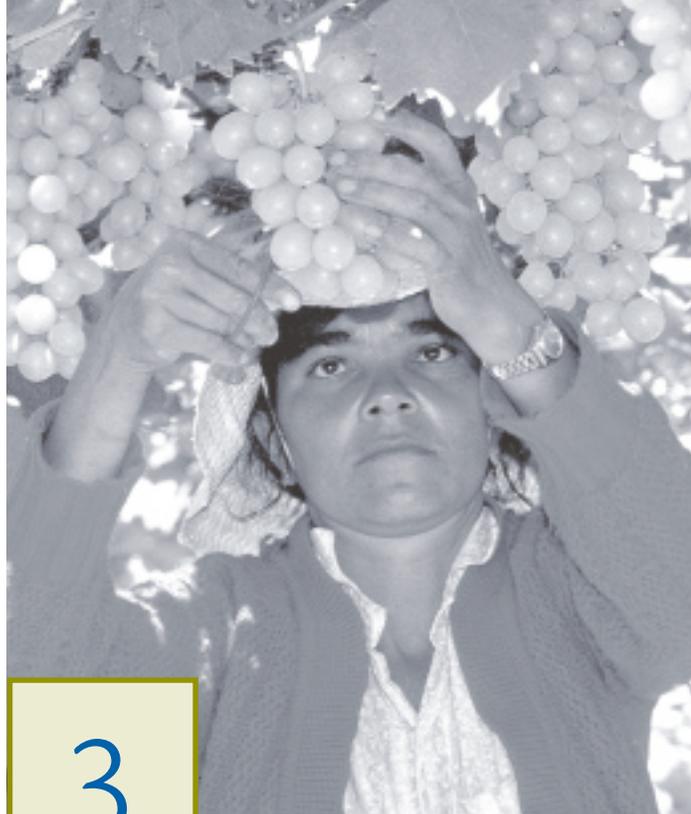
The First *Inter-American Forum on Microenterprise* was held in 1998 in Mexico; in 1999, the *Forum II* was held in Argentina. The third Inter-American Forum on Microenterprise, held in Barcelona in 2000, focused on alliances between microenterprise practitioners, governments, and the private sector and NGOs. Numerous workshops provided opportunities for participants to discuss the most effective ways to promote the sector, as well as exchange experiences and ideas. As this was the first Microenterprise Forum held in a European country, and given the central role of European donors and investors in promoting the microenterprise sector, the Forum offered a truly unique opportunity for participants to form new and productive partnerships.

The recommendations coming from the 2000 Forum included the creation and expansion of networks of microenterprise organizations to engage in collective lobbying and exchange lessons learned; the promotion of new services by microenterprise institutions, such as savings, credit cards, and mortgages; and a reiteration of the goals of efficiency and self-sustainability among these institutions.

“The Inter-American Forum on Microenterprise...is a magnificent opportunity to deepen strategic alliances...to unite efforts and resources, and to tighten the bonds that transcend the limits of nations and continents... This forum is now an institution.”

—Enrique Iglesias, President, IDB

Since its creation in 1993, the Multilateral Investment Fund (MIF) has played an important role in the promotion of the private sector in Latin America. MIF projects provide technical assistance, equity investments, and loans to private institutions and governments throughout the region. One of the MIF's primary goals is to support the insertion of micro and small enterprises into the formal economies of the region. To accomplish this, the MIF provides financing for institutional strengthening of specialized providers of financial and business development services to microenterprises; it provides incentives for conventional service providers to target the microenterprise sector as a new business segment; and it assists governments in reforming policies and regulations pertaining to the microenterprise sector. In these ways, the MIF makes a vital contribution to the overall goals of the IDB Group.



3

Success Stories: The Multilateral Investment Fund

III. SUCCESS STORIES: THE MULTILATERAL INVESTMENT FUND

Financial Services

Line of Activity/Technical Assistance

With a US\$10 million Line of Activity created in 1998, the MIF funds projects to improve the institutional capability of financial institutions serving the microenterprise sector. The Line of Activity focuses particularly on those microfinance institutions that have made the commitment to operate in accordance with criteria of efficiency and financial and institutional sustainability, including those with plans to become regulated institutions.

The maximum MIF contribution for each project is US\$300,000. Microfinance institutions provide counterpart funds of up to 50 percent of the amount provided by MIF. Projects are generally prepared by the IDB Microenterprise Unit. From its inception in 1998 through the end of 2000, 24 projects totaling US\$6.2 million were approved under the Line of Activity. Among these were:

- **Support to the Société Générale Hatienne de Banque S.A (SOGEBANK).** This project aims to strengthen the institutional capacity of Haiti's most important commercial bank to design, establish and profitably operate an affiliate specializing in loans to small and microentrepreneurs. The MIF provided US\$300,000 of this US\$680,000 project. The project enabled SOGEBANK to conduct the studies necessary to design the new loan operation, acquire appropriate credit technology, install a specialized management information system and obtain technical assistance in microfinance management.
- **Institution strengthening for Fundación CHISPA.** At the time MIF financing was provided, CHISPA was a nonregulated entity that provided financial services to small and microentrepreneurs in Nicaragua. The project has supported CHISPA during its transformation into a financial entity duly regulated by the country's supervisory authorities. The MIF supplied US\$250,000 of the US\$710,000 for the project, as part of an ongoing effort to collaborate with other major donors in the region. With these resources, CHISPA has been able to improve its efficiency, consolidate its credit technology, and decentralize and reorganize its administrative and operational structure. The support has also enabled CHISPA to become a regulated financial institution—now called Confia—that is able to increase its outreach and more efficiently serve the needs of small and microenterprises.

Equity Investments

Through equity investments, the MIF has supported the creation of investment funds that finance microenterprise projects. Two prominent examples are:

- **PROFUND.** This fund invests in or provides loans to microfinance institutions throughout Latin America that serve the needs of small firms or microenterprises. In this way, PROFUND supports the development of regulated and efficient financial intermediaries. Its shareholders are primarily development institutions, such as the Calvert Fund, and private entities. With US\$15 million in initial capital provided by ten shareholder institutions, PROFUND is now capitalized with more than US\$23 million in common and preferred stock.

Innovations in Microenterprise Development: Looking Towards the 21st Century

After several decades of supporting the microenterprise sector, the IDB Group is now focusing its efforts on a number of under-explored areas that hold enormous potential for expanding services to microentrepreneurs. For example:

Commercial bank downscaling: The IDB Group is offering incentives to commercial banks to expand their services to microentrepreneurs; for example, the Global Microenterprise Loans offer banks attractive financing and technical assistance in adopting microcredit technology. In this way, the IDB Group is encouraging these financial institutions to find out for themselves that microentrepreneurs can be profitable clients with manageable risk profiles, provided the loan portfolio is administered in an efficient way and takes the special needs of microentrepreneurs into account. This trend holds the potential to integrate microfinance even more into the mainstream financial sector in Latin America.

New financial products: Microfinance goes far beyond microcredit, to include an entire range of financial services. These conventional financial services, which have been unavailable to poor clients until recently, range from *savings accounts* – a vital service for low-income clients seeking to smooth out their spending over a business cycle – to *housing loans* and *insurance products*. Additionally, institutions are offering products geared towards small enterprises, such as *leasing* of equipment – which allows a small business to acquire productivity-enhancing machines – and *factoring*, which allows a business to procure a loan backed by the promise of its future revenues.

Market solutions to business development services: The IDB Group is looking towards business development services as one of the principle areas of focus for the years to come. Among the new ideas for support to BDS are: facilitating the development of a commercially viable market for nonfinancial services; and new focuses such as clusters (groups of enterprises in a particular sector that work collectively in certain mutually beneficial areas).

- **The Latin American Challenge Investment Fund (LACIF).** LACIF is a regional fund designed to support the growth of Latin American microfinance institutions that are unable to obtain loans from commercial banks. LACIF seeks to increase access for microfinance institutions to a broader pool of commercial financing. The fund provides guarantees, direct loans and other improved credit products, and offers counter-guarantees to local guarantee funds and second-tier financial institutions. MIF provided US\$3.1 million to LACIF in 1998. With this funding, LACIF is helping financially sound microfinance institutions obtain local currency funding, which enables them to expand their loan portfolios. The ultimate goal is for microfinance institutions to “graduate” from LACIF assistance so they no longer require guarantees to access commercial bank financing.

Disaster Relief

In the aftermath of Hurricane Mitch, which in 1998 left many microentrepreneurs without sufficient resources to resume their productive activities, the MIF also supported IDB member countries in their recovery efforts. One month after the tragedy, the MIF approved a \$10 million operation to

provide subloans to microfinance institutions affected by the hurricane. More than 30 institutions in Honduras, Nicaragua, El Salvador and Guatemala benefited from these loans in 1999.

Business Development Services

Technical Cooperation

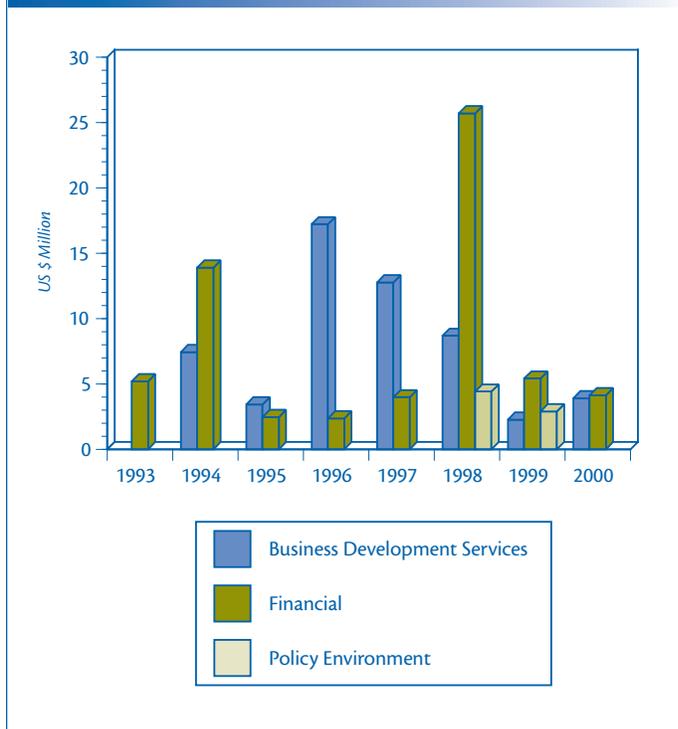
The technical assistance that the MIF offers to BDS providers throughout the region is helping these institutions target their services to the microenterprise sector and streamline their operations. Support to providers of business development services tends to serve small and medium enterprises as well as the microenterprise sector, since there is often substantial overlap in terms of types of training and other services needed by micro and small enterprises. Through more than US\$56 million in support, the MIF has contributed to this effort in diverse ways. For example:

- In Ecuador, the MIF established a voucher program in 1997, with a technical assistance grant of US\$815,000, to subsidize part of the cost of business development services. Following a model with a proven track record (read more about the BDS voucher model and Paraguay's successes in the section on Global Microenterprise Loans), the effort is encouraging microentrepreneurs to purchase such services from private providers for the first time.
- In Paraguay, a US\$ 1.2 million technical cooperation project is supporting business links between small and large companies and promoting the use of environmentally sound technologies.

Both goals are part of an overall strategy of integrating micro and small enterprises more completely into the formal economy. When micro and small businesses are part of a larger supply chain, they are a more indispensable segment of the national economy; similarly, when they become more environmentally sound, they become less risky investments.

- In Perú, the MIF is currently supporting a national business plan competition for youth startups. This US\$815,000 technical cooperation project involves two competitions in three years that will offer guarantees for the financing of 120 youth startups, which will create jobs and generate income for 500 young people. The project's long-term goal is to help promote a business culture and boost private investment in the innovative business startups by the country's youth. In a region where 62% of the population is under the age of 30, this pilot project has great replication potential in other countries of Latin America.

Figure 8: MIF Projects by Theme, 1990–2000



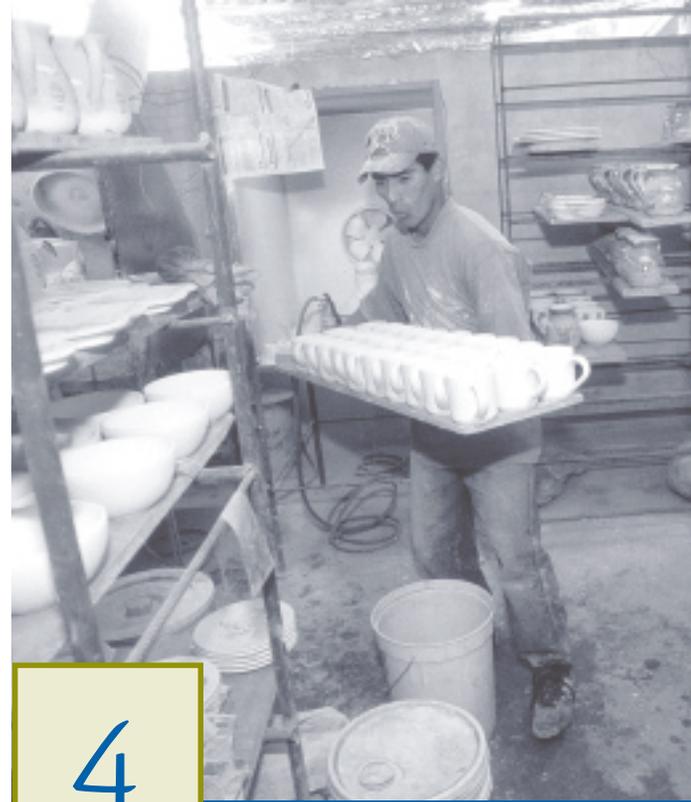
Regulatory Framework

Technical Cooperation

Through technical assistance to various governments, the MIF is supporting reform of the regulatory environment in several Latin American countries. Since its inception, the MIF has provided more than US\$7 million in support of improved policy environments in the region. Much of this support has tended to focus on the business registration process, the first and arguably one of the most significant steps microentrepreneurs face when attempting to formalize their enterprises.

- In Venezuela and Colombia, technical cooperation projects funded by the MIF have attacked the problem of business registration, attempting to minimize the number of steps involved – and their complexity - in the initial commercial registration process. The Colombia project entails the creation of business centers throughout the country that would help microentrepreneurs with the registration process.
- In Guatemala and El Salvador, technical cooperation project funded by the MIF have taken on more broad mandates to assist governments in their formulation of policies in general vis-à-vis the microenterprise sector. These TCs contribute to regulatory environments that are more responsive to the needs of microenterprises.
- In Costa Rica, the government and the MIF are considering reforms to the business registration process that would cut the total calendar time to register a business by 75 percent and reduce the cost by 25 percent. This would be accomplished by creating an electronic network accessible to the six government entities involved in the business registration process. One particularly innovative aspect of this project is that the network would be administered by a private sector entity, and that private sector organizations would be encouraged to offer business registration as a service directly to small and microentrepreneurs.

In the coming years, the IDB Group will focus on innovative solutions to the problems facing the microenterprise sector. It will promote private sector participation in microfinance funding, support institutions providing financial and business development services to the microenterprise sector, and work with governments to implement policy and regulatory reform that promotes a level playing field between businesses of all sizes. Like companies around the world, Latin America's microenterprises must continually redefine themselves given the rapidly changing nature of the global economy. In light of this challenge, the IDB Group will continue to support the strengthening of entrepreneurial capacity and initiative in the sector and assist microenterprises in fulfilling their potential as a dynamic and catalyzing force in the region.



4

Vision for the Future

IV. VISION FOR THE FUTURE

During the past decade, IDB Group support for microenterprise in Latin America has taken many forms. Whether through an equity investment in a microfinance institution, technical assistance to a provider of business development services, or through diffusion of best practices in regulatory reform, the IDB Group has consistently been a pioneer in the sector. As a result of this commitment, Latin America's progress in the area of microenterprise development in the 1990s has been impressive. This progress has translated directly into marked improvements in the lives of the microentrepreneurs who account for a major portion of the work force in the region. Better still, these improvements are increasingly institutionalized. Rather than simply amounting to short-term gains in income for individual microentrepreneurs, they represent a fundamental democratization of the financial system, and a simultaneous boon to the local economies of the region.

During this time, the IDB has pursued a comprehensive vision to foster efficient and self-sustainable institutions dedicated to providing financial and nonfinancial services to a growing number of microentrepreneurs, benefiting from a clear and straightforward regulatory environment. Unfortunately, this vision is not yet a reality. There is much left to accomplish, particularly in the following areas:

- Individual countries must continue to reform their laws and regulations, so that smaller enterprises can realize their full potential without being restrained by overly complicated and time-consuming regulation. Due to the increasing recognition of the regulatory environment as one of the principal hindrances to further progress in microenterprise development, the IDB will continue to increase the portion of its resources dedicated to this important task.
- Institutional strengthening must continue, including steps by microfinance institutions to lower operating costs and increase portfolio quality, and efforts by BDS providers to deliver more cost-effective and higher quality services. IDB support will concentrate on extending the gains of the last decade by encouraging the institutions serving this sector to expand to lower-income clients, especially in remote rural areas, while maintaining and even improving the levels of efficiency and financial sustainability achieved during the last decade.
- Microfinance institutions must expand their services beyond credit, following the lead of institutions that now offer services such as savings, credit cards, equipment leasing, and housing loans for microentrepreneurs. The IDB will support this expansion of the microfinance realm, encouraging institutions to extend their services to rural areas and to forge new links and partnerships with private capital markets.

In these ways, the IDB's vision for the next ten years is one of expanding the frontiers of microenterprise. By consolidating the goals of the past decade, the IDB hopes to promote similar or even improved levels of efficiency and sustainability, but in new and expanded arenas. This entails sustainable services to lower-income clients and to rural areas, and continued integration of the sector in to the formal economy.

In parallel with these goals of the IDB, the MIF will emphasize the following goals related to micro and small enterprise development:

- **Achieving ecoefficiency through cleaner production and environmental management.** Mounting evidence shows that clean production techniques, in addition to aiding the environment, are also proving to be very effective in improving the financial bottom line of enterprises. More micro and small enterprises are viewing adherence to environmental standards not as an imposition, but rather as an opportunity to add value to investment and gain competitive advantage.
- **Improving micro and small business access to the formal economy.** The MIF will continue its important work in the area of reducing the bureaucratic procedures, costs and time required to start a formal business, as well as promoting SME involvement in global, regional and national supply chains.
- **Information and communication technologies (ICT).** The MIF will seek to increase the supply of trained workers and technicians in ICT; improve employment opportunities for young entrants into the labor market; and increase the number of micro and small enterprises engaged in e-commerce and e-business.
- **Policy and regulatory reform.** The MIF will dedicate substantial efforts to achieving an improved regulatory framework for microenterprises; an increase in the number of regulated microfinance institutions; and the creation of mechanisms for risk management of microfinance operations. A clear and appropriate regulatory framework is essential to unleashing the entrepreneurial potential of the region's smallest businesses.

While the IDB and the MIF emphasize distinct aspects of microenterprise development, they share an overall vision of microenterprises as an integral part of their national and regional economies, with more opportunities to improve and expand their businesses and better access to the services they need. This shared vision constitutes a blueprint for action for the coming years. During this time, the IDB Group will work together to make microenterprises more a part of the formal economy, reform the structure of the formal economy to accommodate them, and improve their access to the opportunities offered by an increasingly globalized world economy. Access to these new opportunities, and the ability to meet the challenges associated with them, will be fundamental as microenterprises attempt to mature into profitable businesses and stable sources of income for their owners and employees. This overall vision is to be achieved by employing the whole range of instruments available to the IDB Group in support of the microenterprise sector, using the lessons learned from the past and always striving for continued innovation in the future.



Annexes

ANNEX I.

Small Projects and Social Entrepreneurship Projects, 1990-2000

Table A: IDB Microenterprise Small Projects, 1990–1997

Country	Project Name	Date of Approval	Loan Amount (US\$)	Cooperation Amount
1 Ecuador	SUPPORT TO "CENTRO NUESTROS JOVENES"	1990-09-24	109,226	143,000
2 Trinidad/Tobago	CREDIT TO MICROENTREPRENEURS	1990-02-14	500,000	115,000
3 Venezuela	DEVELOPMENT OF AGRICULTURAL PRODUCTS	1990-05-02	499,877	90,000
4 Costa Rica	CREDIT AND ASSISTANCE TO MICROENTREPRENEURS	1990-05-04	500,000	87,000
5 Uruguay	CREDIT AND TRAINING FOR WOMEN MICROPRODUCERS	1990-05-08	300,000	126,000
6 Mexico	SUPPORT TO MICROENTERPRISES IN MONTERREY	1990-05-29	500,000	85,000
7 Haiti	CREDIT FOR LOW-INCOME ASSOCIATIONS	1990-06-08	0	164,000
8 Argentina	CREDIT AND TRAINING FOR MICROENTREPRENEURS	1990-08-31	500,000	85,000
9 Colombia	SUPPORT TO PROMOTORA DE COMERCIO SOCIAL	1990-09-05	500,000	91,000
10 Ecuador	SUPPORT AND FINANCING FOR RURAL ENTERPRISES	1990-09-17	500,000	152,000
11 Uruguay	COLONIA DR. TOMAS BERRETA	1990-10-25	500,000	110,000
12 Costa Rica	CREDIT FOR MICROENTREPRENEURS	1990-10-31	500,000	90,000
13 Costa Rica	DEVELOPMENT OF SMALL ENTREPRENEURS	1990-10-31	500,000	100,000
14 Bolivia	CREDIT IN LA PAZ AND EL ALTO	1991-01-30	394,454	130,000
15 Colombia	SMALL-SCALE FISHING IN ISLAS DE BARU	1991-06-04	453,176	160,000
16 El Salvador	CREDIT AND TRAINING FOR YOUNG MICROENTREPRENEURS	1991-10-29	456,865	150,000
17 El Salvador	CREDIT AND TRAINING FOR MICROENTREPRENEURS	1991-10-29	456,865	135,000
18 El Salvador	CREDIT AND TRAINING FOR WOMEN MICROENTREPRENEURS	1991-10-29	456,790	150,000
19 Costa Rica	CREDIT AND TECHNICAL ASSISTANCE FOR CREDIMUJER	1991-11-15	274,242	110,000
20 Costa Rica	WOMEN MICROPRODUCERS	1991-11-15	456,865	135,000
21 Costa Rica	CREDIT PROGRAM FOR WOMEN MICROPRODUCERS	1991-11-15	456,865	90,000
22 El Salvador	CREDIT FOR WOMEN MICROENTREPRENEURS	1991-01-11	499,997	150,000
23 Guatemala	SUPPORT TO FUNDACION GUATEMALA	1991-01-14	0	100,000
24 Guatemala	SUPPORT TO FUNDEMIX	1991-01-14	500,000	100,000
25 Guatemala	SUPPORT TO FUNDESEM	1991-01-14	420,420	100,000
26 Guatemala	SUPPORT TO MICROS	1991-01-14	500,000	100,000
27 Chile	FINANCING FOR MICROENTREPRENEURS	1991-01-15	500,000	130,000
28 Chile	SUPPORT FOR CREDICOOP	1991-01-17	499,818	135,000
29 Bolivia	CREDIT FOR THE DEPARTMENT OF POTOSI	1991-01-25	264,375	130,000
30 Argentina	FUNDACION BANCO DE MENDOZA	1991-01-30	43,305	120,000
31 Costa Rica	AGRICULTURAL CREDIT	1991-02-13	500,000	100,000
32 Bolivia	WOMEN MICROENTREPRENEURS IN EL ALTO	1991-02-11	500,000	158,000
33 Chile	PROGRAM OF SUPPORT FOR WOMEN MICROENTREPRENEURS	1991-04-24	499,995	115,000
34 Uruguay	BEEKEEPING	1991-06-18	500,000	120,000
35 Barbados	EXPANSION OF CREDIT FOR NDFB	1991-06-27	250,000	113,000
36 Brazil	EMPLOYMENT GENERATION PROGRAM	1991-07-03	500,000	130,000
37 Brazil	INFORMAL MICROENTERPRISES	1991-07-03	500,000	150,000

Country	Project Name	Date of Approval	Loan Amount (US\$)	Cooperation Amount	
38	Brazil	INFORMAL MICROENTERPRISES	1991-07-03	500,000	150,000
39	Mexico	DEVELOPMENT OF RURAL MICROPRODUCERS	1991-07-18	500,000	95,000
40	Mexico	CREDIT AND TRAINING IN NUEVO LEON	1991-07-18	500,000	95,000
41	Mexico	AGRICULTURAL PRODUCERS IN COAHUILA	1991-07-18	500,000	95,000
42	Bolivia	SUPPORT TO PRODEM	1991-07-23	500,000	170,000
43	Honduras	PRODUCTION AND MARKETING OF COCOA	1991-07-29	500,000	120,000
44	Honduras	GLOBAL AGRICULTURAL CREDIT	1991-07-29	168,865	120,000
45	Colombia	CREDIT FOR WOMEN MICROENTREPRENEURS	1991-09-09	500,000	103,000
46	Colombia	CREDIT FOR WOMEN MICROENTREPRENEURS	1991-09-09	500,000	103,000
47	Colombia	CREDIT FOR WOMEN MICROENTREPRENEURS	1991-09-09	500,000	103,000
48	Colombia	CREDIT FOR WOMEN MICROENTREPRENEURS	1991-09-09	500,000	103,000
49	Colombia	CREDIT FOR WOMEN MICROENTREPRENEURS	1991-09-09	500,000	103,000
50	Colombia	CREDIT FOR MICROENTERPRISES	1991-09-09	500,000	103,000
51	Dominican Republic	FINANCING FOR PROMAPEC	1991-10-07	500,000	120,000
52	Dominican Republic	PROGRAM OF CREDIT FOR FUNDESIRE	1991-10-07	500,000	120,000
53	Argentina	FEDERACION AGRARIA ARGENTINA (LA POMA)	1991-10-24	138,519	145,000
54	Argentina	FUNDACION JUNTOS	1991-12-05	0	100,000
55	Argentina	INSTITUTIONAL STRENGTHENING FOR FAS	1991-12-05	300,000	150,000
56	Argentina	MICROENTERPRISE DEVELOPMENT	1991-12-05	500,000	100,000
57	Uruguay	SUPPORT TO RURAL YOUTH IN URUGUAY	1992-07-27	346,871	150,000
58	Nicaragua	SUPPORT TO COOPERATIVA SANTA ANA	1992-10-09	347,826	120,000
59	Nicaragua	SUPPORT TO COOPERATIVA ESQUIPULAS	1992-10-09	166,305	120,000
60	Nicaragua	PROJECT FOR COOPERATIVA LA ARMONIA	1992-10-09	347,826	120,000
61	Bolivia	SUPPORT TO FUNBODEM	1992-10-26	327,759	120,000
62	Honduras	SUPPORT TO FUNHDEMU	1992-07-22	0	128,000
63	Honduras	SUPPORT TO ODEF	1992-07-22	1,000,000	146,000
64	Ecuador	SUPPORT TO INSOTEC	1992-06-30	456,250	125,000
65	Nicaragua	SUPPORT TO ACODEP	1992-08-04	449,948	138,000
66	Nicaragua	SUPPORT TO COPEMENIC	1992-08-04	449,882	138,000
67	Dominican Republic	SUPPORT TO IDDI	1992-03-27	500,000	120,000
68	Dominican Republic	SUPPORT TO ADOPEM	1992-03-27	500,000	115,000
69	Dominican Republic	SUPPORT TO FUDECO	1992-03-27	350,000	110,000
70	Dominican Republic	SUPPORT TO FUNDESER	1992-03-27	250,000	130,000
71	Dominican Republic	SUPPORT TO SAN JOSE DE OCA	1992-03-28	369,742	130,000
72	Dominican Republic	SUPPORT TO FDD	1992-03-27	500,000	110,000
73	Dominican Republic	SUPPORT TO FLORESTA	1992-03-27	500,000	140,000
74	Peru	SUPPORT TO CHAMBER OF COMMERCE OF PIURA	1992-06-15	500,000	130,000
75	Peru	SUPPORT TO CHAMBER OF COMMERCE OF LAMBAYEQUE	1992-06-15	500,000	130,000
76	Peru	SUPPORT TO CHAMBER OF COMMERCE OF LA LIBERTAD	1992-06-15	500,000	130,000
77	Peru	SUPPORT TO CHAMBER OF COMMERCE OF ICA	1992-06-15	250,000	130,000
78	Peru	SUPPORT TO CHAMBER OF COMMERCE OF AREQUIPA	1992-06-15	500,000	130,000
79	Peru	SUPPORT TO CHAMBER OF COMMERCE OF LIMA	1992-06-15	500,000	130,000
80	Peru	SUPPORT TO FUNDACION DESARROLLO NACIONAL	1992-06-04	500,000	140,000
81	Ecuador	SUPPORT TO FUNDACION ECUATORIANA DESARROLLO	1992-06-30	499,486	110,000
82	Ecuador	SUPPORT TO CORFEC	1992-06-30	500,000	136,000
83	Ecuador	SUPPORT TO FUNDACION ROCAFUERTE	1992-06-30	495,648	135,000

Country	Date of Project Name	Approval	Loan Amount (US\$)	Cooperation Amount	
84	Peru	SUPPORT TO ASOCIACION HABITAT PERU SIGLO XXI	1992-07-02	500,000	300,000
85	Peru	SUPPORT TO HABITAT TRUJILLO SIGLO XXI	1992-07-02	500,000	100,000
86	Paraguay	SUPPORT TO FROSEP	1992-07-30	500,000	107,000
87	Paraguay	SUPPORT TO FUNDACION AMISTAD	1992-07-30	0	154,000
88	Brazil	SUPPORT TO FUMDHAM	1992-08-17	500,000	140,000
89	Brazil	SUPPORT TO FUNDIPESCA	1992-08-17	540,212	140,000
90	Chile	SUPPORT TO MANOS DE VALDIVIA	1992-10-15	499,997	148,000
91	Colombia	SUPPORT TO CORPORACION ACCION POR BOGOTA	1992-10-16	500,000	167,000
92	Colombia	SUPPORT TO CORPORACION ACCION POR TOLIMA	1992-10-16	500,000	32,000
93	Colombia	SUPPORT TO CORPORACION ACCION POR CALDAS	1992-10-16	500,000	32,000
94	Colombia	SUPPORT TO CORPORACION ACCION POR QUINDIO	1992-10-16	500,000	32,000
95	Colombia	SUPPORT TO ACCION POR BOGOTA (REGION NORTE)	1992-10-16	475,000	
96	Colombia	SUPPORT TO COOPERATIVA EMPRENDER	1992-10-16	500,000	107,000
97	Peru	SUPPORT TO ACUDE	1992-10-19	40,000	120,000
98	Peru	SUPPORT TO ITDG/PERU	1992-10-19	400,000	120,000
99	Peru	SUPPORT TO IFOCC/CUZCO	1992-10-19	500,000	90,000
100	Bolivia	SUPPORT TO ASOCIACION PROCREDITO	1992-10-26	500,000	12,000
101	Bahamas	SUPPORT TO HOPEDALE CENTER	1992-09-18	374,919	220,000
102	Peru	SUPPORT TO MOVIMIENTO MANUELA RAMOS	1992-10-19	350,000	130,000
103	Peru	SUPPORT TO ASOCIACION PERU MUJER	1992-10-19	93,993	180,000
104	Peru	PROGRAMA DE CREDITO SEPAR	1992-10-19	500,000	150,000
105	Peru	SUPPORT TO CENTRO MUJER Y SOCIEDAD	1992-10-19	300,000	140,000
106	Costa Rica	SUPPORT TO APIAGOL	1993-06-29	407,071	118,000
107	Costa Rica	SUPPORT TO COF	1993-06-29	407,071	104,000
108	Costa Rica	SUPPORT TO ADRI	1993-06-29	407,071	108,000
109	Costa Rica	SUPPORT TO COOPEBRISAS	1993-06-29	407,071	120,000
110	El Salvador	SUPPORT TO UCAFES	1993-07-06	415,815	150,000
111	El Salvador	SUPPORT TO COOPERATIVA GRANO DE ORO	1993-07-06	415,815	150,000
112	Honduras	SUPPORT TO FEDECOH	1993-09-07	293,512	120,000
113	Honduras	SUPPORT TO ASOCIACION HERMANDAD	1993-09-07	377,372	120,000
114	Honduras	SUPPORT TO INHBIER	1993-09-07	37,676	120,000
115	Uruguay	SUPPORT TO LA COOPERATIVA CADYL	1993-09-15	419,213	67,200
116	Uruguay	SUPPORT TO LA SOCIEDAD DE FOMENTO DURAZNO	1993-09-15	195,968	93,400
117	Uruguay	SUPPORT TO LA SPL FLORIDA	1993-09-15	369,116	54,600
118	Guatemala	FAFIDESS: CREDIT PROG. RURAL SECTOR WOMEN	1993-09-03	507,590	150,000
119	Nicaragua	SUPPORT TO FAMA	1993-09-24	457,546	
120	Mexico	SUPPORT TO CENTRO ACAYUCAN	1993-02-25	500,000	135,000
121	Mexico	SUPPORT TO ASN ACATLAN DE JUAREZ	1993-02-25	351,000	135,000
122	Mexico	SUPPORT TO FUNDACION LOS EMPRENDEDORES	1993-06-07	500,000	110,000
123	Mexico	SUPPORT TO FUNDACION COMPARTAMOS	1993-06-07	500,000	150,000
124	Mexico	SUPPORT TO FUNDACION INTEGRAL COMUNITARIA	1993-06-07	500,000	120,000
125	Peru	FDO CAJAS MUNICIPALES AHORRO Y CREDITO	1993-07-13	500,000	500,000
126	Peru	PROG. OF CREDIT FOR CMAC DE SULLANA	1993-07-13	500,000	
127	Peru	PROG. OF CREDIT FOR CMAC DE TRUJILLO	1993-07-13	500,000	
128	Peru	PROG. OF CREDIT FOR CMAC DEL CUZCO	1993-07-13	500,000	
129	Peru	PROG. OF CREDIT FOR CMAC DE AREQUIPA	1993-07-13	500,000	

Country	Project Name	Date of Approval	Loan Amount (US\$)	Cooperation Amount	
130	Guatemala	SUPPORT TO ASOCIACION FE Y ALEGRIA	1993-08-13	500,000	150,000
131	Guatemala	SUPPORT TO A.A. AGUACATAN	1993-08-13	500,000	150,000
132	Guatemala	ADEPH-TRAINING PROG. FOR RURAL MICROPRODUCERS	1993-09-03	500,000	150,000
133	Guatemala	FUNDAP-CREDIT FOR RURAL ELECTRIFICATION	1993-09-03	2,907,429	120,000
134	Argentina	SUPPORT TO UNION CAMPESINA	1993-09-29	400,000	160,000
135	Argentina	SUPPORT TO ASOC. COOPERADORA INTA CATAMARCA	1993-09-29	410,000	150,000
136	Argentina	SUPPORT TO PREFEDERACION COOP. DE SAN JUAN	1993-09-29	500,000	150,000
137	Argentina	SUPPORT TO COOPERATIVA EL OASIS	1993-09-29	250,000	160,000
138	Argentina	SUPPORT TO CORPORACION REGIONAL DEL NORESTE	1993-09-29	115,000	185,000
139	Argentina	PROG. OF CREDIT FOR EMPRENDER	1993-09-29	500,000	135,000
140	Paraguay	SUPPORT TO FUNDACION MOISES BERTONI	1993-10-08	497,321	130,000
141	Paraguay	SUPPORT TO FUNDACION INDUSTRIAL	1993-10-08	200,000	115,000
142	Paraguay	SUPPORT TO COPAFI	1993-10-08	432,613	115,000
143	Chile	SUPPORT TO FUNDAC.TRABAJO PARA UN HERMANO	1993-10-06	375,000	150,000
144	Chile	SUPPORT TO FUNDACION CONTIGO	1993-10-06	500,000	150,000
145	Venezuela	SUPPORT TO ASOCIACION CIVIL BANAUGE	1993-12-14	500,000	155,000
146	Venezuela	SUPPORT TO UNIANDES (MERIDA)	1993-12-14	500,000	155,000
147	Venezuela	NUEVO AMANECER, ZULIA	1993-12-14	500,000	155,000
148	Venezuela	LA CASA DEL NUEVO PUEBLO, CARABOBO	1993-12-14	500,000	155,000
149	Venezuela	CON CENTRO OCCIDENTE. LARA	1993-12-14	500,000	155,000
150	Venezuela	SUPPORT TO CENTRO EL PARAGUERO. ANZOATEGUI	1993-12-14	500,000	155,000
151	Venezuela	EL PORTACHUELO: ARAGUA	1993-12-14	500,000	155,000
152	Venezuela	FUNDACION EUGENIO MENDOZA. CARACAS	1993-12-14	500,000	140,000
153	Venezuela	SUPPORT TO LA MICROEMPRESA-VALENCIA	1993-12-14	500,000	155,000
154	Venezuela	SUPPORT TO LA MICROEMPRESA-BARCELONA	1993-12-14	500,000	155,000
155	Venezuela	SUPPORT TO LA MICROEMPRESA-LARA	1993-12-14	500,000	155,000
156	Venezuela	SUPPORT TO LA MICROEMPRESA-MARACAIBO	1993-12-14	500,000	155,000
157	Venezuela	SUPPORT TO LA MICROEMPRESA-SAN CRISTOBAL	1993-12-14	500,000	155,000
158	Honduras	SUPPORT TO FINCA	1993-09-07	500,000	130,000
159	Uruguay	SUPPORT TO SFR LA CASILLA	1993-09-15	497,373	98,600
160	Belize	SUPPORT TO NATIONAL DEVELOPMENT FOUNDATION	1994-07-18	500,000	150,000
161	Costa Rica	SUPPORT TO ACORDE II	1994-10-20	500,000	125,000
162	Costa Rica	SUPPORT TO FINCA II	1994-10-20	500,000	105,000
163	Costa Rica	SUPPORT TO SEJEKTO	1994-12-09	550,000	176,000
164	Costa Rica	SUPPORT TO COOPEBRUNKA	1994-12-09	796,598	179,000
165	Costa Rica	SUPPORT TO ARBOFILIA	1994-12-09	936,298	174,000
166	Bolivia	PROG. TO INCREASE CAPITAL BASE OF PROCREDITO	1994-11-23	500,000	
167	Brazil	SUPPORT TO SALAO DO ENCONTRO	1994-09-07	500,000	140,000
168	Brazil	FONDO DE APOYO A COMERCIALIZACION MANOS	1994-09-07	500,000	160,000
169	Brazil	SUPPORT TO CEAPE-DF	1994-10-11	499,939	
170	Brazil	SUPPORT TO CEAPE-PE	1994-10-11	499,994	
171	Brazil	SUPPORT TO CEAPE-SE	1994-10-11	499,997	
172	El Salvador	SUPPORT TO FUNDACION ANTIDROGAS	1994-10-13	500,000	142,000
173	El Salvador	SUPPORT TO POLIGONO INDUSTRIAL DON BOSCO	1994-10-13	360,336	142,000
174	El Salvador	SUPPORT TO ASOCIACION MUJERES CAMPESINAS ES	1994-10-13	500,000	142,000

Country	Project Name	Date of Approval	Loan Amount (US\$)	Cooperation Amount	
175	Guatemala	SUPPORT TO CONSERVATION INTERNATIONAL-GU	1994-10-17	500,000	226,000
176	Paraguay	SUPPORT TO FUPACODE	1994-10-25	500,000	295,525
177	Peru	SUPPORT TO CM DE AHORRO Y CREDITO DEL SANTA	1994-12-23	500,000	
178	Peru	SUPPORT TO CM DE AHORRO Y CREDITO DE MAYNAS	1994-12-23	500,000	
179	Peru	SUPPORT TO CM AHORRO Y CREDITO DE HUANCAYO	1994-12-23	500,000	
180	Peru	SUPPORT TO CM DE AHORRO Y CREDITO DE ICA	1994-12-23	500,000	
181	Peru	SUPPORT TO CM DE AHORRO Y CREDITO DE PAITA	1994-12-23	500,000	
182	Peru	SUPPORT TO CM DE AHORRO Y CREDITO DE TACNA	1994-12-23	500,000	
183	Belize	SUPPORT TO ENTERPRISE FOR SUSTAINED TECH.	1994-07-18	500,000	150,000
184	Uruguay	SUPPORT TO FUND.ASISTENCIA Y AYUDA A MUJER	1995-06-29	374,630	120,000
185	Panama	SUPPORT TO CACPYMER	1995-04-05	250,000	130,000
186	Uruguay	SUPPORT TO IPRU	1995-09-01	500,000	100,000
187	Bolivia	SUPPORT TO COOP.INTEGRAL SERVICIOS COCHABAMBA	1995-04-11	500,000	180,000
188	Bolivia	SUPPORT TO PROG.DESARROLLO AGROPECUARIO INTE.	1995-04-11	500,000	180,000
189	Bolivia	SUPPORT TO CENTRO APOYO INT. DE LA MUJER	1995-04-11	0	200,000
190	Bolivia	SUPPORT TO CENTRO DE INICIATIVAS ECONOMICAS	1995-06-12	500,000	180,000
191	Bolivia	SUPPORT TO COLONIA PIRAI	1995-06-12	500,000	180,000
192	Bolivia	SUPPORT TO CAPIA-SANTA CRUZ	1995-06-12	335,394	200,000
193	Ecuador	PROG. OF CREDITO A CEPESIU	1995-06-20	301,783	151,000
194	Ecuador	MARKETING PROG. FOR MCCH	1995-06-20	355,039	162,000
195	Haiti	SUPPORT TO FONDS HAITIEN D'AIDE A LA FEMME	1995-07-25	214,352	215,000
196	Haiti	SUPPORT TO SOCIETE D'EPARGNE ET DE CREDIT	1995-07-25	232,214	272,500
197	Haiti	EXPAND SEED PRODUCTION	1995-07-25	107,176	253,000
198	Argentina	SUPPORT TO FUN.BCO.MUNDIAL DE LA MUJER	1995-01-13	500,000	208,000
199	Argentina	SUPPORT TO FUND.DESARROLLO CENTRO CHAQUENO	1995-01-13	500,000	208,000
200	Brazil	SUPPORT TO CETAP	1995-05-22	500,000	250,000
201	Brazil	SUPPORT TO CEARAH PERIFERIA	1995-05-22	500,000	250,000
202	Bolivia	SUPPORT TO CECAOT	1995-06-12	500,000	150,000
203	Bolivia	SUPPORT TO CENTRO INV.Y DESARROLLO REGIONAL	1995-06-12	500,000	150,000
204	Chile	SUPPORT TO COOPERATIVA LIBERACION	1995-06-27	498,857	150,000
205	Chile	SUPPORT TO CORPORACION PROMOCION PEQUENA EMP.	1995-06-27	500,000	150,000
206	Chile	SUPPORT TO WOMEN MICROENTREPRENEURS	1995-06-27	500,000	150,000
207	Mexico	SUPPORT TO SEDEMEX	1995-07-20	500,000	180,000
208	Mexico	SUPPORT TO FUND.QUERETANA DESARROLLO RURAL	1995-07-20	500,000	180,000
209	Mexico	SUPPORT TO SERV.PARA DESARROLLO DE PUEBLA	1995-07-20	500,000	180,000
210	Colombia	SUPPORT TO FENASCOL	1995-08-01	230,000	420,000
211	Colombia	SUPPORT TO FUNDACION GRANJA TALLER	1995-09-01	339,456	150,000
212	Chile	SUPPORT TO FUNDACION SOINTRAL	1995-10-26	500,000	150,000
213	Chile	SUPPORT TO FUNDACION TIEMPOS NUEVOS	1995-10-26	500,000	150,000
214	Colombia	SUPPORT TO FUNDICAR	1995-12-06	500,000	120,000
215	Panama	SUPPORT TO FUNDES	1995-04-05	500,000	100,000
216	Colombia	SUPPORT TO FUNDECOP	1996-11-20	382,226	120,000
217	Mexico	SUPPORT TO ASOCIACION DE ARTE Y CULTURA.	1996-02-08	440,000	200,000
218	Mexico	SUPPORT TO SANZEKAN TINEME	1996-02-08	500,000	250,000
219	Ecuador	SUPPORT TO FEDERACION SHUAR-ACHUAR	1996-01-25	500,000	175,000
220	Ecuador	SUPPORT TO LA CONFENIAE	1996-01-26	500,000	157,000

Country	Project Name	Date of Approval	Loan Amount (US\$)	Cooperation Amount
221 Ecuador	SUPPORT TO LA FEPTACH	1996-01-26	95,968	175,000
222 Bolivia	SUPPORT TO COOPERATIVA JESUS NAZARENO	1997-11-26	424,845	100,000
223 Bolivia	SUPPORT TO FUNDACION ALTERNATIVAS DESARROLLO	1997-11-26	500,000	100,000
224 Paraguay	SUPPORT TO COOPERATIVA AGROPE IND.LA NORTENA	1997-07-23	500,000	230,000
225 Brazil	SUPPORT TO VIVACRED	1997-10-15	500,000	500,000
226 Chile	SUPPORT TO COOP. AHORRO Y CREDITO TALAGANTE	1997-11-05	350,000	125,000
227 Brazil	CENTRO APOYO A PEQ.EMPRESARIOS-BAHIA	1997-12-17	500,000	150,000
228 Brazil	CENTRO APOYO A PEQ.EMP.ESPIRITU SANTO	1997-12-17	500,000	150,000
229 Brazil	CENTRO APOYO A PEQ.EMPRESARIOS-GOIAS	1997-12-17	500,000	150,000
230 Brazil	SUPPORT TO ADIM	1997-12-17	500,000	150,000
231 Brazil	CENTRO APOYO A PEQ.EMPRESARIOS-PARA	1997-12-17	500,000	150,000
232 Brazil	CENTRO APOYO A PEQ.EMPRESARIOS-PARAIBA	1997-12-17	500,000	150,000
233 Brazil	CENTRO APOYO A PEMPRESARIO-PERNAMBUCO	1997-12-17	500,000	150,000
234 Brazil	CENTRO APOYO A PEQ.EMPRESARIOS-PIAUI	1997-12-17	500,000	150,000
235 Brazil	CENTRO APOYO A PEM. NISIA FLORESTA	1997-12-17	500,000	150,000
236 Brazil	CENTRO APOYO A PEMP.-RIO GRANDE DO SUL	1997-12-17	500,000	150,000
237 Brazil	CENTRO APOYO A PEQ.EMP. JUDITE OLIVEIRA	1997-12-17	500,000	150,000
238 Brazil	CENTRO APOYO A PEMPRESARIOS-SAO PAULO	1997-12-17	500,000	150,000
239 Brazil	CEAPE- DISTRITO FEDERAL BRAZILIA	1997-12-17	500,000	150,000
240 Argentina	SUPPORT TO FUNDACION IPNA	1997-12-19	500,000	270,000
241 Argentina	SUPPORT TO SOCIEDAD RURAL DEL SUR RIOJANO	1997-12-19	500,000	190,000
243 Argentina	SUPPORT TO LA COOPERATIVA LA RIOJANA	1997-12-19	500,000	200,000
244 Argentina	SUPPORT TO COOPERATIVA DE TRABAJO HOGAR RURAL	1997-12-19	305,000	180,000
245 Suriname	SUPPORT TO MICROPRODUCERS IN MAGENTA	1997-07-17	40,000	
TOTAL			109,055,928	32,800,825

Table B: IDB Social Entrepreneurship Projects for Microenterprise, 1998–2000

Country	Project Name	Date of Approval	Loan Amount (US\$)	Cooperation Amount
1 Ecuador	SUSTAINED AGRICULTURE IN CALPIA	02/09/1998	292,400	207,600
2 El Salvador	ADEL MORAZAN	04/15/1998	500,000	150,000
3 Honduras	COOPERATIVA MIXTA OCOTEPEQUE	04/15/1998	500,000	175,000
4 Venezuela	SUPPORT TO FUNDAC. PARA EL DES. ECONOMIA PO	07/09/1998	200,000	100,000
5 Guatemala	FEDECOCAGUA	07/10/1998	500,000	200,000
6 Mexico	SUPPORT TO ASOCIACION EMPRESARIAS MEXICANAS	07/13/1998	250,000	120,000
7 Guatemala	ORGANIZACION FAFIDES	08/11/1998	500,000	175,000
8 Brazil	FUNDACION TEOTONIO VILELA	08/12/1998	350,000	250,000
9 Peru	INSTITUTO PERUANO ECONOMIA SOCIAL	09/16/1998	110,000	140,000
10 Peru	ADVISORY ASSISTANCE TO FARMERS IN PIURA	09/16/1998	200,000	250,000
11 Peru	PROG. PEQ.AGRICULTORES VALLE DEL CANETE	09/16/1998	200,000	200,000
12 Peru	ASOCIACION TECNOLOGIA Y DESAR.	09/18/1998	234,500	165,500
13 Mexico	SUPPORT TO ADMIC OAXACA, A.C.	10/16/1998	320,000	96,000
14 Mexico	COORD.PRODUCTORES CAFE OAXACA	10/16/1998	410,000	95,000
15 Barbados	SUPPORT TO BARBADOS SHEEP FARMERS INC.	11/24/1998	60,000	
16 Guatemala	SUPPORT TO ASOCIACION CHAJULENSE	12/01/1998	500,000	150,000
17 Mexico	AGRIG. PRODUCTION AND MARKETING, COSTA CHICA	12/09/1998	483,000	119,000
18 Mexico	PRODUCT. AGROPECUARIOS SELVA LACANDONA	12/09/1998	490,000	137,000
19 Colombia	FINANCING FOR EL MINUTO DE DIOS	12/14/1998	300,000	250,000
20 Costa Rica	SUPPORT TO METALWORKING MICROENTERPRISES	12/17/1998	250,000	100,000
21 Paraguay	FUNDACION INDIGENA PARA EL DESARROLLO	18/12/1998	500,000	225,000
22 Chile	MASSIFICATION TRAINING FOR MICROENTERPRISE	03/01/1999		75,000
23 Chile	SUPPORT TO MANOS DE VALDIVIA - NGO	03/08/1999		100,000
24 Colombia	PROG. TO RECYCLE BANANA WASTE	04/06/1999	420,000	200,000
25 El Salvador	STRENGTHENING OF ARTISAN SECTOR-CPS	04/29/1999	250,000	
26 El Salvador	STRENGTHENING OF ARTISAN SECTOR-ACOPRAC	04/29/1999		100,000
27 El Salvador	STRENGTHENING OF ARTISAN SECTOR-FUNDASAL	04/29/1999	150,000	150,000
28 El Salvador	STRENGTHENING OF ARTISAN SECTOR-CASART	04/29/1999		160,000
29 El Salvador	STRENGTHENING OF ARTISAN SECTOR-PROESA	04/29/1999		160,000
30 Paraguay	SUPPORT TO FUNDACION INDUSTRIAL II	06/02/1999	500,000	140,000
31 Honduras	SUPPORT TO CAMPESINO MICROENTERPRISES: FINACOOOP	06/02/1999	200,000	130,000
32 Ecuador	MICROENTERPRISE WASTE COLLECTION	06/24/1999		250,000
33 Argentina	SUPPORT TO COOPERATIVA ASHCA CAYCU LTDA.	07/12/1999	500,000	234,000
34 Argentina	SUPPORT TO COOPERATIVA CAUQUEVA	07/12/1999	500,000	235,000
35 Argentina	SUPPORT TO COOPERATIVA QUINE RAQUIZUAM	07/12/1999		250,000
36 Colombia	SUPPORT TO ARTESANIAS DE COLOMBIA S.A.	09/10/1999		250,000
37 Chile	SUPPORT TO CAMPOCOOP	09/21/1999	252,800	150,000
38 Nicaragua	SUPPORT TO PROARTE S.A.	10/05/1999	350,000	150,000
39 Costa Rica	SUPPORT TO COOPEBRISAS	11/11/1999	400,000	150,000
40 Peru	SUPPORT TO CAMARA NACIONAL FORESTAL	11/11/1999		250,000
41 Brazil	SUPPORT TO COOPERE	11/29/1999	300,000	200,000
42 Paraguay	SUPPORT TO COOPERATIVA QUIINDY LTDA.	12/02/1999	250,000	175,000
43 Guatemala	DEVELOPMENT AND EDUC. FOR INDIGENOUS WOMEN	12/13/1999	500,000	162,000
44 Uruguay	PRODUCTIVE RECYCLING IN MONTEVIDEO	12/17/1999	250,000	250,000

Country	Project Name	Date of Approval	Loan Amount (US\$)	Cooperation Amount
45 Panama	COOPERATIVA DE SERV MULTIPLES JUAN XXIII	12/17/1999	400,000	30,000
46 Bolivia	CREDIT AND TECHNICAL ASSISTANCE SERVICES	12/17/1999	225,000	225,000
47 Peru	ENERGIA RENOVABLE Y MICROEMPRESA RURAL	03/24/2000	300,000	200,000
48 Bolivia	APOYO ASOCIACION PRODUCTORES DE FRIJOL	05/16/2000	400,000	111,000
49 Peru	MIC. PISCICOLAS DE TRUCHAS LAGO TITICACA	09/13/2000	-	246,000
50 Mexico	AMPLIACION MICROCREDITO Y AHORROS	10/27/2000	400,000	180,000
51 Uruguay	DES. APICOLA FAMILIAS PRODUCTORAS LECHE	11/17/2000	475,000	125,000
52 Costa Rica	DIVERSIFICACION AGRIC. MICROPRODUCTORES	11/22/2000	175,000	135,000
53 Costa Rica	DIVERS. AGRICOLA EN CANTON LEON CORTES	12/29/2000	300,000	160,000
TOTAL			14,647,700	8,638,100
Total Small Projects AND Social Entrepreneurship Program			123,703,928	41,438,781

Summary of Small Projects and Social Entrepreneurship Program, by Year US\$ (Millions)	
Year	Amount
1990	6.9
1991	23.2
1992	26.8
1993	33.1
1994	15.0
1995	19.1
1996	3.5
1997	14.5
1998	10.5
1999	9.6
2000	3.2

ANNEX II.

IDB Global Microenterprise Loans, 1990–2000

Country	PROJECT NAME/ Project Description	Amount	Counterpart
1 Uruguay	GLOBAL SMALL AND MICROENTERPRISE CREDIT PROGRAM Establish lines of credit for use by beneficiaries of small and microentrepreneurs. Technical Cooperation for strengthening of intermediate institutions.	9,200,000	3,930,000
2 Colombia	GLOBAL MICROENTERPRISE CREDIT PROGRAM Global credit program to promote microenterprise development and institutional strengthening of nongovernmental organizations.	30,600,000 (1993) 15,000,000 (1990)	20,210,000 (1993) 7,000,000 (1990)
3 Ecuador	MICROENTERPRISE CREDIT PROGRAM Consists of providing credit through the commercial banking system to microentrepreneurs and providing training in financial and administrative areas to these microentrepreneurs through foundations and nongovernmental organizations.	19,500,000	2,200,000
4 Argentina	GLOBAL SMALL AND MICROENTERPRISE CREDIT PROGRAM Aimed at strengthening the productive activities of small and microentrepreneurs. Programming also includes technical assistance or financial and technical intermediaries for institutional strengthening.	49,000,000	16,000,000
5 Chile	GLOBAL MICROENTERPRISE CREDIT PROGRAM Contribute to the development and strengthening of the microenterprise sector by promoting a system of on-going support to bring about the incorporation of microenterprises into formal markets. The program will expand access to credit.	12,000,000	8,000,000
6 Costa Rica	GLOBAL MICROENTERPRISE CREDIT PROGRAM Global credit program for urban and rural microentrepreneurs, providers of raw materials for microenterprises, and potential microentrepreneurs. The program has two parallel compents : (1) Provision of credit to microentrepreneurs, and (2)Technical cooperation	13,00,000	4,600,000
7 Guatemala	GUATEMALAN NATIONAL MICROENTERPRISE PROGRAM Global credit program for small and microentrepreneurs, urban areas of the interior of the country and capital city, through nongovernmental organizations, Banco de los Trabajadores, Banco Nacional de Desarrollo Agricola and El Credito.	13,000,000	2,800,000

Country	PROJECT NAME/ Project Description	Amount	Counterpart
8 Paraguay	GLOBAL MICROENTERPRISE CREDIT PROGRAM Channeling of financial resources and provision of technical assistance to the microenterprise sector	12,500,000	2,200,000
9 El Salvador	GLOBAL MICROENTERPRISE CREDIT Provide support in the areas of credit and administration and management to El Salvador's microenterprise sector. Also includes institutional strengthening for IFIS and ETAS. The program includes: (1) global line of credit; (2) CAP	24,000,000	6,000,000
10 Nicaragua	NONCONVENTIONAL CREDIT PROGRAM Provide credit to small microenterprises in the areas of agriculture, industry, commerce and service, through and service, through a second-tier institutional. TC will also be provided to first-tier institutions.	23,600,000	5,900,000
11 Peru	GLOBAL MICROENTERPRISE CREDIT PROGRAM Global credit program for microenterprises.	27,750,000 (1995) 30,000,000 (1998)	11,900,000 (1995) 12,860,000 (1998)
12 Paraguay	GLOBAL MICROENTERPRISE CREDIT PROGRAM II Promote the development of microentrepreneurial activities in order to improve the socio-economic conditions of microentrepreneurs by means of a line of credit for 2.9 million dollars.	22,200,000	2,800,000
13 Bolivia	INTEGRATED PROGRAM FOR SUPPORT OF THE MICRO AND SMALL ENTERPRISE Support urban and rural microenterprises that are commercially viable and that are the principal source of income for its owners.	35,000,000	8,750,000
14 Argentina	MICROENTERPRISE CREDIT PROGRAM II Expand access for small and microenterprises (SME) to credit and technical assistance, by building on and consolidating the achievements recorded under the first global credit program. The credit component will finance the procurement of fixed assets.	100,000,000	100,000,000
	TOTAL	476,400,000	131,400,000

ANNEX III.

MIF Support to the Microenterprise Sector

Table A: MIF Entrepreneurial Service and Training Projects, 1990–2000
Technical Assistance Grants

Country	Project Name	Date of Approval	Amount (US\$)
1 Uruguay	Youth training and business development	5/1/1994	2,500,000
2 Regional	Mic. training program–Centro Acción Microempresarial	10/1/1994	1,615,000
3 El Salvador	Development of Productivity of Small Enterprises	11/9/1994	2,070,000
4 Bolivia	Ecotourism in Uchupiamonas	12/1/1994	1,250,000
5 Costa Rica	Small Enterprise Competitiveness Program	2/15/1995	2,491,000
6 Costa Rica	Support for tourism-related ME	7/1/1995	960,000
7 Bolivia	Youth & in-firm training	1/1/1996	3,000,000
8 Dominican	Agricultural competitiveness	1/1/1996	1,920,000
9 Honduras	Agricultural training–Zamorano	1/1/1996	1,892,000
10 Regional	Univ. advisory services program for MSEs	1/1/1996	5,286,000
11 Uruguay	Manos del Uruguay	9/1/1996	970,000
12 Belize	Trade Promotion and business Development	12/1/1996	1,147,000
13 Argentina	Assistance for small rural producers–FAA	12/1/1996	3,000,000
14 Panama	Support for agricultural competitiveness- UNPAP	1/1/1997	1,400,000
15 Argentina	Support services for microenterprises–CGE	2/1/1997	1,900,000
16 Nicaragua	Training for agro-entrepreneurial development in NI	6/1/1997	1,200,000
17 Ecuador	Voucher program for microenterprise services	6/1/1997	1,260,000
18 PA	Rural youth training & entrepreneurship	7/1/1997	1,260,000
19 Guatemala	Promotion Prvt sector particip. in rural tech training	10/1/1997	2,000,000
20 Mexico	Enterprise Based Employment Initiative-Nueva Vizcaya	Oct-97	1,259,000
21 Argentina	Advisory center for new businesses	11/1/1997	2,500,000
22 Guatemala	T.A. to nontraditional agricultural producers	4/1/1998	1,500,000
23 Uruguay	Strengthening Small Retailers	5/6/1998	1,950,000
24 Brazil	Support for Technology-based incubators	6/10/1998	3,500,000
25 Bolivia	Nonfinancial services for urban microentrepreneurs	7/15/1998	1,395,000
26 Uruguay	Micro & small entrepreneurs–ANMYPE	11/24/1998	340,000
27 Colombia	Training for Small Rural Producers in the Cauca Valley		640,000
28 Guyana	Training for Small and Medium Entrepreneur	11/10/1999	900,000
29 Bolivia	Development & Marketing of Cultural & Historical Handicrafts	10/27/1999	1,000,000
30 Haiti	Strengthening Haitian Business Development Service Institutions	9/13/1999	370,000
31 El Salvador	Development of Small and Microenterprises	4/26/2000	850,000
32 El Salvador	Pilot program microenterprise training	5/31/2000	870,000
33 Colombia	Microenterprise marketing Atlantico	6/14/2000	850,000
34 Peru	Promoting new youth enterprises	9/20/2000	815,000
35 Guatemala	Promoting the tourism sector	12/13/2000	520,000
		TOTAL	56,380,000

Table B: MIF Support for Financial Services, 1990 – 2000
Technical Assistance Grants

Country	Project Name	Date of Approval	Amount (US\$)
1 Colombia	Women's World Banking	12/1/1993	4,400,000
2 Bolivia	Strengthening rural credit unions	12/1/1993	800,000
3 Mexico	Development of projects in rural areas	11/1/1994	6,200,000
4 Jamaica	Strengthening cooperative credit unions	12/1/1994	1,900,000
5 Trinidad and Tobago	Strengthening credit union system	11/1/1995	945,000
6 Dominican	Strengthening rural financial intermediaries	11/1/1995	1,530,000
7 Regional	Katalysis Honduras	7/1/1996	1,690,000
8 Regional	Training for microfinance management	10/29/1997	1,740,000
9 Panama	Expansion for small and microenterprise financing	11/1/1997	2,250,000
10 Ecuador	Strengthening savings & credit coop. System	2/25/1998	706,000
11 Bahamas	Strengthening the Cooperative credit union system	10/30/1998	660,000
12 Mexico	Rural Banking Program – FMDR	11/11/1998	1,500,000
13 Regional	MIC/FINCA-Village Banking	11/24/1998	1,025,000
14 Regional	Microenterprise Recovery Program	12/7/1998	12,900,000
15 Nicaragua	INSTITUTIONAL STRENGTHENING FUNDACION CHISPA	1/4/1999	250,000
16 Haiti	INSTITUTIONAL STRENGTHENING SOGEBANK	1/4/1999	300,000
17 Honduras	INSTITUTIONAL STRENGTHENING FUNDACIONFINSOL	1/4/1999	300,000
18 Guatemala	INSTITUTIONAL STRENGTHENING OF GENESIS EMPRESARIAL	1/4/1999	300,000
19 Bolivia	INSTITUTIONAL STRENGTHENING OF FUNDACION SARTAWI	5/25/1999	300,000
20 Peru	INSTITUTIONAL STRENGTHENING OF EDPYME CREAM TACNA	5/25/1999	200,000
21 Peru	INSTITUTIONAL STRENGTHENING OF EDPYME EDYFICAR	5/25/1999	255,000
22 Bolivia	INSTITUTIONAL STRENGTHENING OF ECOFUTURO FFP	9/17/1999	225,000
23 Bolivia	INSTITUTIONAL STRENGTHENING OF FIE-FFP	9/17/1999	250,000
24 Colombia	ACCOUNTING AND FINANCIAL INFORMATION (INR)	9/17/1999	330,000
25 Costa Rica	SUPPORT TO ASOC. DESARROLLO RURAL INTEGRADO	9/21/1999	260,000
26 Uruguay	INSTITUTIONAL STRENGTHENING OF FUAAM	11/9/1999	250,000
27 Peru	Strengthening the "Cajas Municipales y Rurales de Ahorro y Crédito"	1999	1,500,000
28 Honduras	Network of Enterprises-CERTEC	5/12/1999	700,000
29 Nicaragua	Development of Sustainable Services to Micro, Small & Medium Enterprises		1,400,000
30 Regional	Innovation in Financial Services for Microenterprises	5,000,000	
31 Peru	INSTITUTIONAL STRENGTHENING OF PROEMPRESA	3/17/2000	290,000
32 Dominican Republic	INSTITUTIONAL SUPPORT OF ADOPEM	4/25/2000	300,000
33 Dominican Republic	INSTITUTIONAL TRANSFORMATION OF FONDESA	4/25/2000	300,000
34 Honduras	INSTITUTIONAL STRENGTHENING OF BANCOMER	4/25/2000	270,000
35 Mexico	INSTITUTIONAL STRENGTHENING OF COMPARTAMOS	5/16/2000	120,000
36 Chile	Expanding Development Investments	5/31/2000	570,000
37 Colombia	Improving administrative and operative efficiency for WWB	6/15/2000	500,000
38 Regional	Helping IFIs recuperate from natural disasters	7/12/2000	90,000
39 Honduras	INSTITUTIONAL STRENGTHENING OF BANHCAFE	8/30/2000	273,000
40 Paraguay	INSTITUTIONAL STRENGTHENING OF INTERFISA	9/6/2000	300,000
41 Panama	INSTITUTIONAL STRENGTHENING OF CREDIFUNDES	9/20/2000	242,000
42 Paraguay	INSTITUTIONAL STRENGTHENING OF VISION	10/12/2000	250,000
43 Guatemala	INSTITUTIONAL STRENGTHENING OF BANCAFE	10/19/2000	254,000
44 Guyana	INSTITUTIONAL STRENGTHENING OF IPED	10/20/2000	142,000
45 Nicaragua	SUPPORT FOR THE TRANSFORMATION OF FINDE	10/20/2000	250,000
	TOTAL		54,217,000

MIF Support for Financial Services, 1990–2000

Loans and Equity Investments

Country	Project Name	Date of Approval	Amount (US\$)
1 El Salvador	Equity investment CALPIA	2/1/1994	800,000
2 Bolivia	Procredito and equity in Caja de Los Andes	5/1/1994	2,000,000
3 Regional	Equity investment PROFUND	12/1/1994	3,000,000
4 Dominican	Equity investment FONDOMICRO	5/1/1996	675,000
5 Regional	Environmental NGO venture fund –TNC	12/1/1997	5,000,000
6 Regional	Equity investment in Acción Gateway, L.L.C.	5/6/1998	2,700,000
7 Venezuela	Equity investment in Bangente	5/6/1998	1,000,000
8 Uruguay	Quasi-equity investment in FUCAC	11/11/1998	1,500,000
9 Regional	Guarantee Fund–LACIF	11/11/1998	3,715,000
		TOTAL	20,390,000

TABLE C: MIF Projects in Support of Improved Policy Environment 1990 – 2000

Technical Assistance Grants

Country	Project Name	Date of Approval	Amount (US\$)
1 Bolivia	Supervision of informal institutions	5/6/1998	1,200,000
2 Colombia	Support for competitiveness of microenterprises	10/30/1998	1,800,000
3 Colombia	Financial Cooperatives Supervision	12/7/1998	1,415,000
4 Guatemala	Reform of the Microenterprise Sector	5/12/1999	900,000
5 Peru	Strengthening Credit Union Supervision	1999	1,000,000
6 Peru	Strengthening Microfinance Supervision	1999	1,000,000
		TOTAL	7,315,000

IDB Independent Technical Cooperation projects, 1990 – 2000

Country	Project Name	Date of Approval	Amount (US\$)
1 Regional	YOUTH PARTICIPATION IN THE LABOR FORCE	10/16/90	4,342
2 Colombia	RURAL HANDICRAFTS	01/31/91	9,252
3 Regional	4-H CLUBS FOR RURAL YOUTH	05/03/91	9,844
4 Regional	SUPPORT FOR PREPARATION OF SMALL PROJECTS	11/19/92	20,000
5 El Salvador	PROGRAM OF CREDIT AND ACCOUNTING-OEF	06/15/94	20,870
6 Regional	POLICY REFORM FOR MICROENTERPRISE DEVELOPMENT	09/24/96	37,350
7 Regional	MICROENTERPRISE DEVELOPMENT AND REDUCTION OF POVERTY	11/15/96	104,749
8 Bolivia	ENTERPRISE STRENGTHENING AND DEVELOPMENT	08/26/97	149,039
9 Regional	DEVELOPMENT OF THE HANDICRAFTS SECTOR	05/16/97	32,670
10 Brazil	DEVELOPMENT OF A MARKET FOR BUSINESS SERVICES	08/03/98	41,000
11 El Salvador	MICROENTERPRISE FINANCIAL ASSESSMENT	06/15/98	32,000
12 El Salvador	STRATEGIC PLAN FOR FUCAD	12/11/98	18,000
13 Honduras	INSTITUTIONAL STRENGTHENING FOR FUNDACION COVELO	09/10/98	29,700
14 Regional	MARKETING SERVICE FOR SMALL ENTERPRISES	09/02/98	10,000
15 Regional	MICROENTERPRISE AND SOCIAL DEVELOPMENT	06/09/98	62,754
16 Regional	CONFERENCE BUSINESS DEVELOPMENT SERVICES	07/14/98	250,000
17 Regional	FINANCIAL SERVICES FOR MICROENTREPRENEURIAL WOMEN	07/23/98	5,842
18 Regional	ENTERPRISE DEVELOPMENT SERVICES	03/13/98	58,000
19 El Salvador	FEASIBILITY AND MARKET STUDY IN EL SALVADOR	03/22/99	30,000
20 Regional	BUSINESS DEVELOPMENT INFORMATION AND SERVICES	04/01/99	75,000
21 Regional	INFORMATIONAL BROCHURE FOR MICROENTERPRISES	06/03/99	5,748
22 Regional	INITIATIVE FOR WOMEN MICROENTREPRENEURS	04/05/99	50,000
23 Regional	STRATEGY DEVELOPMENT FOR MICROENTERPRISE SECTOR	06/04/99	140,000
24 Regional	PROMOTION OF LINKAGES TO MICROFINANCE INSTITUTIONS	11/15/99	15,000
25 Regional	PROGRAM OF EVALUATION AND MONITORING	12/17/99	146,000
26 Regional	CREATION OF MODERN AND EFFECTIVE CREDIT CO-OPS	02/02/99	42,000
27 Regional	PILOT MICROENTERPRISE TRAINING PROGRAM	08/26/99	141,000
28 Regional	SUPPORT TO FUNDACION CREDIMUJER	03/31/99	43,000
29 RS	SAVINGS MOBILIZATION WORKSHOP	02/18/00	30,000
30 Belize	EVALUATION OF MICROCREDIT INSTITUTIONS	03/17/00	30,000
31 Bolivia	STRENGTHENING BUSINESS DEVELOPMENT SERVICES	06/30/00	80,000
32 Regional	STRATEGIC ALLIANCES FOR MICROENTERPRISE DEVELOPMENT	07/17/00	150,000
33 RS	TOOLS FOR IMPROVING WOMEN'S BUSINESSES	08/25/00	11,000
34 Honduras	STRATEGIC ALLIANCES FOR MICROENTERPRISES	09/15/00	10,000
35 RS	BEST PRACTICES IN SOCIAL ENTREPRENEURSHIP	11/28/00	110,000
		TOTAL	2,004,160

ANNEX V.: IDB PUBLICATIONS ON MICROENTERPRISE

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Excerpts from the IDB Strategy for Microenterprise Development

Objective

The overall goal of the IDB's Microenterprise Development Program is to expand economic opportunities through sustainable, dynamic microenterprise development. In order to achieve this goal the Bank's strategy focuses on **promoting the conditions necessary for the growth and development of the microenterprise sector** in Latin America and the Caribbean.

The specific objective of the strategy is to promote the development of:

- a favorable policy and regulatory environment;
- strong, sustainable institutions providing financial and nonfinancial services to meet the demand of microenterprises;
- improved access of low-income and disadvantaged microentrepreneurs (including women and indigenous peoples) to financial and business services; and
- expanded, continuous and permanent flows of resources for investment in microenterprise.

Strategy

To promote microenterprise development in the current environment, given its own institutional characteristics and resources available, the IDB must focus on the areas in which it has a comparative advantage. Therefore, the Bank has launched an integrated program, MICRO 2001, which builds on the experiences of the past seven years and strengthens its support for microenterprise development, focusing on two fundamental pillars: policy reform and institutional development. This process is designed to expand access to services for low-income and disadvantaged microentrepreneurs. The program will use Bank resources strategically to catalyze the infusion of private resources in support of these elements.

Country Focus

MICRO 2001 Program activities will be based on a comprehensive analysis of obstacles and opportunities that confront the microenterprise sector in each country, and the adoption of mutually reinforcing actions, which represents a departure from more traditional piecemeal approaches of isolated project interventions. Microenterprise development initiatives have become increasingly sophisticated, and the environment in each country is changing rapidly. Country microenterprise development strategies will analyze the situation of the microenterprise sector in a country, assess the performance of institutions supporting the sector's development, review the legal and regulatory framework, analyze the experience of IDB-supported operations and programs financed by other

donors in the country, and identify critical areas for IDB policy and project support. Annual microenterprise operational plans prepared by each Region will outline the efforts being made to implement the strategy in the countries of that Region.

Strategy Components

Country programs will address the main strategy components as follows:

Policy Reform

In order to foster an environment conducive to microenterprise development, the Program will promote and support economic, legislative, and regulatory reform tailored to the context of each country. This will include reform of tax systems and policies, registration and licensing requirements and legislation affecting specific markets. The IDB will help governments in leveling the playing field, promoting the implementation of measures that support microenterprise growth. The Bank will promote regulations and legal reforms that facilitate the entry of formal lenders into the microfinance arena and promote competition.

Institutional Development

As a central feature of the Program, the Bank will support the strengthening of formal and non-formal institutions, enhancing their capabilities to become sustainable providers of services to microentrepreneurs. Institutional strengthening will focus on helping financial intermediaries and organizations providing business development services adapt their services to meet the demands of microentrepreneurs and improve the efficiency and effectiveness of service delivery.

Financial Intermediaries

The Bank will support the expansion and strengthening of existing financial intermediaries through the transfer of improved and innovative financial technologies to formal financial institutions in order to reduce transactions costs and credit risks. It will also strengthen non-formal financial institutions (such as NGO and credit unions), facilitating their graduation to the formal financial system and access to capital markets, thus enhancing their ability to mobilize resources in a sustainable manner. The preceding chart illustrates the three most common options for lending to microenterprise that will be supported by the Bank.

In order for microenterprises to grow and build up their capital base, new financial products and instruments such as term loans, leasing and factoring will be required. Bank programs will support the development of these innovative services for micro and small enterprises.

Savings accounts and deposit services are important vehicles for microfinance, and capturing local savings is essential to the long-term financial sustainability of microfinance institutions. Therefore, savings mobilization and the creation of financial products tailored to the demands of microclients for deposit services will be an important element in the Bank's microenterprise strategy.

Other Institutions

The Bank will support the creation, expansion and strengthening of organizations specialized in providing market-oriented, sustainable business services to microenterprise. The focus will be on im-

provement in the quality of training and technical assistance programs, development of marketing schemes that expand microentrepreneurs' access to more profitable segments of the market, assistance to comply with legal and regulatory procedures, promote subcontracting arrangements with larger firms, and transfer of appropriate technologies to improve productivity, especially those that are environmentally sound. Service providers that assist microenterprises with the process of formalization will also be supported. The challenge is to introduce market principles to upgrade the quality of services now provided, expand their outreach, and help create new sustainable services. Support for institutions providing these services should encourage them to adopt demand-driven principles and cost recovery mechanisms to promote sustainability. Finally, Bank-supported programs should help create incentives for mainstream institutions to reach microenterprises.

To be effective, institutional strengthening must be accompanied by the transfer of fresh resources for direct service delivery on a greater scale. The Bank's Program will increase the flow of resources for microfinance by channeling funds to lenders at market rates of interest, so that they can in turn expand the volume of lending and other financial services. The importance of these resources is that they represent long-term sources of financing not currently available. Funds to expand coverage of the microenterprise sector will be provided to non-financial service providers as well. The range and size of this program area will be dependent on the existence of adequate institutional capacity to

effectively provide services to the target group. During times in which concessional resources are becoming ever more scarce, the mobilization of private sector funds to support the microenterprise sector coupled with a business-like approach in the management of microenterprise programs is of the utmost importance. Attracting private investment requires macroeconomic stability; a favorable regulatory environment for investors; uniform, transparent standards for assessment of institutional soundness; and the dissemination of information about viable institutions serving the target group. The focus on savings mobilization and linking non-formal microlenders to the financial markets as part of the strengthening of financial intermediaries is also key to meeting this challenge.

Implementation of the Bank's Microenterprise Development Strategy

Tools for Implementation

In implementing the Micro 2001 program, the Bank will continue to utilize a combination of three basic tools: policy dialogue, loans and technical cooperation. In addition, the MIF will make equity investments in microfinance institutions and other intermediaries supporting microenterprise development. The feasibility of a credit guarantee mechanism to promote linkages among private intermediaries providing financial services to microenterprises will also be explored by the MIF. In implementing the microenterprise development strategy, the Bank will take a country-based approach, combining these instruments in a strategic fashion so that they become mutually reinforcing.

Loans

The Bank's main operational instruments for investing in microenterprise development—the Small Projects Program which directly finances individual executing agencies (primarily non profit organi-

zations), and the global loans for microenterprise which create facilities to transfer resources to multiple institutions (primarily commercial banks)—will be central to the Bank's Program.

The Bank can provide liquidity to wholesalers (through the global loans and similar mechanisms) and it can finance wholesale mechanisms for technical assistance, and studies and support for development of new legislation and improved regulations and their application. Due to administrative and financial constraints, the IDB cannot continue to be the principal direct funder of the region's nongovernmental organizations working in the area of microenterprise development as it has in the past. The Bank will continue to finance individual NGO programs for microenterprise development primarily where they present innovative, pilot experiences with opportunities for learning and replication in other, larger programs. In order to do this, it will be necessary to prioritize and specialize in well-defined niches (such as policy, legal and regulatory reform; and institutional development in certain key areas, e.g., upgrading of NGO). The Bank must also make broad assessments of the conditions of microenterprises, the policy environment, the institutional actors, and its own past experiences in each country, and pro-actively seek out and support organizations that can effectively advance innovative pilot programs in each country.

Each global microenterprise loan supporting a national level program for microenterprise development must continue to be tailored to the conditions of the specific country in which it operates. These loans should not simply be "cloned" from one country to another; the programs they support must be customized to fit each country's needs.

The operational policy governing the Small Projects Program (OP-706) will be revised and submitted to the Board, to allow for greater efficiency and effectiveness in the use of this instrument. The basic principles for the revision of the Policy and operational guidelines for the Small Projects Program include administrative simplification, revised terms and conditions, technical assistance tailored to the specific circumstances of the intermediary institution, creation of small projects facilities or umbrella programs in countries where there are multiple intermediaries, and identification of additional sources of financing.

A detailed proposal for these changes will be prepared in collaboration with the Regional Departments and will be submitted to the Board in a separate document.

Technical Cooperation

Technical cooperation will be used for policy reform, institutional development activities, training and technical assistance programs targeted to microentrepreneurs, and pre-investment activities to facilitate and enhance project preparation. Technical cooperation is particularly important to reduce start-up costs for intermediaries developing new services or entering new markets. Although not the most important in total volume of resources, this instrument is expected to account for a large number of program operations. Technical Cooperation programs will be financed on a grant or reimbursable basis depending on the nature of the operation and availability of funds.

Multilateral Investment Fund (MIF) Operations

The Multilateral Investment Fund will not only continue to be an important provider of technical cooperation for policy reform and institutional development, it will also support innovative mechanisms such as equity investment in intermediaries providing services to microenterprise. Under this arrangement the MIF typically acts as a for-profit investor, holding a share of the institution's total capital and looking for leverage from other investors, participating for a period of approximately seven years. These investments include agreements that guarantee the MIF's exit and financial returns according to the risk involved. Quasi-equity instruments (bond financing) will also be used. In the future, MIF will also help to create a partial guarantee or risk insurance mechanism to promote NGO micro finance institutions' access to loans from commercial banks.

Through its third window, the MIF will give priority to the following areas, that will contribute to the achievement of the objectives of the microenterprise strategy: (i) strengthening and diversification of microfinance instruments and institutions, including technical assistance for intermediaries, support for graduation of unregulated NGO intermediaries to the formal financial system, and increased outreach of banks and other formal institutions providing commercial finance to new, smaller clients; and (ii) improving nonfinancial services for micro and small firms in areas such as market information, quality control, innovation and technology transfer, and management assistance.

Policy Dialogue

The Bank will make use of existing channels of policy dialogue with the borrowing countries to promote the creation of an enabling environment for the development of microenterprise. This will be achieved through the Bank's country programming process and its research and dissemination activities.

Past experience has shown that Bank operations to promote microenterprise development are most successful when an enabling policy and regulatory environment exists that allows institutions providing services to do so on a sustainable basis, and allows microenterprises receiving services to grow. Similarly, investments in microenterprise development often fail to accomplish their objectives when undertaken under unfavorable policy conditions. Therefore, the Bank will give particular attention to paving the way for successful credit and investment programs through policy dialogue and policy reform programs.

Where feasible, policy and regulatory obstacles to microenterprise development will also be studied and addressed as part of broader programs and operations such as small and medium enterprise strategies and programs, financial sector reform programs, and others. This integrated approach is crucial because reforms that promote microenterprise development overlap significantly with those needed for small and medium enterprise growth.

Resources for Implementation

The Bank will develop the MICRO 2001 Program primarily using its own funds (Ordinary Capital and Net Income of the Fund for Special Operations in Local Currency) and the Multilateral Investment Fund. However, an appropriate mix of interventions will require a mix of concessional and non-concessional resources. Special efforts will be devoted to leverage Bank resources through fundraising and co-financing initiatives to attract critical grant resources for technical assistance and institutional strengthening, especially for those countries with large microenterprise sectors but limited supplies of concessional resources.



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