



*STUDY OF IMPACT AND CLIENT
SATISFACTION WITH THE LOAN SERVICES OF
DIACONIA-FRIF*

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Impact and Client Satisfaction Study of Diaconia-FRIF: Executive Summary

Context: Markets with a wide credit offer: The study is based on the information provided by a sample of 240 long-standing D-FRIF clients, from 9 of the oldest D-FRIF offices (Juan Pablo II, Senkata, Franco Valle, Rio Seco, Villa Bolivar, Huayna Potosi, Caranavi, Caquiaviri and Palos Blancos). Nowadays, most of these offices operate in markets with access to a wide variety of loan offers for the target client. In consequence, a high proportion of the sample has been exposed to other loans of microfinance institutions and has received amounts of credits higher than D-FRIF loans.

Methodology: Mainly based on the analysis of perceptions of clients. Given the difficulty of applying in the context described a traditional impact assessment methodology based on control group, we recurred to the perceptions of the clients as the primary approach for determinate the particular effects of D-FRIF. Regardless of the subjectivity of this approach, the study has the capacity of capture and disseminates the perspective of the clients in relation to D-FRIF.

Main conclusions regarding Individual Loans for Economic Activities

1) Impact of D-FRIF loans: perception of clients. In the field of the economic activities financed by D-FRIF loans there is **high impact** on working capital and income, there is a **medium impact** on investment in fixed assets, there is a **low impact** on levels of employment, and there is a **moderate impact** on the type of place of commerce. At the client household level there is a **moderate impact** over the education and food (box 1).

2) Impact of D-FRIF loans: correlational analysis. The amount of credit growth is associated with **working capital growth**, investment in **fixed assets growth**, **employment growth and income growth** (box 2).

3) Satisfaction with D-FRIF loans: perceptions of clients. There are **excellent levels of satisfaction** regarding the term and form of payment of loans, the location of offices, and the treatment and guidance provided by the loan officers; there are **good levels of satisfaction** regarding the guarantees required, the procedures for access to loans, the disbursement time, the hours of service, and the service of cashiers; and there are **minimum levels of satisfaction** regarding the amounts of loans and the interest rate (box 3).

4) Comparative advantages and disadvantages of D-FRIF loans: perceptions of clients. There are **comparative advantages** regarding the interest rate, the treatment of loan officers, the location of offices for serving the public, and the service of cashiers; there are **comparative disadvantages** regarding the amounts of loans; and **there are similar conditions to other MFIs** regarding guarantees and the procedures required for access to loans, the disbursement time, the term and form of payment, the service hours, and the guidance provided by loan officers. Since client perspective the microfinance institutions are competing with D-FRIF are mainly the Private Financial Funds and the microfinance banks (box 4).

Main conclusions regarding Housing Loans

1) Impact of D-FRIF credit: perceptions of clients. In the field of housing improvements financed by D-FRIF loans, there is a **high impact** on the reduction of overcrowding in the home (increases in the number of bedrooms per member of the household); there is a **medium impact** on improvements in the condition of floors, roofs, and walls of the house, and on the separation of the kitchen from the bedrooms; there is a **low impact** on the installation of potable water and sewage in the house; and there is **moderate impact** on improvements in

the type of house and on the installation of electricity and residential natural gas in the house (box 5).

2) Impact of D-FRIF credit: correlational analysis. The **amount of credit growth** is associated with **improvements in access to basic services** in home. The **number of credits growth** is associated with **improvements of the type of house** in which clients live (box 6).

3) Satisfaction with D-FRIF loans: perceptions of clients. There are *excellent levels of satisfaction* with the term and form of payment, the guidance of loan officers, and the location of offices; there are *good levels of satisfaction* with the treatment of loan officers, the disbursement time, and the guarantees required; there are *minimum levels of satisfaction* with the amounts of loans, the interest rate, and the access procedures; and there are *insufficient levels of satisfaction* with the service of cashiers (box 7).

4) Comparative advantages and disadvantages of D-FRIF loans: perceptions of clients. There are *comparative advantages* regarding the guidance of loan officers, the disbursement time, the location of offices, the term of payment, the interest rate, and the access procedures; there is a *comparative disadvantage* regarding the amounts of loans and the service of cashiers; and there are *conditions similar to those of the competition* regarding the hours of service, the treatment of loan officers, the guarantees required, and the form of payment of the loans. Since client perspective the microfinance institutions are competing with D-FRIF are mainly the Private Financial Funds and the microfinance banks (box 8).

Main conclusions regarding Loans for Microcredit Associations

1) Impact of D-FRIF credit: perceptions of clients. In the field of the economic activities financed with D-FRIF loans there is a *high impact* on capital and the income; there is a *medium impact* on investment in fixed assets; there is a *low impact* on the creation of

employment; and there is a *moderate impact* on the type of place of commerce. At the client household level there is a *moderate impact* over the education and food. At the individual level there is a *moderate impact* over the participation of women in the decisions of the home (box 9).

2) Impact of D-FRIF loans: correlational analysis. The **amount of credit growth** is associated with **employment growth and income growth** (box 10).

3) Satisfaction with D-FRIF loans: perceptions of clients. There are *excellent levels of satisfaction* with the treatment and guidance of promoters, internal loans, savings and earnings of the village banking methodology, and the locations of meetings; there are *good levels of satisfaction* with the guarantees and the procedures for access to the loans, the term, the form of payment, the interest rate, the training in village banking, and the duration of the meetings; and there are *minimum levels of satisfaction* with the disbursement time and the amounts of loans (box 11).

4) Comparative advantages and disadvantages of D-FRIF loans: perceptions of clients. There are *comparative advantages* in the treatment and guidance of promoters, the term, the form of payment, and the interest rate of loans, the place, hours, and duration of meetings, and internal loans and earnings through the village banking methodology; there are *comparative disadvantages* in the amounts of loans, access procedures, and disbursement time; and there are *conditions similar to those of the competition* in guarantees required and savings under the village banking methodology (box 12).

ANNEX

Individual Loans for Economic Activities

Box 1. Impact: client perceptions

High degree impacts

Capital: Ninety-one percent of clients increased their working capital following access to D-FRIF loans, and 91% of them link the change to the loans.

Income: Ninety-one percent of clients increased their income following access to D-FRIF loans, and 91% of them link the change to the loans.

Medium degree impact

Investment: Seventy-four percent of clients increased their investment in fixed assets following access to D-FRIF loans, and 74% of them link the change to the loans.

Low degree impact

Employment: Forty-one percent of clients increased the level of employment following access to D-FRIF loans, and 39% of them link the change to the loans.

Moderate degree impacts

Education: Six percent of clients improved the education of their households following access to D-FRIF loans, and 6% of them link the change to the loans.

Place of commerce: Nine percent of clients improved their type of place of commerce following access to D-FRIF loans, and 6% of them link the change to the loans.

Food: Twenty-two percent of clients improved the nutrition of their households following access to D-FRIF loans, and 22% of them link the change to the loans.

Box 2. Impact: correlational analysis

Capital and loans: D-FRIF loan has a weight of 27 per cent out of 100 per cent of the factors that explain working capital growth.

Investment and loans: D-FRIF loan has a weight of 36 per cent out of 100 per cent of the factors that explain investment growth.

Income and loans: D-FRIF loan has a weight of 24 per cent out of 100 per cent of the factors that explain income growth.

Employment and loans: D-FRIF loan has a weight of 22 per cent out of 100 per cent of the factors that explain employment growth.

Box 3. Satisfaction with the credit: client perceptions

Excellent levels of satisfaction

Form of payment: Ninety-seven percent of clients are satisfied, and 3% are dissatisfied.

Term of payment: Ninety percent of clients are satisfied, and 10% are dissatisfied.

Treatment and guidance of loan officers: Ninety percent of clients are satisfied, and 10% are dissatisfied.

Location of offices: Ninety-three percent of clients are satisfied, and 7% are dissatisfied.

Good levels of satisfaction

Hours of service: Eighty-five percent of clients are satisfied, and 15% are dissatisfied.

Access procedures: Seventy-seven percent of clients are satisfied, and 23% are dissatisfied.

Disbursement time: Seventy-three percent of clients are satisfied, and 27% are dissatisfied.

Guarantees required: Seventy-three percent of clients are satisfied, and 27% are dissatisfied.

Service of cashiers: Seventy-two percent of clients are satisfied, and 28% are dissatisfied.

Minimum levels of satisfaction

Amounts of loans: Fifty-nine percent of clients are satisfied, and 41% are dissatisfied.

Interest rate: Fifty-eight percent of clients are satisfied, and 42% are dissatisfied.

Box 4. Comparative advantages and disadvantages of credit: client perceptions

Comparative advantages: low degree

Interest: a score of C- for D-FRIF and of D for other MFIs

Treatment of loan officers: a score of C- for D-FRIF and of B+ for other MFIs

Location of offices: a score of A for D-FRIF and of B+ for other MFIs

Service of cashiers: a score of B- for D-FRIF and of C+ for other MFIs

Comparative disadvantage: medium degree

Amounts of loans: a score of C- for D-FRIF and of A for competing MFIs

Conditions similar to other MFIs:

Guidance of loan officers: a score of A- both for D-FRIF and for competing MFIs

Term of payment: a score of A- both for D-FRIF and for competing MFIs

Disbursement time: a score of B- both for D-FRIF and for competing MFIs

Form of payment: a score of A+ for D-FRIF and of A for competing MFIs

Access procedures: B+ D-FRIF and B other MFIs

Guarantees required: B- D-FRIF and B+ other MFIs

Service hours: B+ D-FRIF and B other MFIs

Housing Loans

Box 5 Impact: client perceptions

High degree impacts

Overcrowding: Seventy-eight percent of clients reduced overcrowding following access to the D-FRIF loan, and 78% linked the change to the loan.

Medium degree impacts

Separation of kitchen: Fifty-nine percent of clients separated the kitchen from the bedrooms following access to the D-FRIF loan, and 57% linked the change to the loan.

Floors: Forty-seven percent of clients improved the condition of floors following access to the D-FRIF loan, and 47% linked the change to the loan.

Walls: Fifty-three percent of clients improved the condition of walls following access to the D-FRIF loan, and 53% linked the change to the loan.

Roofs: Fifty-two percent of clients improved the condition of roofs following access to the D-FRIF loan, and 52% linked the change to the loan.

Low degree impacts

Water: Twenty-eight percent of clients had potable water and sewage installed following access to the D-FRIF loan, and 28% linked the change to the loan.

Moderate degree impacts

Natural gas: Six percent of clients had residential natural gas installed following access to the D-FRIF loan, and 3% linked the change to the loan.

Electricity: Twenty percent of clients had electricity installed following access to the D-FRIF loan, and 20% linked the change to the loan.

Type of house: Eighteen percent of clients reported an improvement in their type of house following access to the D-FRIF loan, and 18% linked the change to the loan.

Box 6. Impact: analysis correlational

Basic services and loans: D-FRIF loan has a weight of 27 per cent out of 100 per cent of the factors that explain the increase in access to basic services in the home.

Type of houses and loans: D-FRIF loan has a weight of 28 per cent out of 100 per cent of the factors that explain improvement in the type of house.

Box 7: Satisfaction with the credit: perceptions of clients

Excellent levels of satisfaction

Form of payment: Ninety-five percent of clients are satisfied, and 3% are dissatisfied.

Guidance of loan officers: Ninety percent of clients are satisfied, and 10% are dissatisfied.

Term of payment: Eighty-eight percent of clients are satisfied, and 12% are dissatisfied.

Location of offices: Eighty-eight percent of clients are satisfied, and 12% are dissatisfied.

Good levels of satisfaction

Treatment of loan officers: Eighty-three percent of clients are satisfied, and 17% are dissatisfied.

Service hours: Eighty-three percent of clients are satisfied, and 17% are dissatisfied.

Guarantees required: Seventy-seven percent of clients are satisfied, and 23% are dissatisfied.

Disbursement time: Seventy-seven percent of clients are satisfied, and 23% are dissatisfied.

Minimum levels of satisfaction

Access procedures: Seventy percent of clients are satisfied, and 30% are dissatisfied.

Amounts of loans: Sixty-five percent of clients are satisfied, and 35% are dissatisfied.

Interest rate: Fifty-nine percent of clients are satisfied, and 41% are dissatisfied.

Insufficient levels of satisfaction

Service of cashiers: Fifty-five percent of clients are satisfied, and 45% are dissatisfied.

Box 8. Comparative advantages and disadvantages of credit: client perceptions

Comparative advantage: high degree

Guidance of loan officers: Score of A- for D-FRIF and of D+ for competing MFIs

Comparative advantages: medium degree

Location of offices: Score of A- for D-FRIF and of C+ for competing MFIs

Disbursement time: Score of B for D-FRIF and of D for competing MFIs

Comparative disadvantages: low degree

Interest rate: Score of C- for D-FRIF and of D- for competing MFIs

Term of payment: Score of A for D-FRIF and of B+ for competing MFIs

Access procedures: Score of C+ for D-FRIF and of D- for competing MFIs

Comparative disadvantage: medium degree

Amounts of loans: Score of C- for D-FRIF and of A for competing MFIs

Comparative disadvantage: low degree

Service of cashiers: Score of D+ for D-FRIF and of C+ for competing MFIs

Conditions similar to other MFIs

Guarantees required: B for both D-FRIF and other MFIs

Treatment of loan officers: B+ D-FRIF, B other MFIs

Service hours: B+ D-FRIF, B- other MFIs

Form of payment: A- D-FRIF, A other MFIs

Loans for Microcredit Associations:

Box 9. Impact: client perceptions

High degree impacts

Capital: One hundred percent of women clients increased their working capital following access to the D-FRIF loan, and 100% of women clients link the change to the loan.

Income: Ninety-three percent of women clients increased their income following access to the D-FRIF loan, and 93% of women clients link the change to the loan.

Medium degree impact

Investment: Sixty-eight percent of women clients increased their investment following access to the D-FRIF loan, and 68% of women clients link the change to the loan.

Low degree impact

Employment: Thirty-seven percent of women clients increased the number of workers following access to the D-FRIF loan, and 37% of women clients link the change to the loan.

Moderate degree impacts

Education: Four percent of women clients improved the education of the members of their households following access to the D-FRIF loan, and 4% of women clients link the change to the loan.

Place of commerce: Twelve percent of women clients improved their type of place of commerce following access to the D-FRIF loan, and 12% of women clients link the change to the loan.

Food: Twenty-one percent of women clients improved nutrition in their homes following access to the D-FRIF loan, and 21% of women clients link the change to the loan.

Participation: Five percent of women clients participate more in the decisions of the household following access to the D-FRIF loan, and 5% of women clients link the change to the loan.

Box 10. Impact: Correlational analysis

Income and loans: D-FRIF loan has a weight of 27 per cent out of 100 per cent of the factors that explain income growth.

Employment and loans: D-FRIF loan has a weight of 28 per cent out of 100 per cent of the factors that explain employment growth.

Box 11. Satisfaction with the credit: perceptions of clients

Excellent levels of satisfaction

Locations of meetings: Ninety-eight percent of clients are satisfied, and 2% are dissatisfied.

Guidance of promoters: Ninety-five percent of clients are satisfied, and 5% are dissatisfied.

Savings at the village bank: Ninety-three percent of clients are satisfied, and 7% are dissatisfied.

Internal earnings and treatment of promoters: Ninety percent of clients are satisfied, and 10% are dissatisfied.

Hours of meetings: Eighty-eight percent of clients are satisfied, and 12% are dissatisfied.

Internal loans: Eighty-seven percent of clients are satisfied, and 13% are dissatisfied.

Good levels of satisfaction

Term of payment: Eighty-five percent of clients are satisfied, and 15% are dissatisfied.

Guarantees: Eighty-two percent of clients are satisfied, and 18% are dissatisfied.

Duration of meetings: Seventy-eight percent of clients are satisfied, and 22% are dissatisfied.

Access procedures and training: Seventy-seven percent of clients are satisfied, and 23% are dissatisfied.

Form of payment and interest rate: Seventy-two percent of clients are satisfied, and 28% are dissatisfied.

Minimum levels of satisfaction

Disbursement time: Sixty-seven percent of clients are satisfied, and 33% are dissatisfied.

Amounts of loans: Sixty-three percent of clients are satisfied, and 37% are dissatisfied.

Box 12. Comparative advantages and disadvantages of credit: client perceptions

Comparative advantages: medium degree

Internal loans and hours of meetings: Score of A- for D-FRIF and of C+ for competing MFIs

Locations of meetings: Score of A+ for D-FRIF and of C for competing MFIs

Comparative advantages: low degree

Guidance of promoters: A+ D-FRIF, B other MFIs

Treatment of promoters: Score of A- for D-FRIF and of B for competing MFIs

Internal earnings: Score of A- for D-FRIF and of B- for competing MFIs

Duration of meetings: Score of B for D-FRIF and of C for competing MFIs

Interest rate: Score of B for D-FRIF and of C for competing MFIs

Term of payment: B+ D-FRIF, C+ other MFIs

D-FRIF comparative disadvantages: low degree

Disbursement time: C+ D-FRIF and B- other MFIs

Amounts of loans: C D-FRIF and B other MFIs

Access procedures: B D-FRIF and A- other MFIs

Training: B D-FRIF and A- other MFIs

Conditions similar to those of the competition

Guarantees required: B+ D-FRIF and other MFIs.

Savings at village bank: A+ D-FRIF, A- other MFIs.

INTRODUCTION

Diaconia-FRIF (D-FRIF) began to operate in Bolivia in 1991 as a project of Norwegian Mission Alliance, a not-for-profit Evangelical Christian organization that promotes the integral development of impoverished social groups with services, and production and institutional strengthening projects. The origin of D-FRIF follows the intention of countering lack of work and housing in families of meagre resources through credit programmes. Under this focus, work began that in a few years allowed recognizing D-FRIF as one of the most notable pioneer microfinance institutions (MFIs) in the development of microcredit technologies for housing. In 1997, D-FRIF acquired legal status as a foundation under Bolivian law. Notwithstanding, D-FRIF still has close links with Norwegian Mission Alliance through permanent representatives in the Board of Directors of the foundation.

D-FRIF has the vision of being a leading institution for persons of meagre resources through fulfilment of the following principles:

- “diaconal service”, the characteristics of which are treatment with respect and dignity towards the client and his or her cultural values; procedures with only the required documents;
- timeliness in disbursements;
- interest rates that are reasonable for the market and the institution itself; and
- flexibility regarding guarantees.

The present D-FRIF mission establishes the following:

To contribute towards improving the income of persons with meagre resources of the peripheral urban zones and the depressed rural area, through easy access to loans for microenterprises and popular housing

Through a request by Norwegian Mission Alliance, the main founder of D-FRIF, PROFIN Foundation was selected to realize an

independent evaluation of the impact of the loan services provided by D-FRIF.

The present document contains the results of the study realized by PROFIN Foundation, providing information on client satisfaction and the impact of the following three main D-FRIF loan products (chart 1):

- Individual loans for economic activities,
- Housing loans, and
- Loans for microcredit associations.

Chart 1 D-FRIF: Main Loan Products	
Loans for housing	Individual loans for the construction, improvement, and expansion of houses; the purchase and fencing of lots of land; and the installation of basic services and residential natural gas
Individual loans for economic activities	Individual loans for activities of production, commerce, services, agriculture, and livestock-breeding
Loans for microcredit associations	Loans based on village banking technology, with solidarity, common, and indivisible guarantees that provide capital for economic activities

The research methodologies applied by PROFIN Foundation are listed in what follows.

IMPACT EVALUATION METHODOLOGY (Graph 1)

Identification of changes: The methodology applied is based on a study of transversal design, which identifies the existence of change comparing the present situation of clients with the situation *ex ante* access to the loans, the latter being based on the client’s memory.

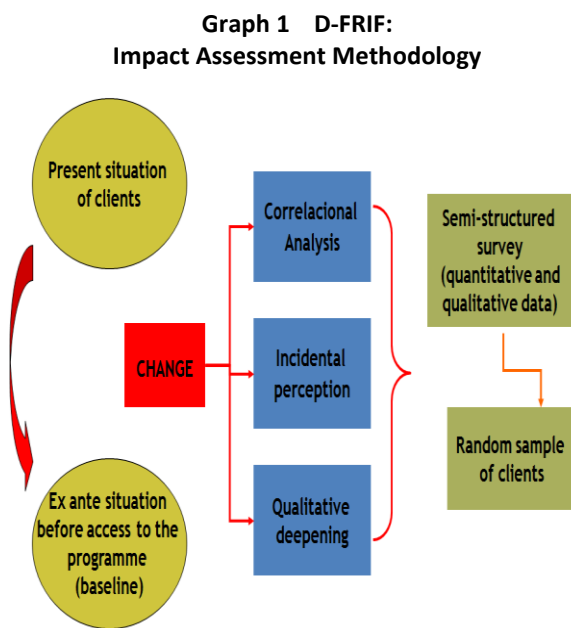
Techniques for Attributing Impacts: With the objective of determining whether the change was or was not affected by the D-FRIF loan, the following impact attributing techniques are employed:

- ***Incidental attribution of impacts*** assumes the existence of impacts that in the perception of

most clients evaluated, the change identified was affected by the D-FRIF loan.

- **Correlational attribution of impacts** suggests the existence of impacts when the correlation between impact indicators and indicators of exposure to the D-FRIF loan programme (seniority of client, number of loans, amounts of loans, etc.) is statistically significant.
- **Qualitative deepening attribution of impacts** reveals the different factors that had an effect on the change, and the particular role of the D-FRIF loan.

Data collection tool: A semi-structured survey is applied that reveals both quantitative and qualitative information; the survey is applied to random sample of clients.



Source: PROFIN Foundation

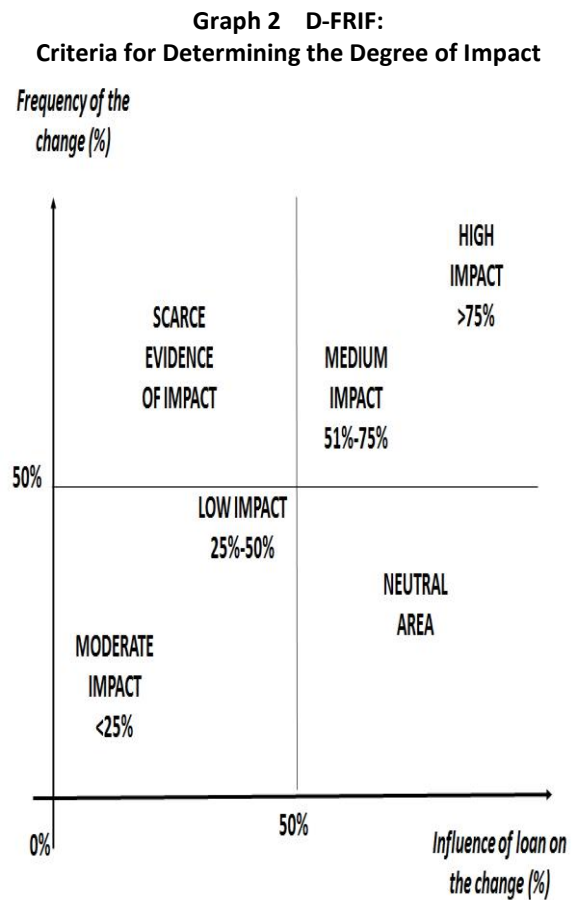
Identification of the Degree of Impact:

In order to determine the degree of impact of the loan on changes, the criteria specified in what follows is applied (Graph 2):

High impact: when the change occurs with a frequency greater than of 75% of the clients, and when over 75% of clients consider that the loan had an effect on the change.

Medium Impact: when the change occurs with a frequency of between 51% and 75% of clients,

and when between 51% and 75% of clients considers that the loan had an effect on the change.



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Low impact: when the change occurs with a frequency of between 25% and 50% of clients, and when between 25% and 50% of clients consider that the that the loan had an effect on the change

Moderate impact: when the change occurs with a frequency of less than 25% of clients, and when less than 25% of clients consider that the loan had an effect on the change

Little evidence of impact: (change that is highly frequent but related to the loan in a minority of cases): when the change occurs with a frequency of more than 50% of clients, and when less than 50% of clients consider that the loan had an effect on the change

Neutral area: The indicators may not fall within this area, since the influence assigned to the

loan regarding the change may not be greater than the frequency of change.

Impact indicators: The indicators employed for determining the impact of the three types of loans evaluated were defined jointly between PROFIN Foundation and a Technical Committee of D-FRIF representatives (Charts 2, 3, and 4).

Chart 2 D-FRIF: Impact Indicators of Individual Loans for Economic Activities		
Sphere	Variables	Indicators
Economic activities financed	Income	Amount of sales
		Amount of profit
	Employment	Level of employment and type of employment
	Place of commerce	Type of place of commerce
	Working capital	Amount of working capital
	Investment	Amount of investment in fixed assets
Home of the client	Food	Access to complete and sufficient food
	Education	Access to private and public education

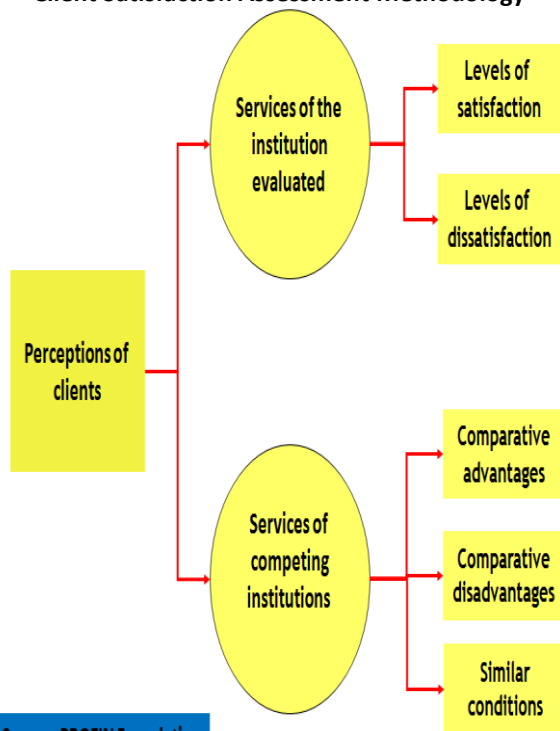
Chart 3 D-FRIF: Impact Indicators of Loans for Microcredit Associations		
Sphere	Variables	Indicators
Economic activities financed	Income	Amount of sales
		Amount of profit
	Employment	Level of employment and type of employment
	Place of commerce	Type of place of commerce
	Working capital	Amount of working capital
	Investment	Amount of investment in fixed assets
Home of the client	Food	Access to complete and sufficient food
	Education	Access to private and public education
The client as an individual	Empowerment of women	Participation in the decisions regarding the use of family income

Chart 4 D-FRIF: Impact Indicators of Housing Loans		
Sphere	Variables	Indicators
Client house	Expansion and construction of the house	Average number of bedrooms per member of the home
		Separation of the kitchen from the bedrooms
		Bathroom/latrine connected to drainage/sewage
	Access to basic services	Access to potable water
		Access to electricity
		Access to residential natural gas
Type of house		-Own house with proprietorship documents in order
		-Own house without proprietorship documents in order
		-House obtained in exchange for a loan
		-Rented house
		-Borrowed house
House repair and improvement		Condition of most of the roof(s)
		Condition of most of the walls
		Condition of most of the floors
		Material of most of the roof(s)
		Material of most of the walls

METHODOLOGY FOR THE EVALUATION OF CLIENT SATISFACTION (Graph 3)

The methodology applied takes the perceptions of clients as the primary source of information. Based on this information, the levels of satisfaction and dissatisfaction with the D-FRIF services are determined, as well as the comparative advantages and disadvantages of the institution regarding the services provided by competing microfinance institutions. The instrument employed for collecting data is a semi-structured survey that reveals both quantitative and qualitative information, applied to a random sample of clients.

**Graph 3 D-FRIF:
Client Satisfaction Assessment Methodology**



Source: PROFIN Foundation

Criteria for identifying the levels of client satisfaction and dissatisfaction Firstly a score scale is applied for the clients to give a score to each indicator proposed; then the lowest scores are related to the dissatisfaction of clients, and the higher scores are related to client satisfaction. Finally, according to the levels of satisfaction and dissatisfaction of the entire sample, a score is assigned to the indicator according to the criteria contained in the chart attached (Chart 5).

Chart 5 D-FRIF: Criteria for Scoring Client Satisfaction Indicators			
Percentages of Clients Satisfied	Percentages of Clients Dissatisfied	Score of the Indicator	
96%-100%	0%-4%	A+	Excellent levels of satisfaction
91%-95%	5%-9%	A	
86%-90%	10%-15%	A-	
81%-85%	16%-20%	B+	Good levels of satisfaction
76%-80%	21%-25%	B	
71%-75%	26%-30%	B-	
66%-70%	31%-35%	C+	Minimum levels of satisfaction
61%-65%	36%-40%	C	
56%-60%	41%-45%	C-	
51%-55%	46%-50%	D+	Insufficient levels of satisfaction
46%-50%	51%-55%	D	
≤45%	>55%	D-	

Criteria for identifying comparative advantages and disadvantages A crossed analysis is applied of the levels of satisfaction with D-FRIF loans and the levels of satisfaction with loans provided by competing microfinance institutions according to the criteria contained in the graph attached (Graph 4).

**Graph 4 D-FRIF:
Criteria for Identifying Comparative Advantages and Disadvantages**

D-FRIF score	A+	A	A-	B+	B	B-	C+	C	C-	D+	D	D-
Competing MFIs score												
A+	Similar conditions		Low comparative disadvantage		Medium comparative disadvantage		High comparative disadvantage					
A												
A-												
B+	Low comparative advantage		Similar conditions		Low comparative disadvantage		Medium comparative disadvantage					
B												
B-												
C+	Medium comparative advantage		Low comparative advantage		Similar conditions		Low comparative disadvantage					
C												
C-												
D+	High comparative advantage		Medium comparative advantage		Low comparative advantage		Similar conditions					
D												
D-												

Client satisfaction indicators: The indicators employed for evaluating client satisfaction were defined jointly between PROFIN Foundation and Technical Committee of D-FRIF representatives (Chart 6 and Chart 7).

Chart 6 D-FRIF: Client Satisfaction Indicators for Housing Loans and Individual Loans for Economic Activities	
Variables	Indicators
Financial conditions of the loan	Amounts of loans
	Term of payment
	Form of payment
	Interest rate
Conditions of access to the loan	Guarantees required
	Procedure for accessing loans
	Disbursement time
Performance of loan officers	Treatment of clients
	Advising of clients
Client transaction costs	Service hours
	Service of cashiers
	Location of offices

Chart 7 D-FRIF: Client Satisfaction Indicators for Microcredit Associations Loans	
Variables	Indicators
Financial conditions of the loan	Amounts of loans
	Term of payment
	Form of payment
	Interest rate
Conditions of access to the loan	Guarantees required
	Procedure for accessing loans
	Disbursement time
Performance of "promoters" (or client advisors)	Treatment of clients
	Advising of clients
Client transaction costs	Times of the meetings
	Days of the meetings
	Duration of the meetings
	Place of the meetings
Additional services	Internal loans
	Savings at village bank
	Internal earnings
	Training through village banking

SAMPLE OF THE STUDY

The study considers as its primary source of information a random sample of 240 long-standing D-FRIF clients that were interviewed through field work realized in the month of October 2008. The level of statistical error applicable to the size of the sample is of $\pm 6\%$, with a level of significance of 95%. We define long-standing D-FRIF clients as those that have received five or more loans in the case of housing loans and in the case of individual loans for economic activities, and for clients that have participated in twelve or more loan cycles in the case of loans for microcredit associations (Chart 8).

Chart 8 D-FRIF: Sample of the Study			
Oldest Branches	Long-standing clients		
	Individual Loans for Economic Activities (≥ 5 loans)	Housing Loans (≥ 5 loans)	Loans for Microcredit Associations (≥ 12 loans)
Caquiaviri	10	0	0
Caranavi	10	0	0
Palos Blancos	10	0	0
Cascada	0	0	30
Franco Valle	0	30	0
Juan Pablo II	30	0	0
Río Seco	30	0	0
Senkata	30	0	0
Villa Bolívar	0	30	0
Huayna Potosí	0	0	30
Totals	120	60	60
Consolidated: 240 clients (error $\pm 6\%$, with a 95% level of significance)			

CONTENT OF THE STUDY

The results of the study are presented in four chapters. The first three chapters present the general findings regarding each of the three loan products evaluated. The fourth chapter presents the conclusions of the research. The annexes contain the segmented reports for each of the branches included in the sample of the research.

It is worth mentioning that the findings of the study are based on information provided by a random and statistically significant sample of long-standing D-FRIF clients, which means that as such, the results of the study must be considered within this context; it is not possible to generalize them for all clients; they are only representative of long-standing clients as a reference group.

We trust that this document responds to the expectations of knowing of and observing through the testimonials of clients the social results that have been affected by D-FRIF loan services.

CHAPTER 1: INDIVIDUAL LOANS FOR ECONOMIC ACTIVITIES

1.1 Sample Considered

The results presented in this chapter consider as a primary source of information a random sample of 120 borrowers of individual loans for economic activities that have received five or more D-FRIF loans. The 'universe' of the sample is the most representative offices for financing this type of loan: the Juan Pablo II Office, the Río Seco Office, the Senkata Office, and the rural offices of Caquiaviri, Palos Blancos, and Caranavi. The sample is of 8% of long-standing clients served by these offices (Chart 1).

Chart 1 Individual Loans for Economic Activities: Distribution and "Representativity" of the Sample	
Juan Pablo II Office	30
Río Seco Office	30
Senkata Office	30
Rural offices (Caquiaviri, Caranavi, and Palos Blancos)	30
Total sample	120
Universe: Number of clients of offices with five or more loans	1,420
Representativity of the sample with regards to the universe	8%

Source: PROFIN Foundation

SAMPLE INDICATORS OF EXPOSURE TO THE D-FRIF LOAN PROGRAMME (Chart 2):

Average number of loans: seven loans per borrower

Average seniority of clients: eight years, considering the year 2000 as the average year for access to the first loan

Average amount of loans: One thousand eight hundred dollars per borrower in loans in effect, 2,200 dollars in loans of higher amounts, and 450 dollars in loans of the lowest amount

Chart 2 Individual Loans for Economic Activities: Exposure to the D-FRIF Loan Programme (indicators in averages)	
Number of loans	7
Year of access to the first loan	2000
Amounts of loans in effect (dollars)	1,800
Amount of highest loan (dollars)	2,200
Amount of lowest loan (dollars)	450

Source: PROFIN Foundation

SAMPLE INDICATORS OF THE INDIVIDUAL PROFILES OF LONG-STANDING CLIENTS (Chart 3):

Gender: Most main (*title-holder*) borrowers are male (60%), with a high participation of women (40%).

Average age: 44 years

Chart 3 Individual Loans for Economic Activities: Profile of Long-standing Clients		
Gender	Men main borrowers of the loans	60%
	Women main borrowers of the loans	40%
	Total	100%
Highest level of education	No schooling	6%
	Schooling not concluded	53%
	Secondary school graduates	28%
	Post-secondary studies	13%
	Total	100%
Civil status	Married persons	88%
	Single persons	6%
	Divorced or widowed persons	6%
	Total	100%
Main language	Spanish and Aymara	48%
	Aymara	9%
	Spanish	43%
	Total	100%
Field of main economic activity	Commerce	33%
	Services	34%
	Production	33%
	Total	100%
Averages	Age (years)	44
	Size of the home (members)	5
	Minors under 18 (members)	2

Source: PROFIN Foundation

Maximum level of education: Most clients (53%) did not finish school.

Civil status: Most clients (88%) are married.

Average size of the household: five members, with an average of two minors under 18

Main language: There are two main segments: clients that speak Aymara and Spanish (48%), and clients that only speak Spanish (43%).

Sector of the main economic activity: The most frequent sectors are commerce, services, and production, with similar individual participations (33%, 34%, and 33%, respectively).

1.2 Impact of Loans

1.2.1 Changes between the Period *Ex Ante* and *Ex Post* the Loan

CHANGES IN ECONOMIC ACTIVITIES FINANCED: Capital, investment, income, and employment of manual labour in the economic activities financed increased following access to the D-FRIF loans (Charts 4 and 5).

Chart 4 Individual Loans for Economic Activities: Changes in Indicators of Economic Activities Financed, Following Access to the Loan			
	Yes	No	Total
Increase in capital	91%	9%	100%
Increase in investment	74%	26%	100%
Increase in employment	41%	59%	100%
Increase in sales	91%	9%	100%
Increase in profits	91%	9%	100%

Source: PROFIN Foundation

Working capital (liquid cash for operational expenses of the economic activity, plus the value of the inventory of products for sale and/or inputs for production) Ninety-one percent of clients reported an increase in working capital following access to the loan. The average amount of working capital increased 88% between the *ex ante* and the *ex post* periods of the loan.

Investment in fixed assets (fixed assets employed in the operation of the economic activity, such as work tools, machinery, equipment, vehicles, real estate, electric instruments, etc.) Seventy-four percent of clients reported an increase in investment in fixed assets following access to the loan. The average amount of investment grew by 91% between the *ex ante* and the *ex post* periods of the loan.

Chart 5 Individual Loans for Economic Activities: Rates of Variation of the Indicators of the Economic Activities Financed (amounts expressed in dollars)			
	Average value <i>ex ante</i> the loan	Average value <i>ex post</i> the loan	Δ%
Capital	1,250	2,350	88%
Investment	1,470	2,815	91%
Total employment	2	3	50%
Family			
External	2	2	0%
Permanent	0	1	100%
Temporary	2	2	0%
	0	1	100%
Annual sales	5,035	10,875	116%
Annual profit	1,820	4,200	131%

Δ% = rate of growth = *ex post* value minus *ex ante* value, divided by *ex ante* value

Source: PROFIN Foundation

Income: Ninety-one percent of clients reported an increase in income from sales and in profit following access to the loans. The average amounts of sales and profit grew by 116% and 131% respectively, between the *ex ante* and the *ex post* periods of the loan.

Employment: Forty-one percent of clients reported an increase in the number of workers employed in the economic activities financed, following access to the loan. Employment grew from an average of two workers *ex ante* the loan, to an average of three workers *ex post* the loan. The change was affected by rates of growth of 100% in external employment (not of the family), and in temporary employment.

CHANGE IN THE TYPE OF PLACE OF COMMERCE: Sales in fixed places of commerce

increased following access to the D-FRIF loans, while ambulatory sales went down (Chart 6).

Sales in fixed places of commerce: Sales in commercial locations, stores, and fixed kiosks increased from 70% *ex ante* the loan, to 79% *ex post*.

Chart 6 Individual Loans for Economic Activities: Type of Place of Commerce of Economic Activities Financed			
	<i>Ex ante</i> the loan	<i>Ex post</i> the loan	Difference
Sales at a fixed locations	70%	79%	9%
Ambulatory sales	30%	21%	-9%
Total	100%	100%	0%

Source: PROFIN Foundation

Ambulatory sales: Ambulatory sales went down, from 30% *ex ante* the loan, to 21% *ex post*.

In general terms, 9% of clients improved their type of place of commerce following access to the D-FRIF loan.

CHANGE IN NUTRITION IN THE HOUSEHOLD: Permanent access to complete and sufficient food increased following access to the D-FRIF loans, and non-permanent access went down (Chart 7).

Chart 7 Individual Loans for Economic Activities: Access of Members of the Home to Complete and Sufficient Food			
	<i>Ex ante</i> the loan	<i>Ex post</i> the loan	Difference
Always	50%	72%	22%
Almost always	27%	25%	-2%
Sometimes	21%	3%	-18%
Almost never	2%	0%	-2%
Total	100%	100%	0%

Source: PROFIN Foundation

Permanent access: Permanent access to complete and sufficient food “always” increased from 50% of the homes of clients *ex ante* the loan, to 72% *ex post*.

Non-permanent access: Access to complete and sufficient food “almost always, sometimes, or almost never” decreased from 50% of the homes of clients *ex ante* the loan, to 28% *ex post*.

In general terms, 22% of clients improved the access of their homes to complete and sufficient food following access to the D-FRIF loans.

CHANGE IN EDUCATION OF THE MEMBERS OF THE HOUSEHOLD: Registration at private educational institutions for schooling and/or professional education increased following access to the D-FRIF loan, and presence at public educational institutions decreased (Chart 8). In Bolivia, the change from public to private education is generally considered an improvement, given the characteristics of public education in the country.

Chart 8 Individual Loans for Economic Activities: Most Frequent Type of Education of Members of the Household (% of the effective sample)*			
	<i>Ex ante</i> the loan	<i>Ex post</i> the loan	Difference
Private education	31%	37%	6%
Public education	69%	63%	-6%
Total	100%	100%	0%

* The effective sample considers only clients of homes with members that are enrolled in school and/or professional educational institutions.

Source: PROFIN Foundation

Private education: Access to private education increased from 31% of the homes of clients *ex ante* the loan, to 37% *ex post*.

Public education: Presence at public educational institutions went down from 69% of the households of clients *ex ante* the loan, to 63% *ex post*.

In general terms, 6% of clients improved the education of the members of their home, with a change from public to private education following access to the D-FRIF loans.

1.2.2 Attribution of Impacts

1.2.2.1 Incidental Attribution of Impacts

Most clients that for which the previously mentioned changes occurred considered that the D-FRIF loan had a high degree of effect on the changes. In what follows we present the perceptions of the effective sample; that is, of the sample that only includes clients that reported changes in the indicator evaluated, excluding clients that did not report the changes (Chart 9).

Capital: Of the clients that reported greater working capital following access to the D-FRIF loans, 19% attributed a complete influence to the loans, 71% a high influence, 10% a medium influence, and 0% no influence.

Investment: Of the clients that reported greater investment in fixed assets following access to the D-FRIF loans, 27% attributed total influence to the loans regarding the change, 68% a high influence, 5% a medium influence, and 0% no influence.

Employment: Of the clients that reported an increase in the number of workers in the economic activity following access to the D-FRIF

loans, 33% attributed total influence to the loans regarding the change, 59% a high influence, 4% a medium influence, 2% a low influence, and 2% no influence.

Income: Of the clients that reported greater income following access to the D-FRIF loans, 25% attributed total influence to the loans regarding the change, 71% a high influence, 3% a medium influence, 1% a low influence, and 0% no influence.

Places of commerce: Of the clients that reported an improvement in the place of commerce following access to the D-FRIF loans, 23% attributed total influence to the loans regarding the change, 69% a high influence, 6% a medium influence, and 3% no influence.

Food: Of the clients that reported an improvement in nutrition in the home following access to the D-FRIF loans, 22% attributed total influence to the loans regarding the change, 76% a high influence, 6% a medium influence, 3% a low influence, and 0% no influence.

Education: Of the clients that reported an improvement in the education of the household members following access to the D-FRIF loan, 19% attributed total influence to the loan regarding the change, 76% a high influence, 5% a low influence, and 0% no influence.

Chart 9 Individual Loans for Economic Activities: Incidental Attribution of Impacts (percentage of the effective sample)						
Changes	Degree of Influence of the D-FRIF Loans on Changes					Total
	Complete Degree	High Degree	Medium Degree	Low Degree	No Degree	
Capital	19%	71%	10%	0%	0%	100%
Investment	27%	68%	5%	0%	0%	100%
Employment	33%	59%	4%	2%	2%	100%
Income	25%	71%	3%	1%	0%	100%
Type of place of commerce	23%	69%	6%	0%	3%	100%
Food	22%	69%	6%	3%	0%	100%
Education	19%	76%	0%	5%	0%	100%

Source: PROFIN Foundation

Regarding the total sample of clients, the results of the incidental attribution of impacts

show the trends described in what follows (Chart 10):

Capital: Eighteen percent of clients attribute total influence to the D-FRIF loans regarding the increase in working capital, 64% a high influence, 9% a medium influence, 0% no influence, and 9% did not report changes in capital following access to the loans.

Investment: Twenty percent of clients attribute total influence to the D-FRIF loans regarding greater investment in fixed assets, 51% a high influence, 3% a medium influence, 0% no influence, and 26% did not report changes in investment following access to the loans.

Income: Twenty-three percent of clients attribute total influence to the D-FRIF loans regarding the increase in income, 65% a high influence, 2% a medium influence, 1% a low influence, 0% no influence, and 9% did not report changes in income following access to the loans.

Employment: Thirteen percent of clients attribute total influence to the D-FRIF loan regarding increases in employment, 24% a high influence, 2% a medium influence, 1% a low influence, 0% no influence, and 59% did not

report changes in employment following access to the loans.

Type of place of commerce: Two percent of clients attribute total influence to the D-FRIF loans regarding increases in income, 5% a high influence, 1% a medium influence, 1% no influence, and 91% did not report changes in the type of place of commerce following access to the loans.

Food: Five percent of clients attribute total influence to the D-FRIF loans regarding improvements in the nutrition of the household members, 15% a high influence, 1% a medium influence, 1% a low influence, 0% no influence, and 88% did not report changes in the nutrition of the home following access to the loans.

Education: One percent of clients attribute total influence to the D-FRIF loans regarding an improvement of education of household members, 5% a high influence, 0% no influence, and 94% did not report an improvement in education following access to the loans.

Chart 10 Individual Loans for Economic Activities: Incidental Attribution of Impacts (percentages of the total sample)							
Changes	Degree of Influence of the D-FRIF Loans on the Changes					No Change	Total
	Complete Degree	High Degree	Medium Degree	Low Degree	No Degree		
Capital	18%	64%	9%	0%	0%	9%	100%
Investment	20%	51%	3%	0%	0%	26%	100%
Employment	13%	24%	2%	1%	1%	59%	100%
Income	23%	65%	2%	1%	0%	9%	100%
Type of place of commerce	2%	5%	1%	0%	1%	91%	100%
Food	5%	15%	1%	1%	0%	88%	100%
Education	1%	5%	0%	0%	0%	94%	100%

Source: PROFIN Foundation

1.2.2.2 Correlational Attribution of Impacts

The increase in working capital, investment in fixed assets, the levels of employment of

manual labour, and the income from the economic activities financed is closely related to increases in the amounts of loans provided by D-FRIF (Chart 11).

Correlation between loans and capital: A correlation of 0.27** suggests that as the amount of D-FRIF loans increases, the probability of increasing the amount of working capital goes up, and that the loan has a weight of 27% over 100% of factors that explain this change, considering a statistical level of error of 1%.

Chart 11 Individual Loans for Economic Activities: Correlational Attribution of Impacts			
Correlations between:	Indicators of Exposure to the D-FRIF Loan Programme		
Impact Indicators	Loan Number	Amounts of Loans	Seniority of the Client
Capital	0.019	0.27**	-0.038
Investment	-0.083	0.36**	0.003
Employment	-0.132	0.22*	0.101
Income	-0.058	0.24**	0.132

** Significant Pearson linear correlation with 1% error
 * Significant Pearson linear correlation with 5% error

Source: PROFIN Foundation

Correlation between loans and investment: A correlation of 0.36** suggests that as the amount of the D-FRIF loans increases, the probability of increasing the amount of investment in fixed assets goes up, and that the loan has a weight of 36% over 100% of factors that explain this change, considering a statistical level of error of 1%.

Correlation between loans and employment: A correlation of 0.22** suggests that as the amount of the D-FRIF loans increases, the probability of increasing the amount of employment goes up, and that the loan has a weight of 22% out of 100% of factors that explain the change, considering a statistical level of error of 1%.

Correlation between loans and income: A correlation of 0.24** suggests that as the amount of the D-FRIF loans increases, the probability of increasing the income goes up, and that the loan has a weight of 24% over 100% of factors that explain this change, considering a statistical level of error of 5%.

1.2.2.3 Qualitative Deepening Attribution of Impacts

Qualitative deepening reveals that the changes observed were affected by the following main factors:

Financial factors: D-FRIF loans have been a definite financial factor on the changes observed in the economic activities, although there has also been the undeniable effect of other loans. At the level of the family unit, loans have made possible improvements in economic situations that have allowed increasing the well-being of the home.

Market factors: The increase in demand, the sales prices, and the number of clients and business opportunities have also affected the increases in income from the economic activities of D-FRIF clients.

Productive factors: The diversification of activities, the increase in production, and the increase in productivity also contribute towards the increase of income and employment. Regarding the latter variable there is also the effect of the inclusion of household members in the economic activities.

Qualitative deepening also allows observing the following impacts perceived by clients:

Unexpected positive impacts: improvements in the conditions of houses with regards to reconstruction, expansion, and purchase

Negative impacts: The clients perceive great mistrust on the part of institution personnel when issuing loans.

1.2.3 Degree of Impact

According to the criteria applied, D-FRIF loans have a *high impact* on capital and income of the economic activities financed; a *medium impact* on investment in fixed assets, a *low impact* on employment; and a *moderate impact* on the

place of commerce, food, and education of the household (Chart 12).

Chart 12 Individual Loans for Economic Activities: Degrees of Impact (percentages of the total sample)			
Changes	Frequency of Change	Influence of the Loan	Degree of Impact
Capital	91%	91%	High
Investment	74%	74%	Medium
Employment	41%	39%	Low
Income	91%	91%	High
Type of place of commerce	9%	6%	Moderate
Food	22%	22%	Moderate
Education	6%	6%	Moderate

Source: PROFIN Foundation

High Degree Impacts

Capital: Ninety-one percent of clients increased their working capital following access to D-FRIF loans, and 91% of clients linked the change to the loan (or 100% of clients that reported the change).

Income: Ninety-one percent of clients increased their income following access to D-FRIF loans, and 91% of clients linked the change to the loan (or 100% of clients that reported the change).

Medium Degree Impacts

Investment: Seventy-four percent of clients increased their investment in fixed assets following access to D-FRIF loans, and 74% of clients linked the change to the loan (or 100% of clients that reported the change).

Low Degree Impact

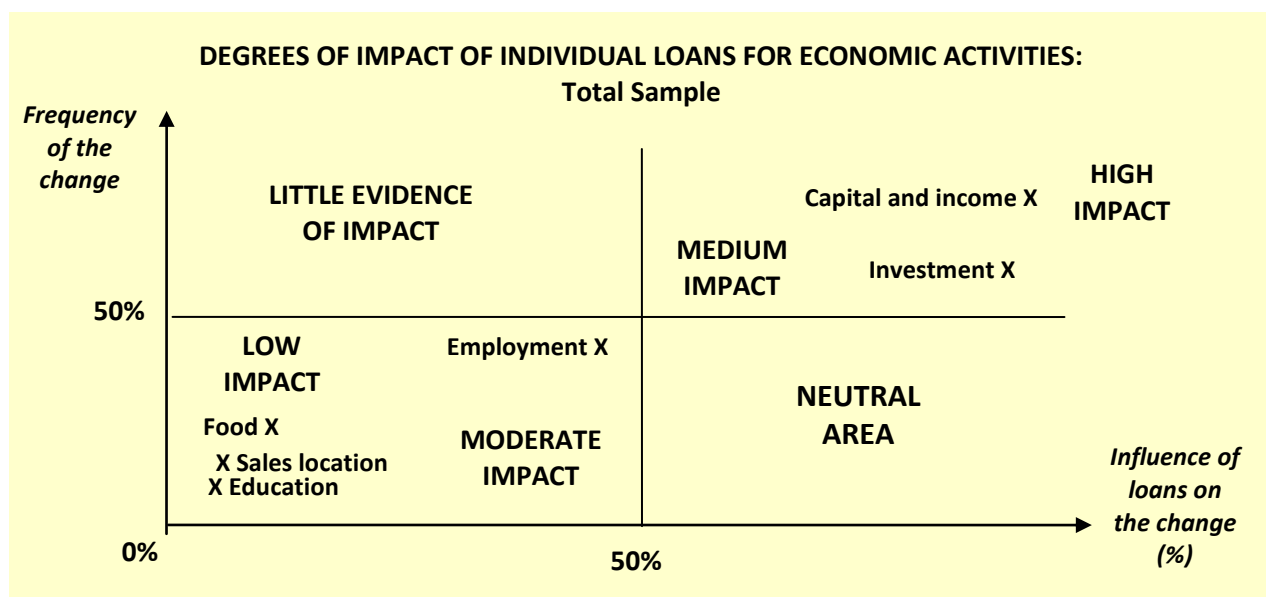
Employment: Forty-one percent of clients increased the employment of manual labour following access to D-FRIF loans, and 39% of clients linked the change to the loan (or 98% of clients that reported the change).

Moderate Degree Impacts

Type of place of commerce: Nine percent of clients improved their type of place of commerce following access to D-FRIF loans, and 6% of clients linked the change to the loan (or 97% of clients that reported the change).

Education: Six percent of clients improved the education of the members of the household following access to D-FRIF loans, and 6% of clients linked the change to the loan (or 100% of clients that reported the change).

Food: Twenty-two percent of clients improved the nutrition of the members of their household following access to D-FRIF loans, and 22% of clients linked the change to the loan (or 100% of clients that reported the change).

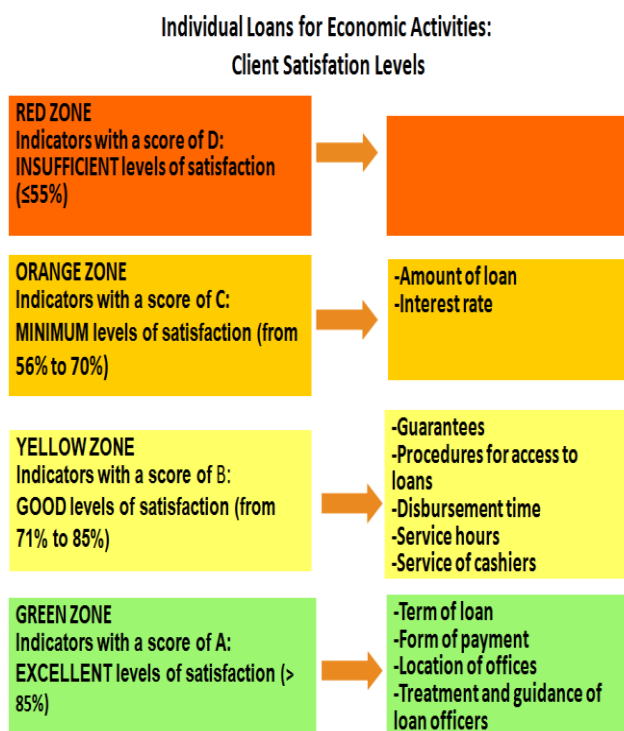


Source: PROFIN Foundation

1.3 Client Satisfaction

1.3.1 Levels of Satisfaction with D-FRIF Loans

From the perspective of D-FRIF clients, there are *excellent levels of satisfaction* with the term and the form of payment of loans, the location of offices for serving the public, and the treatment and guidance provided by the loan officers; there are *good levels of satisfaction* with regards to guarantees and the procedures required for accessing loans, the processing time for disbursement, the service hours, and the service of the cashiers; and there are *minimum levels of satisfaction* with the amount of the loans and the interest rate (Charts 13 and 13.1)



Excellent Levels of Satisfaction

Term of payment: Ninety percent of clients are satisfied and 10% are dissatisfied. There is satisfaction when there is flexibility for the client to determine the term and there is dissatisfaction in the opposite case.

Form of payment: Ninety-seven percent of clients are satisfied and 3% are dissatisfied. There is satisfaction when there is flexibility for the client to determine the term, and the day and date of payment, and there is dissatisfaction when the institution determines these aspects.

Location of offices: Ninety-three percent of clients are satisfied and 7% are dissatisfied. There is satisfaction when the offices are located in popular areas and when payments can be made at any of them, and there is dissatisfaction when the offices are not on the main streets.

Treatment of the part of loan officers (“advisors”): Ninety percent of clients are satisfied and 10% are dissatisfied. There is satisfaction when treatment is of a kind nature, the loan officers are understanding, and when trust is transmitted to the client, and there is dissatisfaction when work is slow.

Guidance on the part of loan officers: Ninety percent of clients are satisfied and 10% are dissatisfied. There is satisfaction when there is a detailed and clear explanation for each loan applied for, and there is dissatisfaction when the client is not guided.

Good Levels of Satisfaction

Guarantees required: Seventy-three percent of clients are satisfied and 23% are dissatisfied. There is satisfaction when guarantees are flexible and in accordance to the amount of the loan, and there is dissatisfaction due to the difficulty in obtaining personal guarantors.

Procedures for access to loans: Seventy-seven percent of clients are satisfied and 23% are dissatisfied. There is satisfaction when the demands of requisites are in accordance to the amount of the loan, and there is dissatisfaction when there is the perception of ‘bureaucracy’.

Disbursement time: Seventy-three percent of clients are satisfied and 27% are dissatisfied. There is satisfaction when the disbursement does not take more than five days, and there is

dissatisfaction when the disbursement is not made on the day set.

Hours of service: Eighty-five percent of clients are satisfied and 15% are dissatisfied. There is satisfaction when service is continuous during the day, and there is dissatisfaction when the opposite is the case.

Service of cashiers: Seventy-two percent of clients are satisfied and 28% are dissatisfied. There is satisfaction when service is quick, and there is dissatisfaction when there are few cashiers and long queues.

Chart 13 Individual Loans for Economic Activities: Levels of Satisfaction and Dissatisfaction of Clients			
Indicator	Satisfied clients	Dissatisfied clients	Indicator Score
Guarantees	73%	27%	Good
Procedures for access	77%	23%	Good
Disbursement time	73%	27%	Good
Amount of loan	59%	41%	Minimum
Term of payment	90%	10%	Excellent
Form of payment	97%	3%	Excellent
Interest rate	58%	42%	Minimum
Treatment of loan officers	90%	10%	Excellent
Guidance of loan officers	90%	10%	Excellent
Service hours	85%	15%	Good
Location of offices	93%	7%	Excellent
Service of cashiers	72%	28%	Good

Source: PROFIN Foundation

Minimum Levels of Satisfaction

Amounts of loans: Fifty-nine percent of clients are satisfied and 41% are dissatisfied. There is satisfaction when the amount requested is obtained, and there is dissatisfaction when the amount is less than that requested.

Interest rate: Fifty-eight percent of clients are satisfied and 42% are dissatisfied. There is satisfaction when the interest rate is accessible

and less than at other institutions, and there is dissatisfaction when the rate is higher.

Chart 13.1 Individual Loans for Economic Activities: Reasons for Client Satisfaction and Dissatisfaction		
Indicator	Reasons for Satisfaction	Reasons for Dissatisfaction
Guarantees	Flexibility regarding requisites, requirements in accordance to the amount	Bureaucracy, difficulty in obtaining guarantors
Procedures for access	Quickness	Bureaucracy
Time of the disbursement	Does not take more than 5 days	Bureaucracy; not fulfilling the disbursement date
Amounts of loans	Access to the amount requested	Disbursement less than the amount requested
Term of payment	Flexibility in determining	Term imposed
Form of payment	The client determines the day and date of payment	The institution decides the frequency of payments
Interest rate	Interest rate lower than at banks	Interest rate too high; increases in interest rate
Treatment of loan officers	Kind, understanding, give good service; there is trust in the loan officer	"They are good, but some are slow."
Guidance of loan officers	Good explanations that are detailed and clear; guidance in each operation	"They used to explain; now the do not." (only at the beginning, when clients are new)
Service hours	Continuous hours	No service at noon hours
Location of offices	Popular areas that are easily identifiable; payments may be made at any agency	It is suggested that the offices be moved to the main streets, not far from them.
Service of cashiers	Service is immediate; there are no queues.	"There should be more cashiers; there are sometimes queues."

Source: PROFIN Foundation

1.3.2 D-FRIF Comparative Advantages and Disadvantages

From the perspective of clients, the comparison of D-FRIF with competing MFIs contains: *comparative advantages* of D-FRIF in the interest rate of the loan, the treatment of the loan officers, the location of offices, and the service of the cashiers; *similar conditions* with the competition in guarantees and processes required for access to the loan, time for processing the disbursement, term and form of payment of the loan, service hours, and guidance on the part of loan officers; and *comparative disadvantages* with D-FRIF regarding the amount of the loan (Charts 14 and 14.1).

Individual Loans for Economic Activities:
Comparative Advantages and Disadvantages

D-FRIF score	A+	A	A-	B+	B	B-	C+	C	C-	D+	D	D-
Competing MFIs score												
A+	Similar conditions: guidance of loan officers, term and form of payment			Low comparative disadvantage			Medium comparative disadvantage: amounts of loans			High comparative disadvantage		
A												
A-												
B+	Low comparative advantage: treatment of loan officers, locations			Similar conditions: guarantees, access procedures, hours, and disbursement time			Low comparative disadvantage			Medium comparative disadvantage		
B												
B-												
C+	Medium comparative advantage			Low comparative advantage: service of cashiers			Similar conditions			Low comparative disadvantage		
C												
C-												
D+	High comparative advantage			Medium comparative advantage			Low comparative advantage: interest rate			Similar conditions:		
D												
D-												

Low Degree Comparative Advantages

Treatment of loan officers: D-FRIF scores excellent levels of satisfaction (A-), and competing MFIs score good levels of satisfaction (B+). There is less satisfaction with the competition when the loan officers or equivalent personnel do not provide personalized treatment to the client.

Location of offices: D-FRIF scores excellent levels of satisfaction (A), and competing MFIs score good levels of satisfaction (B+). There is less satisfaction with the competition when the service offices are concentrated in the main cities and there is no service of offices in other areas.

Service of cashiers: D-FRIF scores good levels of satisfaction (B-), and competing MFIs score minimum levels of satisfaction (C+). There is less satisfaction with the competition when the queues are long and the cashiers are not quick.

Interest rate: D-FRIF scores minimum levels of satisfaction (C-), and competing MFIs score insufficient levels of satisfaction (D). There is less satisfaction with the competition when the interest rate is higher than that of D-FRIF.

Medium Degree Comparative Advantages

Amount of the loan: D-FRIF scores minimum levels of satisfaction (C-), and competing MFIs score excellent levels of satisfaction (A). There is greater satisfaction with the competition when they provide higher amounts.

Conditions that are Similar to those of the Competition

Guidance of the loan officers: D-FRIF scores good levels of satisfaction (B-), as do competing MFIs. There is satisfaction with the competition when the loan officers provide continuous guidance that is clear, and there is dissatisfaction when explanations are not clear for the client.

Term of payment: D-FRIF scores excellent levels of satisfaction (A-), as do competing MFIs. There is satisfaction with the competition when the term is determined based on the amount of the loan and the payment capacity, and there is

dissatisfaction when the institution imposes the term.

Form of payment: D-FRIF scores excellent levels of satisfaction (B-), as do competing MFIs, with an inclination towards a comparative advantage for D-FRIF (A+ versus A). There is satisfaction with the competition when the payments are monthly, and there is dissatisfaction when the payment plan is not in accordance with the characteristics of the client's economic activities.

Chart 14 Individual Loans for Economic Activities: Client Satisfaction Indicator Scores			
Indicator	D-FRIF Score	Other MFIs Score	Comparative Situation
Guarantees	B-	B+	Similar conditions (trends towards a comparative disadvantage)
Procedures for access to loans	B+	B-	Similar conditions (trends towards a comparative advantage)
Disbursement time	B-	B-	Similar Conditions
Amounts of loan	C-	A	Medium comparative disadvantage
Form of payment	A+	A	Similar conditions (trends towards a comparative advantage)
Term of payment	A-	A-	Similar Conditions
Interest rate	C-	D	Low comparative advantage
Treatment of the loan officers	A-	B+	Low comparative advantage
Guidance of the loan officers	A-	A-	Similar Conditions
Service hours	B+	B	Similar conditions (trends towards a comparative advantage)
Location of offices	A	B+	Low comparative advantage
Service of cashiers	B-	C+	Low comparative advantage

Source: PROFIN Foundation

Chart 14.1 Individual Loans for Economic Activities: Reasons for Satisfaction and Dissatisfaction with Competing Microfinance Institutions		
Indicator	Reasons for Satisfaction	Reasons for Dissatisfaction
Guarantees	BancoSol, FIE: depending on the amount and less paperwork	Crecer: complicated group guarantees
Procedures for access to loans	BancoSol, FIE, PRODEM: quickness, less requisites and paperwork; personalized service	BancoSol, PRODEM: verifications that cause delays for the procedure
Disbursement time	BancoSol, Los Andes, FIE, PRODEM: 2 days for disbursement	Crecer: takes one month
Amounts of loans	BancoSol, FIE: provide higher amounts.	BancoSol: increases in amounts but not in terms
Form of payment	BancoSol: monthly payments. FIE: depends on the amount.	FIE: The MFI decides the term. Crecer: bi-weekly payments
Term of payment	BancoSol: Term may be chosen.	FIE: Payment plan is not in accordance with the activity of the client. Crecer: short terms
Interest rate	BancoSol, FIE, and PRODEM: lower interest rate.	Acceso, FIE, Los Andes, PRODEM, BancoSol, CRECER: higher interest rate
Treatment of loan officers	BancoSol: good treatment, explanations on how to invest, quickness. FIE, PRODEM: kind and cordial.	FIE: do not provide personalized service
Guidance of the loan officers	BancoSol: explain clearly. PRODEM: always guide the client.	FIE: The explanations of loan officers are not clear.
Service hours	BancoSol: punctuality, continuous service FIE, PRODEM: continuous service.	BancoSol: long queues PRODEM: serves less days in the rural area
Location of offices	BancoSol, PRODEM: several agencies in centrally-located places. FIE: neighbourhood branches.	BancoSol, FIE, Los Andes: offices only in cities
Service of cashiers	BancoSol, FIE, PRODEM: several cashiers, quick and kind.	BancoSol, FIE, PRODEM: long queues, slow cashiers

Source: PROFIN Foundation

Guarantees: D-FRIF scores good levels of satisfaction, as do competing MFIs, with an inclination towards a comparative disadvantage for D-FRIF (B- versus B+). There is satisfaction with the competition when less paperwork is requested, and there is dissatisfaction with group guarantees.

Procedures for access to the loan: D-FRIF scores good levels of satisfaction, as do competing MFIs, with an inclination towards a comparative advantage for D-FRIF (B+ versus B-). There is satisfaction with the competition when the procedures are quick and accessible, and there is dissatisfaction when it takes long to ‘investigate’ the client.

Service hours: D-FRIF scores good levels of satisfaction, as do competing MFIs, with an inclination towards a comparative advantage for D-FRIF (B+ versus B). There is satisfaction with the competition when there is service at noon and offices are opened on time, and there is dissatisfaction when the queuing time is too long.

Disbursement time: D-FRIF scores good levels of satisfaction (B-), as do competing MFIs. There is satisfaction with the competition when the process is quicker, and there is dissatisfaction when the disbursement takes more than one month.

1.4 Access, Use, and Payment of Loans

Sources of information on D-FRIF loans: Persons that are active or former clients of D-FRIF are more frequently the primary source of information on the loans provided by the institution, according to information reported by 68% of clients. Only 22% of clients found out about D-FRIF through oral and/or written publicity, and 10% through information provided by D-FRIF personnel (Chart 15).

Chart 15 Individual Loans for Economic Activities: Primary Source of Information on D-FRIF Loans	
D-FRIF borrowers (%)	68%
D-FRIF personnel (%)	10%
D-FRIF publicity (%)	22%
Total	100%

Source: PROFIN Foundation

Determining factors for applying for D-FRIF loans The possibility of achieving improvements in economic activities is the most frequent determining factor for the decision to apply for a first D-FRIF loan according to the opinion expressed by 64% of clients. Another 31% of clients applied for their first loan prompted by the expectation of improving the well-being of their households, and only 5% are motivated by the perception of advantageous financial conditions of loans (Chart 16).

Chart 16 Individual Loans for Economic Activities: Determining Factors for Applying for a First D-FRIF Loan	
Improvement in economic activity	64%
Improvement of family well-being	31%
Advantageous loan conditions	5%
Total	100%

Source: PROFIN Foundation

Use of D-FRIF loans by sector of economic activity The services sector is the most frequent sector, followed closely by the commerce and production sectors. Forty-two percent of clients employ D-FRIF loans for activities in the services sector, 37% in the commerce sector, and 36% in the productive sector (Chart 17).

Chart 17 Individual Loans for Economic Activities: Uses of D-FRIF Loans by Sector of Economic Activity			
	Yes	No	Total
Commerce sector	37%	63%	100%
Services sector	42%	58%	100%
Productive sector	36%	64%	100%

Source: PROFIN Foundation

Use of D-FRIF loans by type of investment or expense The most frequent use of D-FRIF loans is for the financing of economic activities, and the less frequent use is the financing of household investments or expenses. Eighty percent of clients employed their loans in

working capital, 67% in investment in fixed assets, 30% in the construction and improvement of houses, 22% in the purchase of goods for the home, and 8% in household expenses (Chart 18).

Chart 18 Individual Loans for Economic Activities: Uses of Loans by Type of Investment or Expense			
	Yes	No	Total
Working capital	80%	20%	100%
Investment in fixed assets	67%	33%	100%
Purchase of goods for the home	23%	67%	100%
Family expenses	8%	92%	100%
Construction/improvement of houses	30%	70%	100%

Source: PROFIN Foundation

Provision of funds for payment of D-FRIF loans:

The most frequent source of funds for the payment of D-FRIF loans is income from the economic activities realized by the client. Ninety-three percent of clients generate the payment of their loans from this source, 26% resort to other income of the home, such as salaries of employees and other income sources, and 1% admit resorting to other loans (Chart 19).

Chart 19 Individual Loans for Economic Activities: Sources of Provision of Funds for Payment of Loans			
	Yes	No	Total
Income from the economic activities of the clients	93%	7%	100%
Income from members of the client household	26%	74%	100%
Other loans	1%	99%	100%

Source: PROFIN Foundation

Problems in paying of D-FRIF loans Reports of the existence of problems in paying of D-FRIF loans is not a highly frequent trend. Only 13% of clients admitted having faced problems in paying D-FRIF loans. These problems were solved in most cases (8%), through agreements with the institution, through reprogramming of loans. In other cases (5%), the solutions involved the sale of client household assets and an increase in the working hours of the client (Chart 20).

Chart 20 Individual Loans for Economic Activities: Problems in Paying Loans and their Solutions	
There were no problems in paying	87%
There were problems in paying	13%
Problem solved through re-programming of loans	8%
Problem solved through working more	3%
Problem solved through the sale of goods	2%
Total	100%

Source: PROFIN Foundation

Other loans from financial institutions: Fifty percent of borrowers of individual loans for economic activities that belong to the segment of long-standing D-FRIF clients (with an average of seven loans) are also borrowers of other financial institutions, mainly regulated institutions (42%). On average, the portion of the D-FRIF loan has a participation of 38% of the total amount borrowed, while the amount owed to other financial institutions has a participation of 62%. The information presented was obtained based on INFOCRED data (Chart 21).

Chart 21 Individual Loans for Economic Activities: Clients with Loans from Other Financial Institutions			
	Yes	No	Total
Clients shared	50%	50%	100%
with regulated MFIs with village bank MFIs	42%		
with other non-regulated MFIs	10%		
	4%		
Averages of shared clients (amounts expressed in US\$)			
Number of D-FRIF loans	7		
Amounts of loans in effect at D-FRIF	1,585		
Amounts of loans(s) in effect at other institutions	4,525		
Total amount of debt with financial institutions	6,110		
Participation of the D-FRIF loan	38%		
Participation of other MFI loans	62%		

Source: INFOCRED

CHAPTER 2: HOUSING LOANS

2.1 Sample Considered

The results of this section have as their primary source of information a random sample of sixty main borrowers of loans for housing that received five or more D-FRIF loans. The universe for determining the sample was established using the two offices that are the most representative in the financing of this type of loan: the Franco Valle Office and the Villa Bolívar Office. The sample is of 12% of the universe (Chart 1).

Chart 1 Housing Loans: Distribution and "Representativity" of the Sample	
Franco Valle Office	30
Villa Bolivar Office	30
Total sample	60
Universe: Number of Clients of the offices with five or more loans	489
Representativity of the sample in relation to the universe	12%

SAMPLE INDICATORS OF EXPOSURE TO THE D-FRIF LOAN PROGRAMME (Chart 2):

Chart 2 Housing Loans: Exposure to the Loan Programme (indicators expressed in averages)	
Year of access to the first loan	1999
Number of loans	6
Amount of loan in effect (dollars)	1,500
Highest amount of loan (dollars)	1,750
Lowest amount of loan (dollars)	480

Source: PROFIN Foundation

Average seniority of clients: nine years, considering 1999 as the average year of access to the first loan

Average number of loans: six loans per borrower

Average amount of loan by borrower: One thousand five hundred dollars in the loan in

effect, 1,750 dollars as the highest loan, and 480 dollars as the lowest loan

SAMPLE INDICATORS OF THE PROFILES OF LONG-STANDING CLIENTS: (Chart 3):

Chart 3 Housing Loans: Profile of Long-Standing Clients		
Gender	Women main borrowers	63%
	Men main borrowers	37%
	Total	100%
Highest level of education	No schooling	4%
	Schooling not concluded	58%
	Secondary school graduates	30%
	Post-secondary studies	8%
	Total	100%
Civil status	Married persons	80%
	Single persons	5%
	Divorced persons	7%
	Widowed persons	8%
	Total	100%
Main language	Aymara	18%
	Spanish	82%
	Total	100%
Main activity	Independent economic activity	57%
	Salaried employees or persons with other income	43%
	Total	100%
Average	Age (years)	45
	Size of the household (members)	5
	Minors under 18 (members)	2

Source: PROFIN Foundation

Gender: Most main borrowers of the loans are women (63%).

Average age: forty-five years

Highest level of education: Most clients did not finish school (58%).

Civil status: Most clients are married (80%).

Average size of the household: five members, with an average of two children under 18

Language: Most clients speak Spanish as their main language (82%).

Main economic activity: Most clients have their own business as a main economic activity (57%), and there is also a high participation of

clients that are salaried employees or that have other income (43%).

2.2 Impact of Loans

2.2.1 Changes between the Period *Ex Ante* and *Ex Post* the Loan

CHANGES IN ACCESS TO BASIC SERVICES: The homes with access to potable water, sewage, electricity, and residential natural gas increased following access to D-FRIF loans (Chart 4).

Chart 4 Housing Loans: The Existence of Access to Basic Services in the Homes of Clients			
	<i>Ex Post</i> the Loan	<i>Ex Ante</i> the Loan	Difference
Potable water	93%	65%	28%
Electricity	100%	80%	20%
Gas	8%	2%	6%

Source: PROFIN Foundation

Potable water and sewage: The proportion of clients that live in a house with access to potable water increased from 65% *ex ante* the loan to 93% *ex post* the loan. In general terms, 28% of clients had potable water and sewage installed in their houses following access to the loan provided by D-FRIF.

Electricity: The proportion of clients that live in a house with access to electricity increased from 80% *ex ante* the loan to 100% *ex post*. In general terms, 20% of clients had electricity installed in their houses following access to D-FRIF loans.

Residential natural gas: The proportion of clients that live in houses with access to residential natural gas increased from 2% *ex ante* the loan to 8% *ex post*. In general terms, 6% of clients had residential natural gas installed in their houses following access to D-FRIF loans.

CHANGES IN THE TYPE OF HOUSE: The tendency of own houses with proprietorship documents in order rose following access to the D-FRIF loan, and the tendency of own houses without documents in order went down, as did living in houses in exchange for loans, and in rented or borrowed houses (Chart 5).

Chart 5 Housing Loans: Type of House of Clients			
	<i>Ex Post</i> the Loan	<i>Ex Ante</i> the Loan	Difference
Own house with documents in order	67%	49%	18%
Own house without documents in order	22%	28%	-6%
In exchange for loan	2%	5%	-3%
Rented	1%	3%	-2%
Borrowed	8%	15%	-7%
Total	100%	100%	0%

Source: PROFIN Foundation

Own house with documents in order: The proportion of clients that live in an own house with proprietorship documents in order increased from 49% *ex ante* the loan to 67% *ex post*.

Own houses without documents in order: The proportion of clients that live in an own house without proprietorship documents in order went down from 28% *ex ante* the loan to 22% *ex post*.

Rented houses: The proportion of clients that live in rented houses went down from 3% *ex ante* the loan to 1% *ex post*.

Borrowed houses: The proportion of clients that live in borrowed houses went down from 15% *ex ante* the loan to 8% *ex post*.

Houses in exchange for loans: The proportion of clients that live in houses obtained in exchange for loans went down from 5% *ex ante* the loan to 2% *ex post*.

In general terms, 18% of clients were able to improve their type of housing following access to the D-FRIF loan.

CHANGES IN THE CONDITIONS OF THE HOUSING STRUCTURES: There was an increase in houses with floors, walls and/or roofs in good conditions following access to D-FRIF loans, and the amount of houses with structures in bad or regular conditions went down (Chart 6).

Chart 6 Housing Loans: Condition of the Housing Structures of Clients			
	Ex Post the Loan	Ex Ante the Loan	Difference
Floors			
Good	68%	21%	47%
Regular	22%	39%	-17%
Deficient	10%	40%	-30%
Total	100%	100%	0%
Roofs			
Good	77%	25%	52%
Regular	20%	50%	-30%
Deficient	3%	25%	-22%
Total	100%	100%	0%
Walls			
Good	68%	15%	53%
Regular	32%	57%	-25%
Deficient	0%	28%	-28%
Total	100%	100%	0%

Source: PROFIN Foundation

Roofs: The proportion of clients that live in a house with roofs in good condition increased from 25% *ex ante* the loan to 77% *ex post*. In general terms, 52% of clients improved the conditions of the roofs of their houses following access to the D-FRIF loan.

Floors: The proportion of clients that live in houses with floors in good conditions increased from 21% *ex ante* the loan to 68% *ex post*. In general terms, 47% of clients improved the conditions of the floors of their homes following access to D-FRIF loans.

Walls: The proportion of clients that live in houses with walls in good conditions increased from 15% *ex ante* the loan to 68% *ex post*. In general terms, 53% of clients improved the conditions of the walls of their homes following access to D-FRIF loans.

CHANGES IN THE MATERIAL OF THE WALLS OF HOUSES: The number of houses with adobe walls went down following access to D-FRIF loans, and the number of houses with walls made of more resistant materials increased (Chart 7).

Chart 7 Housing Loans: Material of Most Walls of Client Houses			
	Ex Post the Loan	Ex Ante the Loan	Difference
Adobe	12%	55%	-43%
Adobe with finishing materials	27%	22%	5%
Brick	48%	20%	28%
Cement	5%	0%	5%
Wood	8%	3%	5%
Total	100%	100%	0%

Source: PROFIN Foundation

Adobe walls: The proportion of clients that live in houses with adobe walls went down from 55% *ex ante* the loan to 12% *ex post*.

Adobe walls with finishing materials: The proportion of clients that live in houses with adobe walls with finishing materials increased from 23% *ex ante* the loan to 29% *ex post*.

Brick walls: The proportion of clients that live in houses with brick walls increased from 21% *ex ante* the loans to 50% *ex post*.

Cement walls: The proportion of clients that live in houses with cement walls increased from 0% *ex ante* the loan to 7% *ex post*.

In general terms, 43% of clients improved the materials of the walls of their houses following access to D-FRIF loans.

CHANGES IN THE MATERIAL OF FLOORS OF HOUSES: The number of houses with earth floors went down following access to D-FRIF loans, and the number of houses with floors made of more resistant materials increased (Chart 8).

Earth floors: The proportion of clients that live in houses with earth floors went down from 55% *ex ante* the loan to 8% *ex post*.

Cement floors: The proportion of clients that live in houses with cement floors increased from 33% *ex ante* the loan to 58% *ex post*.

Chart 8 Housing Loans: Materials of the Floors of Most Client Houses			
	<i>Ex Post the Loan</i>	<i>Ex Ante the Loan</i>	Difference
Cement	58%	33%	25%
Earth	8%	55%	-47%
Parquet	7%	2%	5%
Wood	23%	6%	17%
Vinyl	4%	4%	0%
Total	100%	100%	0%

Source: PROFIN Foundation

Wooden floors: The proportion of clients that live in houses with wooden floors increased from 6% *ex ante* the loan to 23% *ex post*.

Parquet floors: The proportion of clients that live in houses with parquet floors increased from 2% *ex ante* the loan to 7% *ex post*.

In general terms, 47% of clients improved the materials of the floors of their homes following access to D-FRIF loans.

CHANGES IN EXPANSION AND CONSTRUCTION OF HOUSES: The number of houses with less crowding in bedrooms and the houses with the kitchen separated from the bedrooms increased following access to D-FRIF loans.

Number of bedrooms: Seventy-eight percent of clients increased the number of bedrooms of their homes following access to D-FRIF loans. The average increased from two bedrooms for every five members *ex ante* the loan to three bedrooms for every five members *ex post* (Chart 9.1).

Chart 9.1 Housing Loans: Number of Bedrooms of Client Houses		
Average Number of bedrooms per member of the household	<i>Ex post the loan: 3 for every 5 members</i>	<i>Ex ante the loan: 2 for every 5 members</i>
Number of bedrooms following access to the loan	<i>There was an increase: 78% of the total sample</i>	<i>There was no increase: 22% of the total sample</i>

Source: PROFIN Foundation

Separation between the kitchen and the bedrooms: The proportion of clients that live in houses with the kitchen separated from the bedrooms increased from 33% *ex ante* the loan to 92% *ex post*. In general terms, this change occurred with 95% of clients (Chart 9.2).

Chart 9.2 Housing Loans: Separation between the Kitchen and the Bedrooms			
	<i>Ex Post the Loan</i>	<i>Ex Ante the Loan</i>	Difference
There is a separation	92%	33%	59%
There is no separation	8%	67%	-59%
Total	100%	100%	0%

Source: PROFIN Foundation

2.2.2 Attribution of Impacts

2.2.2.1 Incidental Attribution of Impacts

Most clients that reported improvements in their housing conditions consider that D-FRIF loans had a high degree of influence on the change. In the case of improvements in the type of house, it is also common that the loan be attributed total influence on the change. In what follows we present the perceptions identified in the effective sample; that is, the sample that only considers clients that reported changes in the indicator evaluated, excluding clients that did not report changes (Chart 10).

Bedrooms (overcrowding): Of the clients that increased the number of bedrooms in their houses following access to D-FRIF loans, 23% attributed total influence of the loan to the change, 68% a high influence, 9% a medium influence, and 0% no influence.

Separation of the kitchen: Of the clients that separated the kitchen from the bedrooms following access to D-FRIF loans, 17% attributed total influence of the loan to the change, 74% a high influence, 6% a medium influence, and 3% no influence.

Chart 10 Housing Loans: Incidental Attribution of Impacts (percentages of the effective sample)*						
Changes	Degree of Influence of D-FRIF Loans on the Change					Total
	Total	High	Medium	Low	Zero	
Bedrooms	23%	68%	9%	0%	0%	100%
Separation of kitchen	17%	74%	6%	0%	3%	100%
Potable water	23%	59%	18%	0%	0%	100%
Electricity	25%	58%	9%	8%	0%	100%
Gas	0%	50%	0%	0%	50%	100%
Type of house	42%	42%	16%	0%	0%	100%
Floors	14%	77%	9%	0%	0%	100%
Roofs	15%	76%	9%	0%	0%	100%
Walls	16%	76%	5%	0%	3%	100%

Source: PROFIN Foundation

Water: Of the clients that had potable water and sewage installed following access to D-FRIF loans, 23% attributed total influence of the loan to the change, 59% a high influence, 18% a medium influence, and 0% no influence.

Of the clients that had residential natural gas installed following access to D-FRIF loans, 50% attributed total influence of the loan to the change, and 50% no influence.

Electricity: Of the clients that had electricity installed following access to D-FRIF loans, 25% attributed total influence of the loan to the change, 58% a high influence, 9% a medium influence, 8% a low influence, and 0% no influence.

Type of house: Of the clients that improved their type of house following access to D-FRIF loans, 42% attributed total influence of the loan to the change, 42% a high influence, 16% a medium influence, and 0% no influence.

Floors: Of the clients that improved the conditions of their floors following access to D-FRIF loans, 14% attributed total influence of the loan to the change, 77% a high influence, 9% a medium influence, and 0% no influence.

Roofs: Of the clients that improved the conditions of their roofs following access to D-FRIF loans, 15% attributed total influence of the loan to the change, 76% a high influence, 9% a medium influence, and 0% no influence.

Walls: Of the clients that improved the conditions of their walls following access to D-

FRIF loans, 16% attributed total influence of the loan to the change, 76% a high influence, 5% a low influence, and 3% no influence.

In terms of the total sample of clients, the results of the incidental attribution of impacts reveal the trends described below (Chart 10.1):

Bedrooms (overcrowding): Eighteen percent of clients give D-FRIF loans total influence on the increase in the number of bedrooms of their house, 53% a high influence, 7% a medium influence, and 22% do not report changes in the indicator following access to the loan of the institution.

Separation of the kitchen: Eleven percent of clients give D-FRIF loans total influence on the separation of the kitchen and the bedrooms, 42% a high influence, 4% a medium influence, 2% no influence, and 41% do not report changes in the indicator following access to the loan of the institution.

Water: Seven percent of clients give D-FRIF loans total influence on the installation of potable water and sewage, 16% a high influence, 5% a medium influence, and 72% do not report changes in the indicator following access to the loan of the institution.

Electricity: Five percent of clients give D-FRIF loans total influence on the installation of electricity, 12% a high influence, 2% a medium influence, 1% a low influence, and 80% do not report changes in the indicator following access to the loan of the institution.

Chart 10.1 Housing Loans: Incidental Attribution of Impacts (percentages of the total sample)*							
Changes	Degree of Influence of D-FRIF Loans on the Change					No Change	Total
	Total	High	Medium	Low	Zero		
Bedrooms	18%	53%	7%	0%	0%	22%	100%
Separation of kitchen	11%	42%	4%	0%	2%	41%	100%
Potable water	7%	16%	5%	0%	0%	72%	100%
Electricity	5%	12%	2%	1%	0%	80%	100%
Gas	0%	3%	0%	0%	3%	94%	100%
Type of house	8%	8%	2%	0%	0%	82%	100%
Floors	8%	34%	5%	0%	0%	53%	100%
Roofs	7%	41%	4%	0%	0%	48%	100%
Walls	10%	38%	3%	0%	2%	47%	100%

Source: PROFIN Foundation

Natural gas: Three percent of clients give D-FRIF loans total influence on the installation of natural gas, 3% no influence, and 94% do not report changes in the indicator following access to the loan of the institution.

Type of house: Eight percent of clients give D-FRIF loans total influence on improvements in the type of house, 8% a high influence, 2% a medium influence, and 41% do not report changes in the indicator.

Floors: Eight percent of clients give D-FRIF loans total influence on improvements in the floors of their houses, 34% a high influence, 5% a medium influence, and 53% do not report changes in the indicator following access to the D-FRIF loan.

Roofs: Seven percent of clients give D-FRIF loans total influence on improvements in the conditions of the roofs of their houses, 41% a high influence, 4% a medium influence, and 48% do not report changes.

Walls: Ten percent of clients give D-FRIF loans total influence on improvements in the conditions of walls of their houses, 38% a high influence, 3% a medium influence, and 47% do not report changes in the indicator.

2.2.2.2 Correlational Attribution of Impacts

Increases in the amounts of D-FRIF loans are closely linked to the installation of basic services in the home. As well, increases in the number of

D-FRIF loans are closely linked to improvements in the type of house (Chart 11).

Correlation between Loans and Basic Services A correlation of 0.27* suggests that as the amount of the loans increases, so does the probability of access to basic services in the homes that did not have these services *ex ante* the loan, and that the loans have a weight of 27% out of 100% of the factors that explain the change, considering a statistical error of 5%.

Chart 11 Housing Loans: Correlational Attribution of Impacts			
Impact Indicators	Indicators of Exposure to the Loan Programme		
	Number of Loans	Amount of Loans	Clients Seniority
Construction and expansion	0.173	0.005	-0.044
Basic services	0.109	0.27*	0.096
Type of house	0.280*	-0.183	-0.101
Improvement and construction of houses	-0.059	-0.166	-0.118

** Significant Pearson linear correlation with an error of 1%

* Significant Pearson linear correlation with an error of 5%

Source: PROFIN Foundation

Correlation between Loans and the Type of House A correlation of 0.28* suggests that as the number of loans increases, so does the probability of improvements in the type of house, and that the loans have a weight of 28% out of 100% of the factors that explain this improvement, considering a statistical level of error of 5%.

2.2.2.3 Qualitative Deepening Attribution of Impacts

Qualitative deepening reveals that D-FRIF loans were the decisive financial factor for the improvements previously described in the conditions of houses. The clients did not report other financial or non-financial factors that had an effect on the improvements of the conditions of houses mentioned.

2.2.3 Degree of Impact

According to the criteria applied for determining the degree of impact, D-FRIF loans have a *high impact* on the reduction of overcrowding in homes, a *medium impact* on improvements in the conditions of walls and roofs, and on separation of the kitchen and the bedrooms, a *low impact* on access to potable water and improvements of the floors of houses, and a *moderate impact* on improvements in the type of house and access to electricity and residential natural gas (Chart 12).

Chart 12 Loans for Housing: Degrees of Impact (percentages of the total sample)			
Changes	Frequency of the Change	Influence of the Loan	Degree of Impact
Bedrooms	78%	78%	High
Separation of kitchen	59%	57%	Medium
Potable water	28%	28%	Low
Electricity	20%	20%	Moderate
Natural gas	6%	3%	Moderate
Type of house	18%	18%	Moderate
Floors	47%	47%	Low
Roofs	52%	52%	Medium
Walls	53%	53%	Medium

Source: PROFIN Foundation

High Degree Impact

Number of bedrooms (overcrowding): Seventy-eight percent of clients increased the number of bedrooms per member of the household in their homes following access to the D-FRIF loan, and 78% of clients (or 100% of the clients that

reported the change) linked the change to the loan.

Medium Degree Impacts

Condition of roofs: Fifty-two percent of clients improved the condition of roofs of their houses following access to the loan, and 52% of clients (or 100% of the clients that reported the change) linked the change to the loan provided by D-FRIF.

Condition of walls: Fifty-three percent of clients improved the condition of walls of their houses following access to the loan, and 52% of clients (or 100% of the clients that reported the change) linked the change to the loan provided by D-FRIF.

Separation of the kitchen: Fifty-nine percent of clients separated the kitchen from the bedrooms in their houses following access to the loan, and 57% of clients (or 97% of the clients that reported the change) linked the change to the loan provided by D-FRIF.

Low Degree Impacts

Condition of floors: Forty-seven percent of clients improved the condition of floors of their houses following access to the loan, and 47% of clients (or 100% of the clients that reported the change) linked the change to the loan provided by D-FRIF.

Water: Twenty-eight percent of clients had potable water and sewage installed following access to the loan, and 28% of clients (or 100% of the clients that reported the change) linked the change to the loan provided by D-FRIF.

Moderate Degree Impacts

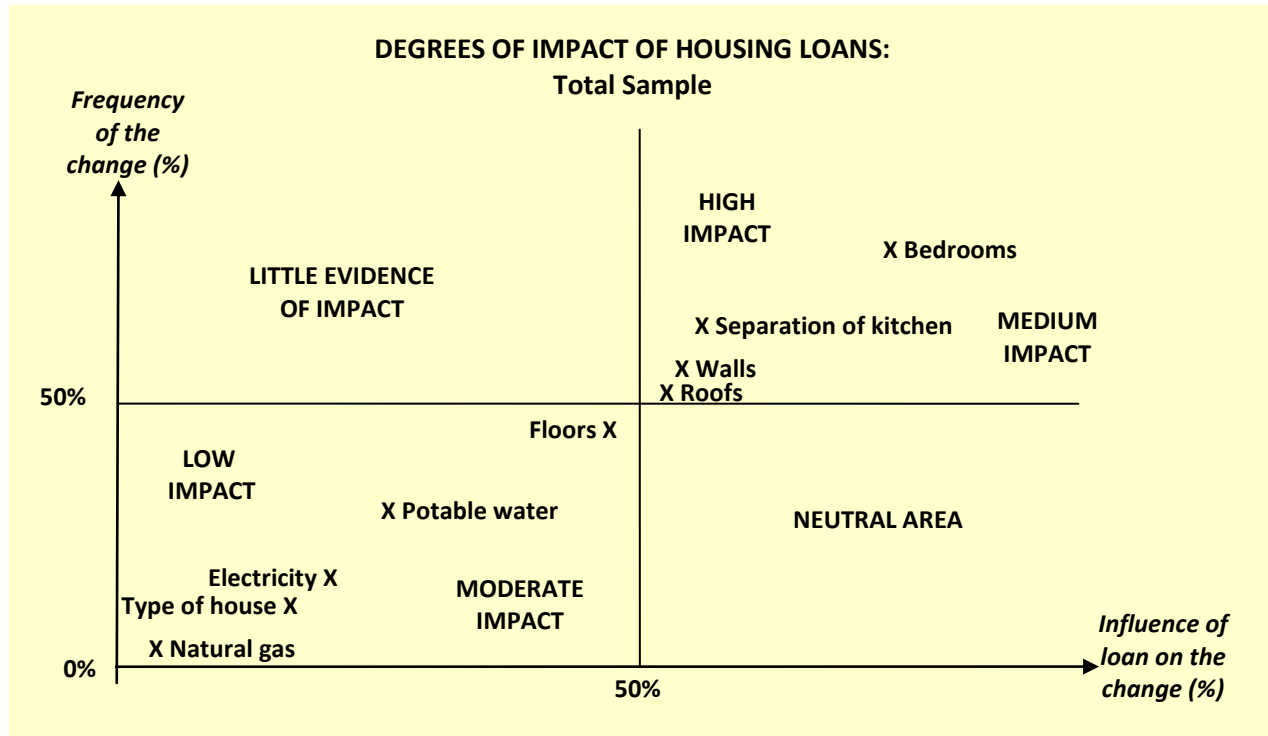
Natural gas: Six percent of clients had residential natural gas installed following access to the loan, and 3% of clients (or 50% of the clients that reported the change) linked the change to the loan provided by D-FRIF.

Type of house: Eighteen percent of clients improved the type of house following access to the loan, and 18% of clients (or 100% of the

clients that reported the change) linked the change to the loan provided by D-FRIF.

and 20% of clients (or 100% of the clients that reported the change) linked the change to the loan provided by D-FRIF.

Electricity: Twenty percent of clients had electricity installed following access to the loan,



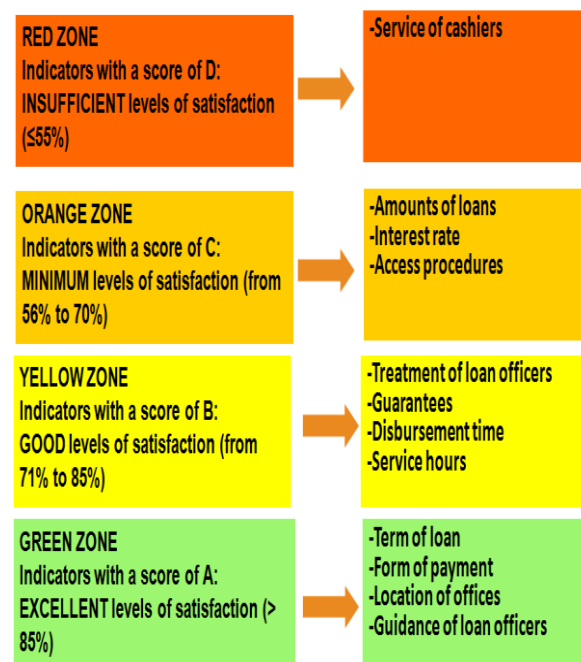
Source: PROFIN Foundation

2.3 Client Satisfaction

Housing Loans: Clients Satisfaction Levels

2.3.1 Levels of Satisfaction with D-FRIF Services

From the perspective of D-FRIF clients, there are *excellent levels of satisfaction* with the term and form of payment of loans, the guidance provided by loan officers, and the location of offices; *good levels of satisfaction* with the treatment given by loan officers, the disbursement time, and the guarantees; *minimum levels of satisfaction* with the amounts of loans, the interest rates, and the procedures for access to the loans; and *insufficient levels of satisfaction* regarding the service of cashiers (Charts 13 and 13.1).



Excellent Levels of Satisfaction

Term of payment: Eighty-eight percent of clients are satisfied, and 12% are dissatisfied. There is satisfaction when the term is in accordance with the payment capacity, and there is dissatisfaction when the term is considered too short.

Form of payment: Ninety-five percent of clients are satisfied, and 5% are dissatisfied. There is satisfaction when the frequency of payments is monthly, and there is dissatisfaction when the frequency of payments is higher.

Chart 13 Housing Loans: Levels of Client Satisfaction and Dissatisfaction			
Indicators	Satisfied Clients	Dissatisfied Clients	Indicator Score
Guarantees required	77%	23%	Good
Procedures for access	70%	30%	Minimum
Disbursement time	77%	23%	Good
Amounts of loans	65%	35%	Minimum
Term of payment	88%	12%	Excellent
Form of payment	95%	5%	Excellent
Interest rate	59%	41%	Minimum
Treatment of loan officers	83%	17%	Good
Guidance of loan officers	90%	10%	Excellent
Service hours	83%	17%	Good
Location of offices	88%	12%	Excellent
Service of cashiers	55%	45%	Insufficient

Source: PROFIN Foundation

Location of offices: Eighty-eight percent of clients are satisfied, and 12% are dissatisfied. There is satisfaction when it is considered that the offices are found in adequate locations, and there is dissatisfaction when it is considered that the number of offices is small.

Guidance of loan officers: Ninety percent of clients are satisfied, and 10% are dissatisfied. There is satisfaction because the loan officers provide a detailed explanation and because

there is a short explanation course when the first loan is applied for, and there is dissatisfaction when the loan officers no longer guide the clients.

Chart 13.1 Housing Loans: Causes of Client Satisfaction and Dissatisfaction		
Indicators	Reasons for Satisfaction	Reasons for Dissatisfaction
Guarantees required	Accessible; only the documents of the house are requested	Too demanding; too much is requested for small amounts
Access procedures	Quick, accessible, and with no cost	Bureaucracy in procedures
Disbursement time	Does not take more than 2 days	Bureaucracy
Amounts of loans	Access to the amount requested	Amount less than the amount requested
Term of payment	Convenient terms that are in accordance to the payment capacity	Terms that are too short
Form of payment	The form of payment is monthly	Monthly payments are too short
Interest rate	Interest rate that is accessible and less than at other institutions	Interest rate too high
Treatment of loan officers	Kind, cooperate, and give good service	Frequent changes
Guidance of loan officers	Good, detailed, and clear explanations at a short course at the beginning of the loan	They no longer explain
Service hours	The service hours are comfortable and there is extended; service in the morning as well as in the afternoon	That there be service at noon; that there be service on Saturdays
Locations of offices	They are well-located, central location; there are no problems	It is suggested that the number of offices be increased
Service of cashiers	Service is immediate; there are no queues	There should be more cashiers; there are sometimes queues

Source: PROFIN Foundation

Good Levels of Satisfaction

Treatment of loan officers: Eighty-three percent of clients are satisfied, and 17% are dissatisfied. There is satisfaction when the loan officers are kind and cooperate with the clients, and there is dissatisfaction when there are frequent changes of the loan officer assigned to the client.

Service hours: Eighty-three percent of clients are satisfied, and 17% are dissatisfied. There is satisfaction when the service hours are accessible and there is service until late in the day, and there is dissatisfaction when there is no service at noon.

Guarantees required: Seventy-seven percent of clients are satisfied, and 23% are dissatisfied. Regarding D-FRIF, there is satisfaction when the guarantees are accessible, and there is dissatisfaction when the requisites are too demanding.

Disbursement time: Seventy-seven percent of clients are satisfied, and 23% are dissatisfied. Regarding D-FRIF, there is satisfaction when the disbursement does not take more than two days, and there is dissatisfaction when the disbursement takes more than one week.

Minimum Levels of Satisfaction

Procedures for access to the loan: Seventy percent of clients are satisfied, and 30% are dissatisfied. Regarding D-FRIF, there is satisfaction when the procedure is quick, and there is dissatisfaction when the procedure is slow.

Amounts of loans: Sixty-five percent of clients are satisfied, and 35% are dissatisfied. Regarding D-FRIF, there is satisfaction when the amount disbursed is the amount requested, and there is dissatisfaction when the amount is less.

Interest rate: Fifty-nine percent of clients are satisfied, and 41% are dissatisfied. Regarding D-FRIF, there is satisfaction when the interest rate is accessible and low compared to other financial institutions, and there is dissatisfaction when the interest rate is higher.

Insufficient Level of Satisfaction

Service of cashiers: Fifty-five percent of clients are satisfied, and 45% are dissatisfied. There is satisfaction when service is immediate and there are no queues, and there is dissatisfaction when it is perceived that there should be more cashiers, since there are sometimes queues.

2.3.2 D-FRIF Comparative Advantages and Disadvantages

From the perspective of clients, a comparison of D-FRIF with competing MFIs reveals *comparative advantages of D-FRIF* in the guidance of loan officers at the moment of the disbursement, the location of offices, the term, the interest rate, and the procedures for access to loans; *comparative disadvantages of D-FRIF* regarding the amounts of loans and the service of cashiers; and *conditions that are similar* to those of the competition regarding the treatment of loan officers, the guarantees, the payment form, and the service hours (Charts 14 and 14.1).

Housing Loans: Comparative Advantages and Disadvantages

D-FRIF score	A+	A	A-	B+	B	B-	C+	C	C-	D+	D	D-
Competing MFIs score												
A+	Similar conditions: form of payment			Low comparative disadvantage			Medium comparative disadvantage: amounts of loans			High comparative disadvantage		
A												
A-												
B+	Low comparative advantage: term of payment			Similar conditions: guarantees, hours, and treatment of loan officers			Low comparative disadvantage			Medium comparative disadvantage		
B												
B-												
C+	Medium comparative advantage: location of offices			Low comparative advantage: service of cashiers			Similar conditions			Low comparative disadvantage: service of cashiers		
C												
C-												
D+	High comparative advantage: guidance of advisors			Low comparative advantage: quickness of disbursements			Low comparative advantage: interest rate and access procedures			Similar conditions		
D												
D-												

High Degree Comparative Advantage

Guidance of loan officers: D-FRIF scores excellent levels of satisfaction (A-), and the competing MFIs score insufficient levels of satisfaction (D+). There is dissatisfaction with the competition when the loan officers do not provide clients with clear explanations.

Chart 14 Housing Loans: Client Satisfaction Indicator Scores (% of the effective sample)			
Indicator	D-FRIF Score	Other MFIs Score	Comparative Situation
Guarantees required	B	B	Similar conditions
Access procedures	C+	D-	Low comparative advantage
Disbursement time	B	D	Medium comparative advantage
Amounts of loans	C	A	Medium comparative disadvantage
Form of payment	A-	A	Similar conditions (trends towards a disadvantage)
Term of payment	A	B+	Low comparative advantage
Interest rate	C-	D-	Low comparative advantage
Treatment of loan officers	B+	B	Similar conditions (trends towards an advantage)
Guidance of loan officers	A-	D+	High comparative advantage
Service hours	B+	B-	Similar conditions (trends towards an advantage)
Location of offices	A-	C+	Medium comparative advantage
Service of cashiers	D+	C+	Low comparative disadvantage

Source: PROFIN Foundation

Medium Degree Comparative Advantages

Disbursement time: D-FRIF scores good levels of satisfaction (B), and the competing MFIs score insufficient levels of satisfaction (D). There is less satisfaction with the competition when the disbursement time is longer than at D-FRIF.

Location of offices: D-FRIF scores excellent levels of satisfaction (A-), and the competing MFIs score minimum levels of satisfaction (C+). There is less satisfaction with the competition when they do not have many offices.

Chart 14.1 Housing Loans: Reasons for Satisfaction and Dissatisfaction with Competing Microfinance Institutions		
Indicator	Reasons for Satisfaction	Reasons for Dissatisfaction
Guarantees required	BancoSol, FIE, PRODEM: only documents of the house	PRODEM: requires original documents
Access procedures	PRODEM: quick if one is a long-standing client	PRODEM, FIE: They verify the client, which causes a delay in the procedure.
Disbursement time	PRODEM: It does not take more than two days.	BancoSol, FIE: takes more than one week
Amounts of loans	Los Andes: Higher amounts are provided.	Pro Mujer: lower amounts
Form of payment	FIE, PRODEM, Los Andes: monthly payments	Pro Mujer: bi-weekly payments
Term of payment	PRODEM: longer term	Pro Mujer: shorter term
Interest rate	BancoSol, Los Andes, PRODEM: lower interest rates	Eco Futuro, IE: high interest rates
Treatment of loan officers	BancoSol, Los Andes, PRODEM: kinder	FIE: rude treatment on the part of loan officers
Guidance of loan officers	BancoSol, Los Andes, PRODEM: constantly provide guidance	FIE: The explanations of the loan officers are not clear.
Service hours	BancoSol, Los Andes, PRODEM: continuous hours	FIE: no service after 5:00 p.m.
Location of offices	BancoSol, Los Andes, and PRODEM: offices at central locations	Los Andes: should have more offices
Service of cashiers	BancoSol, Los Andes, and PRODEM: several cashiers and service is quicker	PRODEM: sometimes long queues

Source: PROFIN Foundation

Low Degree Comparative Advantages

Term of payment: D-FRIF scores excellent levels of satisfaction (A), and the competing MFIs score good levels of satisfaction (B+). There is satisfaction when the payments are monthly.

Interest rate: D-FRIF scores minimum levels of satisfaction (C-), and the competing MFIs score insufficient levels of satisfaction (D-). There is satisfaction with the competition when the interest rate is lower.

Procedures for access to loans: D-FRIF scores minimum levels of satisfaction (C+), and the competing MFIs score insufficient levels of satisfaction (D-). There is dissatisfaction with the competition when verifications are done of client information and delays are caused.

Medium Degree Comparative Disadvantage

Amounts of loans: D-FRIF scores minimum levels of satisfaction (C), and the competing MFIs score excellent levels of satisfaction (A). There is satisfaction with the competition when it provides higher amounts and dissatisfaction when it provides lower amounts.

Low Degree Comparative Disadvantage

Service of cashiers: D-FRIF scores insufficient levels of satisfaction (D+), and the competing MFIs score minimum levels of satisfaction (C+). There is satisfaction with the competition when there are several cashiers and the service is quick, and there is dissatisfaction when the queues are long.

Conditions Similar to those of the Competition:

Treatment of loan officers: Both D-FRIF and competing MFIs score good levels of satisfaction with an inclination towards a comparative advantage for D-FRIF (B+ versus B). There is satisfaction with the competition when they are kind, and there is dissatisfaction when they do not treat clients with respect.

Service hours: Both D-FRIF and competing MFIs score good levels of satisfaction with an inclination towards a comparative advantage for

D-FRIF (B+ versus B-). There is satisfaction with the competition when the hours are continuous, and there is dissatisfaction when this is not the case.

Guarantees: Both D-FRIF and competing MFIs score good (B) levels of satisfaction. There is dissatisfaction with the competition when they request original documents.

Form of payment: Both D-FRIF and competing MFIs score excellent levels of satisfaction with an inclination towards a comparative disadvantage for D-FRIF (A- versus A). There is satisfaction with the competition when the term is longer than at D-FRIF, and there is dissatisfaction when term is shorter.

2.4. Access, Use, and Payment of Loans

Sources of information: Active and former clients are most frequently the primary source of information on the loans provided by the institution, according to information provided by 72% percent of clients. Other less frequent sources are the information provided by D-FRIF personnel and oral and/or written publicity for 13% of clients in each case, and references from Christian institutions for 2% of clients (Chart 15).

Chart 15 Housing Loans: Primary Source of Information on Loans	
D-FRIF borrowers	72%
D-FRIF personnel	13%
D-FRIF publicity	13%
References from Christian institutions	2%
Total	100%

Source: PROFIN Foundation

Factors that determine applying for loans: The possibility of improving housing conditions is the main factor that determines the decision to apply for a first D-FRIF loan. Seventy-four percent of clients applied for their first loan motivated by this factor, 19% requested the loans due to the expectation of improving the well-being of their homes, and 7% applied for loans due to the perception of advantageous

conditions in loans provided by D-FRIF (Chart 16).

Chart 16 Housing Loans: Factors that Determine Applying for First Loans	
Improving housing conditions	74%
The possibility of improving well-being	19%
Advantageous loan conditions	7%
Total	100%

Source: PROFIN Foundation

Uses of loans: The most frequent uses of loans are the expansion and improvement of houses. Sixty-seven percent of clients employed their loans in expanding their houses, 59% in improving their houses, and 29% in the purchase of a house or lot. Only 10% of clients also used their loans to finance the purchase of goods for their home (Chart 17).

Chart 17 Housing Loans: Uses of Loans			
	Yes	No	Total
Purchase of house or lot	29%	71%	100%
Improvement of house	59%	41%	100%
Expansion of house	67%	33%	100%
Purchase of goods for the home	10%	90%	100%

Source: PROFIN Foundation

Loans Instalments financing: The financing of loans instalments most frequently comes from the incomes generated by the borrowers. Seventy-seven percent of clients stated having financed their D-FRIF loan instalments with income from independent economic activities, 52% with income from work as dependent employees, and 3% from other income. The financing of instalments through other loans was not reported (Chart 18).

Chart 18 Housing Loans: Financing of Loan Instalments			
	Yes	No	Total
Income from borrowers	77%	23%	100%
Income from dependent work	52%	48%	100%
Loans	0%	100%	100%
Other income and rent collected	5%	95%	100%

Source: PROFIN Foundation

Problems in paying loans: The reporting of the existence of problems in paying loans is not the case of the majority. One in ten borrowers faced

problems in paying loans. In half the cases the problems were solved in agreement with the institution, through reprogramming of loans. In the remaining cases, the solutions were more radical and involved an increase in the hours worked by the client and the use of other loans for paying the D-FRIF loan (Chart 19).

Chart 19 Housing Loans: Problems in Paying Loans and Solutions	
There were no problems in paying	92%
There were problems in paying	8%
Problem solved through reprogramming	4%
Problem solved with other loans	2%
Problem solved through working more	2%
Total	100%

Source: PROFIN Foundation

Loans from other financial institutions: According to the results found, forty-five percent of borrowers of housing loans that belong to the segment of long-standing D-FRIF clients (that received on average six D-FRIF loans) are also borrowers of other financial institutions. Most shared clients (40%) have loans with other regulated financial institutions; nevertheless, there is also a considerable portion of shared clients (17%) that also have loans with MFIs specialized in the methodology of village banking. In terms of the total amount of indebtedness, the average share of D-FRIF loans is 36%, while the amount owed to other financial institutions has a share of 64%. All of this information was obtained based on INFOCRED data (Chart 20).

Chart 20 Housing Loans: Clients with Loans from Other Financial Institutions			
	Yes	No	Total
Clients shared	45%	55%	100%
with regulated MFIs	40%		
with village banking MFIs	17%		
with other non-regulated MFIs	2%		
Averages of Shared Clients (amounts expressed in US\$)			
Number of D-FRIF loans			6
Amounts of loans in effect with D-FRIF			1,583
Amounts of loans in effect with other institutions			7,147
Total amounts of loans with financial institutions			8,731
Share of D-FRIF loans			36%
Share of loans from other MFIs			64%

Source: INFOCRED

CHAPTER 3: LOANS FOR MICROCREDIT ASSOCIATIONS

3.1 Sample Considered

The results presented in this section consider as their primary source of information a random sample of 60 women borrowers of loans for microcredit associations that participated in 12 or more loan cycles. The 'universe' considered for determining the sample is made up of the two most representative offices in the financing of this type of loan: the Cascada Office and the Huayna Potosí Office. The sample is 5% of the universe considered (Chart 1).

Chart 1 Loans for Microcredit Associations: Distribution and Representativity of the Sample	
Cascada Office	30
Huayna Potosí Office	30
Total sample	60
Universe: women members of associations served by the offices that have received 12 or more loans	1,109
Representativity of the sample within the universe	5%

Source: PROFIN Foundation

SAMPLE INDICATORS OF EXPOSURE TO THE D-FRIF LOAN PROGRAMME (Chart 2):

Average seniority of clients: Five years, considering 2003 as the average year of access to the first loan

Average number of loan cycles: 14 cycles

Average amount of D-FRIF loan: 3,100 bolivianos per member for the loan of the highest amount, and 670 bolivianos for the loan of the lowest amount

Average amount of internal loans: 1,600 bolivianos per member for the loan of the highest amount, and 400 bolivianos for the loan of the lowest amount

Chart 2 Loans for Microcredit Associations: Indicators of Exposure to D-FRIF Loans (expressed in averages)	
Year of access to the loan	2003
Number of loan cycles	14
Highest amount of D-FRIF loan	Bs. 3,100 (US\$ 443)
Lowest amount of D-FRIF loan	Bs. 670 (US\$ 96)
Highest amount of internal loan	Bs. 1,600 (US\$ 229)
Lowest amount of internal loan	Bs. 400 (US\$ 57)
Highest amount of savings	Bs. 1,100 (US\$ 157)
Highest amount of internal earnings	Bs. 300 (US\$ 43)

Exchange rate: 7 bolivianos per dollar

Source: PROFIN Foundation

Average amount of savings at village bank: 1,100 bolivianos per member for the highest amount of savings

Average amount of earnings of the internal village banking account: 300 bolivianos per member for the earnings of the highest amount

SAMPLE INDICATORS OF LONG-STANDING CLIENT PROFILES (Chart 3):

Average age: 43 years

Maximum level of education: Most women clients (70%) did not finish school.

Civil status: Most women clients (80%) are married.

Average size of the home: five members, with an average of two members under 18 years of age

Language: Most women clients (73%) consider Spanish as their main language.

Sector of the main economic activity: Commerce is the most frequent work sector of the women clients (51%), followed by the productive sector (32%).

Chart 3 Loans for Microcredit Associations: Profiles of Long-standing Clients		
Highest level of education	Did not go to school	8%
	School not finished	70%
	Secondary school graduates	22%
	Post-secondary studies	0%
	Total	100%
Civil status	Married persons	80%
	Single persons	7%
	Divorced or widowed persons	13%
	Total	100%
Main language	Aymara	27%
	Spanish	73%
	Total	100%
Sector of main economic activity	Commerce	51%
	Services	17%
	Production	32%
	Total	100%
Averages	Age (years)	43
	Size of the household (members)	5
	Children under 18 years of age (members)	2

Source: PROFIN Foundation

3.2 Impact of Loans

3.2.1 Changes between *Ex Ante* and *Ex Post* the Loan

CHANGES IN CAPITAL, INVESTMENT, EMPLOYMENT, AND INCOME: Working capital, investment in fixed assets, employment of manual labour, and income from economic activities financed increased following access to the loan (Charts 4 and 5).

Working capital (liquid funds needed for the operation of the economic activity, and inventories of products for sale and/or inventories of inputs for production): One hundred percent of women clients increased the working capital of the economic activities financed following access to the loan. The average amount of capital increased 155%

between the periods *ex ante* and *ex post* the loan.

Investment in fixed assets (fixed assets employed in the operation of the economic activity, such as work tools, machinery, equipment, vehicles, real estate, electric instruments, etc.): Sixty-eight percent of women clients increased their investments in fixed assets following access to the loan. The average amount of investments increased 163% between the periods *ex ante* and *ex post* the loan.

Chart 4 Loans for Microcredit Associations: Changes in Indicators of Economic Activities Financed Following Access to the D-FRIF Loan			
	Yes	No	Total
Increase in capital	100%	0%	100%
Increase in investment	68%	32%	100%
Increase in employment	37%	63%	100%
Increase in sales	93%	7%	100%
Increase in profits	93%	7%	100%

Source: PROFIN Foundation

Chart 5 Loans for Microcredit Associations: Rates of Change in Indicators of Economic Activities Financed			
	Average Value <i>Ex Ante</i> the Loan	Average Value <i>Ex Post</i> the Loan	Δ%
Working capital	Bs. 3,800 (US\$ 543)	Bs. 9,700 (US\$ 1,386)	155%
Investment in assets	Bs. 2,400 (US\$ 343)	Bs. 6,300 (US\$ 900)	163%
Employment			
Total	2	3	50%
Family	2	2	0%
External	0	1	100%
Fixed	2	2	0%
Temporary	0	1	100%
Annual sales	Bs. 40,500 (US\$ 5,785)	Bs. 73,100 (US\$ 10,443)	80%
Annual profits	Bs. 13,400 (US\$ 1,914)	Bs. 25,300 (US\$ 3,614)	89%

Exchange rate: 7 bolivianos per dollar

Δ% = rate of growth = (*ex post* value minus *ex ante* value divided by *ex ante* value)

Source: PROFIN Foundation

Income: Ninety-three percent of women clients increased their income from sales and profits following access to the D-FRIF loan. The average amount of income from sales and profits had an

increase of 80% and 89% respectively between the periods *ex ante* and *ex post* the loan.

Employment: Thirty-seven percent of women clients increased the manual labour employed in the economic activities financed following access to the D-FRIF loan. The average total number of workers increased from two persons *ex ante* the loan to three persons *ex post*. This change was mainly affected by the rates of growth of external (non-family) manual labour and temporary manual labour.

CHANGE IN THE TYPE OF PLACE OF COMMERCE

Sales realized in fixed locations increased following access to the D-FRIF loan, and ambulatory sales decreased (Chart 6).

Chart 6 Loans for Microcredit Associations: Type of Place of Commerce of the Economic Activities Financed			
	Ex Ante the Loan	Ex Post the Loan	Difference
Sales in stores or fixed posts	78%	90%	12%
Ambulatory sales	22%	10%	-12%
Total	100%	100%	0%

Source: PROFIN Foundation

Sales at fixed posts: Sales at stores, commercial locations, and fixed posts increased from 78% of clients *ex ante* the loan to 90% of clients *ex post*.

Ambulatory sales: Ambulatory sales decreased from 22% of clients *ex ante* the loan to 10% of clients *ex post*.

In general terms, 12% of women clients improved the type of place of commerce of the economic activities financed following access to the D-FRIF loan.

CHANGES IN THE NUTRITION OF THE HOUSEHOLD:

Access to complete and sufficient food in a permanent manner increased following access to the D-FRIF loan, and less frequent access went down (Chart 7).

Permanent access: Access to complete and sufficient food “always” increased from 62% of clients *ex ante* the loan to 73% of clients *ex post*.

Almost permanent access: Access to complete and sufficient food “almost always” increased from 15% of clients *ex ante* the loan to 25% of clients *ex post*.

Chart 7 Loans for Microcredit Associations: Access to Complete and Sufficient Food			
	Ex Ante the Loan	Ex Post the Loan	Difference
Always	62%	73%	11%
Almost always	15%	25%	10%
Sometimes	22%	2%	-20%
Almost never	1%	0%	-1%
Total	100%	100%	0%

Source: PROFIN Foundation

Non-permanent access: Access to complete and sufficient food “sometimes” or “almost never” decreased from 23% of clients *ex ante* the loan to 2% of clients *ex post*.

In general terms, 21% of women clients improved the access of their households to complete and sufficient food following access to the D-FRIF loan.

CHANGE IN EDUCATION OF THE HOUSEHOLD:

Presence at private schools and/or professional education institutions increased following access to the D-FRIF loan, and presence at public educational institutions decreased (Chart 8).

Chart 8 Loans for Microcredit Associations: Most Frequent Type of Education in the Household (% of the effective sample)			
	Ex Ante the Loan	Ex Post the Loan	Difference
Private education	13%	17%	4%
Public education	87%	83%	-4%
Total	100%	100%	0%

* The effective sample considers only clients with households with members that go to school and/or are enrolled in professional educational institutions.

Source: PROFIN Foundation

Private education: Presence at private schools and/or professional education institutions increased from 13% *ex ante* the loan to 17% *ex post*.

Public education: Presence at public schools and/or professional education institutions decreased from 87% *ex ante* the loan to 83% *ex post*.

In general terms, 4% of women clients improved the type of education of their households, with a change from public to private education following access to the D-FRIF loan.

CHANGES IN THE PARTICIPATION OF WOMEN IN DECISION-MAKING IN THE HOME: The participation of women clients in decisions regarding the use of income generated in the household increased following access to the D-FRIF loan (Chart 9).

Participation of women equal to that of men increased from 55% of women clients *ex ante* the loan to 60% *ex post*.

Chart 9 Loans for Microcredit Associations: Participation of Women in Decisions Regarding the Use of Household Income			
	Ex Ante the Loan	Ex Post the Loan	Difference
Less than men	7%	2%	-5%
The same as men	55%	60%	5%
More than men	38%	38%	0%
Total	100%	100%	0%

Source: PROFIN Foundation

Participation of women less than that of men went down from 7% of women clients *ex ante* the loan to 2% *ex post*.

In general terms, 5% of women clients went from less participation than that of men in the decisions of the household to a participation equal to that of men following access to the D-FRIF loan.

3.2.2 Attribution of Impacts

In what follows we present the findings of the techniques applied for determining whether the changes identified were affected by the D-FRIF loan. It is worth mentioning that in the case of loans for microcredit associations, when we refer to the incidence of the D-FRIF loan we also consider the effects of **other sources of financing from the village banking methodology, such as: internal loans, savings at village banks, and the earnings of internal accounts.**

3.2.2.1 Incidental Attribution of Impacts

The women clients that reported the changes observed consider that D-FRIF loans have had, with greater frequency, a high degree of influence on the changes. In what follows we present the perceptions identified in the effective sample; that is, the sample that only considers the women clients that reported changes in the indicator evaluated, excluding women clients that did not report the changes (Chart 10).

Capital: Of the women clients that reported an increase in the working capital of the economic activities financed following access to the D-FRIF loan, 35% consider that the loan had total influence on the change, 52% a high influence, 13% a medium influence, and 0% no influence.

Investment: Of the women clients that reported an increase in investment in fixed assets employed in the economic activities financed following access to the D-FRIF loan, 41% consider that the loan had total influence on the change, 44% a high influence, 15% a medium influence, and 0% no influence.

Employment: Of the women clients that reported an increase in the manual labour employed in the economic activities financed following access to the D-FRIF loan, 27% consider that the loan had total influence on the

change, 50% a medium or low influence, and 0% no influence.

Income: Of the women clients that increased the incomes from the economic activities financed

following access to the D-FRIF loan, 37% consider that the loan had total influence on the change, 44% a high influence, 9% a medium influence, and 0% no influence.

Chart 10 Loans for Microcredit Associations: Incidental Attribution of Impacts (percentages of the effective sample)*						
Changes	Degree of Influence of D-FRIF Loans on the Changes					Total
	Total Degree	High Degree	Medium Degree	Low Degree	No Degree	
Capital	35%	52%	13%	0%	0%	100%
Investment	41%	44%	15%	0%	0%	100%
Employment	27%	50%	18%	5%	0%	100%
Income	37%	54%	9%	0%	0%	100%
Place of commerce	25%	44%	19%	12%	0%	100%
Food	13%	87%	0%	0%	0%	100%
Education	0%	100%	0%	0%	0%	100%
Participation	33%	67%	0%	0%	0%	100%

Source: PROFIN Foundation

Place of commerce: Of the women clients that reported improvements in the type of place of commerce of the economic activities financed following access to the D-FRIF loan, 28% consider that the loan had total influence on the change, 44% a high influence, 19% a medium influence, 12% a low influence, and 0% no influence.

Food: Of the women clients that reported improvements in the nutrition of their household following access to the D-FRIF loan, 13% consider that the loan had total influence on the change, 87% a high influence, and 0% no influence.

Education: Of the women clients that reported improvements in school and/or professional education of the members of their households following access to the D-FRIF loan, 100% consider that the loan had total influence on the change, and 0% no influence.

Participation: Of the women clients that reported greater participation in the decisions of their households following access to the D-FRIF loan, 33% consider that the loan had total influence on the change, 67% a high influence, and 0% no influence.

In terms of the total sample, the results of the incidental attribution of impacts show the trends described below (Chart 11):

Capital: Thirty-five percent of women clients give the D-FRIF loan total influence on the increase in the amount of working capital of the economic activities financed, 52% a high influence, and 13% a medium influence.

Investment: Twenty-eight percent of women clients give the D-FRIF loan total influence on the increase in investment in fixed assets employed in the economic activities financed, 30% a high influence, 10% a medium influence, and 32% do not report changes in investment following access to the loan.

Employment: Ten percent of women clients give the D-FRIF loan total influence on the increase in the manual labour employed in the economic activities financed, 18% a high influence, 7% a medium influence, 2% a low influence, and 63% do not report changes in employment following access to the loan.

Income: Thirty-four percent of women clients give the D-FRIF loan total influence on the increase in income from the economic activities financed, 50% a high influence, 9% a medium

influence, and 7% do not report changes in income following access to the loan.

Type of place of commerce: Three percent of women clients give the D-FRIF loan total influence on the improvement of the type of place of commerce of the economic activities financed, 5% a high influence, 2% a medium influence, 2% a low influence, and 79% do not report changes in the type of place of commerce following access to the loan.

Education: Four percent of women clients give the D-FRIF loan a high influence on improvements in school and/or professional education of members of their households, and

96% do not report changes in education following access to the loan.

Food: Three percent of women clients give the D-FRIF loan total influence on the improvement in the nutrition of their households, 18% a high influence, and 79% do not report changes in nutrition following access to the loan.

Participation: Two percent of women clients give the D-FRIF loan total influence on greater participation in decisions regarding the use of income of the household, 3% a high influence, and 96% do not report changes in education following access to the loan.

Chart 11 Individual Loans for Economic Activities: Incidental Attribution of Impacts (percentages of the total sample)*							
Changes	Degree of Influence of D-FRIF Loans on the Changes					No Change	Total
	Total Degree	High Degree	Medium Degree	Low Degree	No Degree		
Capital	18%	64%	9%	0%	0%	9%	100%
Investment	20%	51%	3%	0%	0%	26%	100%
Employment	13%	24%	2%	1%	1%	59%	100%
Income	23%	65%	2%	1%	0%	9%	100%
Place of commerce	2%	5%	1%	0%	1%	91%	100%
Food	5%	15%	1%	1%	0%	88%	100%
Education	1%	5%	0%	0%	0%	94%	100%
Participation	2%	3%	0%	0%	0%	95%	100%

The total sample includes 100% of the clients of the sample.
Source: PROFIN Foundation

3.2.2.2 Correlational Attribution of Impacts

Verification was done of statistically significant relationships between increases in the amounts of loans and the growth of income from sales, and between increases in the amounts of loans and growth of the levels of employment in the economic activities financed (Chart 12).

Correlation between Loans and Employment
Correlations of 0.281* and 0.292 suggest that as the amount of D-FRIF loans and internal loans increases, so does the probability of increases in the amount of employment, and that these loans have a weight of 28% and 29%

respectively, on 100% of the factors that explain the change, considering a level of error of 5%.

Chart 12 Loans for Microcredit Associations: Correlational Attribution of Impacts				
Correlation between:	Indicators of Exposure to the Loan Programme			
Impact Indicators	Amount of D-FRIF Loan	Amount of Internal Loan	Loan Cycles	Amount of Savings
Capital	0.191	0.145	-0.035	0.119
Investment	0.074	0.113	-0.167	0.042
Employment	0.281*	0.292*	-0.070	-0.028
Income	0.269*	0.131	-0.132	0.013

** Significant linear Pearson correlation, with 1% of error
* Significant linear Pearson correlation, with 5% of error
Source: PROFIN Foundation

Correlation between Loans and Income: A correlation of 0.269* suggests that as the amount of D-FRIF loans increases, so does the probability of increases in the amount of sales, and that the loan has a weight of close to 27% of 100% of the factors that explain the change, considering a level of error of 5%.

3.2.2.3 Qualitative Deepening Attribution of Impacts

Qualitative deepening identifies the factors that follow that had a main effect on the changes observed in clients.

Financial factors: D-FRIF loans and other sources of financing of the village banking methodology were decisive financial factors on the changes observed in the economic activities, although there has also been the undeniable influence of other loans. The improvements in economic activities have had an effect on improvements in household income, and the subsequent change in the well-being of the family.

Market factors: The increase in demand, the increase in sales prices, and the growth of the number of clients and of business opportunities are factors other than the loan that have also generated an increase in the incomes of the economic activities of clients.

Productive factors: The diversification of economic activities, the increase in production and the increase in productivity also affect the increase in income and employment. The latter indicator is also affected by the entering of members of the family into the labour force of the economic unit.

As well, qualitative deepening allowed observing the following unexpected impacts perceived by women clients:

Unexpected positive impacts: Access to loans generates greater economic independence of women, and greater participation of women in different decisions within the family.

3.2.3 Degree of Impact

The criteria applied for determining the degree of impact suggest that D-FRIF loans have a *high impact* on working capital and income of the economic activities; a *medium impact* on investment; a *low impact* on employment; and a *moderate impact* on the type of place of commerce, food and education of the household, and the participation of women in the decisions of the home (Chart 13).

High Degree Impacts

Capital: One-hundred percent of women clients increased their working capital following access to the loan, and 100% of women clients link the change to the loan.

Income: Ninety-three percent of women clients increased their income following access to the loan, and 93% of women clients link the change to the loan (or 100% of the women clients that reported the change).

Chart 13 Loans for Microcredit Associations: Degrees of Impact (percentages of the total sample)			
Changes	Frequency of Change	Influence of the Loan	Degree of Impact
Capital	100%	100%	High
Investment	68%	68%	Medium
Employment	37%	37%	Low
Income	93%	93%	High
Place of commerce	12%	12%	Moderate
Food	21%	21%	Moderate
Education	4%	4%	Moderate
Participation	5%	5%	Moderate

Source: PROFIN Foundation

Medium Degree Impact

Investment: Sixty-eight percent of women clients increased investment in fixed assets following access to the loan, and 68% of women clients linked the change to the loan (or 100% of the women clients that reported the change).

Low Degree Impact

Employment: Thirty-seven percent of women clients increased the number of workers following access to the loan, and 37% of women clients linked the change to the loan (or 100% of the women clients that reported the change).

Moderate Degree Impacts

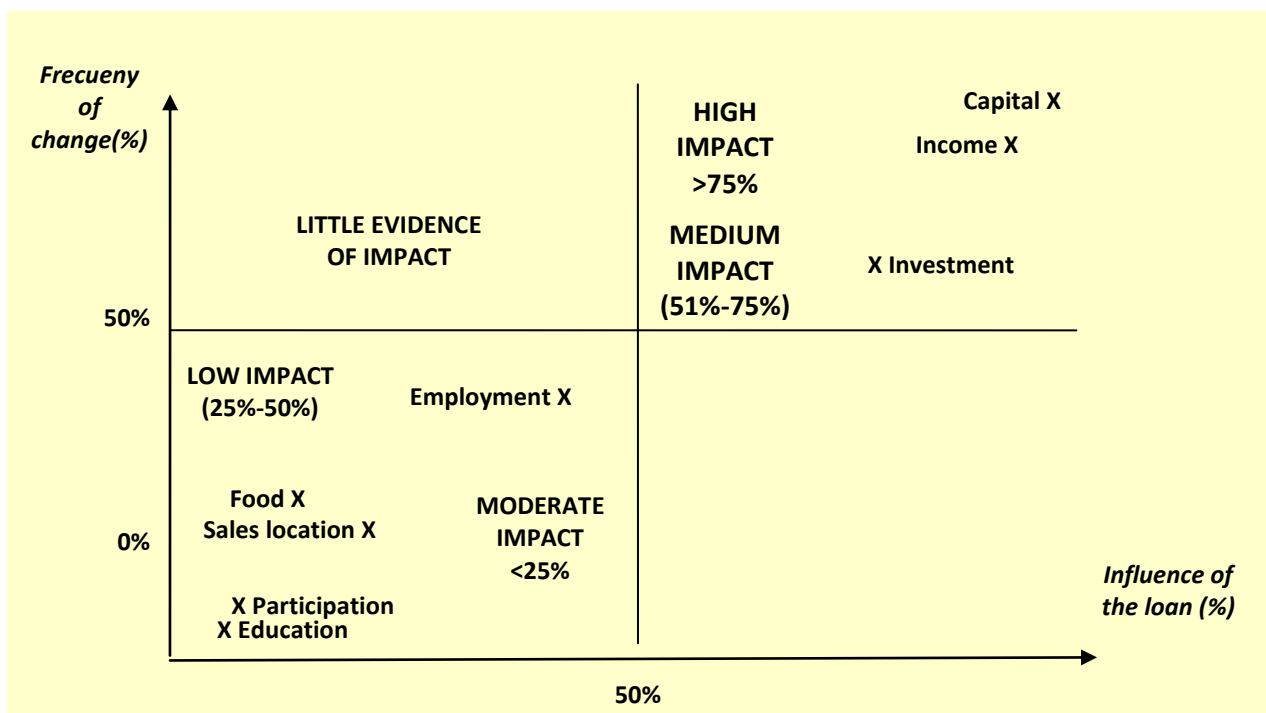
Food: Twenty-one percent of women clients improved the nutrition of the members of their households following access to the loan, and 21% of women clients linked the change to the loan (or 100% of the women clients that reported the change).

Place of commerce: Twelve percent of women clients improved their type of place of

commerce following access to the loan, and 12% of women clients linked the change to the loan (or 100% of the women clients that reported the change).

Education: Four percent of women clients reported improvements in the education of the members of their household following access to the loan, and 4% of women clients linked the change to the loan (or 100% of the women clients that reported the change).

Participation of women: Five percent of women clients reported greater participation in decisions of the use of family income following access to the loan, and 5% of women clients linked the change to the loan (or 100% of the women clients that reported the change).



3.3 Client Satisfaction

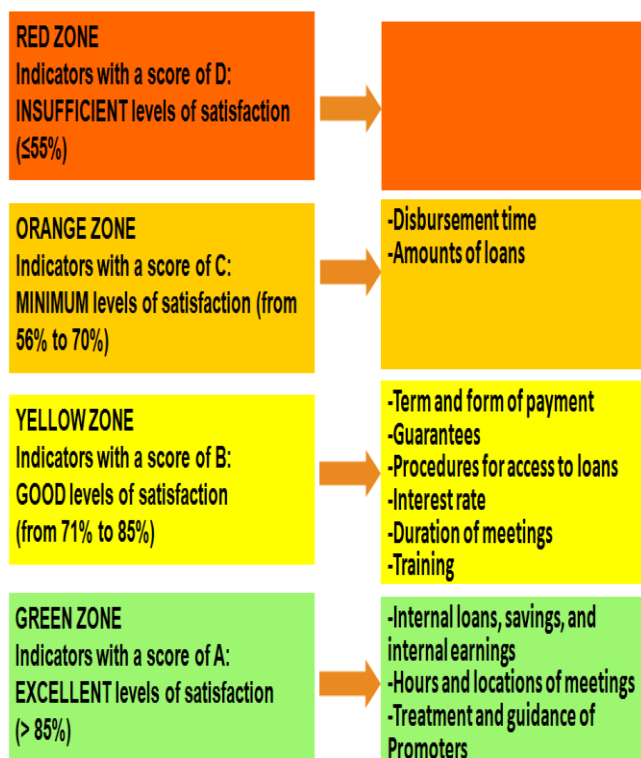
3.3.1 Levels of Satisfaction with D-FRIF Services

From the perspective of D-FRIF clients, there are *excellent levels of satisfaction* with the

performance of promoters, savings, internal loans and internal profits of the village banking methodology, and with the locations and days of meetings; there are *good levels of satisfaction* regarding the guarantees, and the procedures required for access to loans, the terms, the form of payment, the rate of interest, training, and the duration and hours of the meetings; there are *minimum levels of*

satisfaction with the disbursement time and the amounts of loans (Charts 14 and 14.1).

Loans for Microcredit Associations Satisfaction Clients Levels



Excellent Levels of Satisfaction

Internal loans at the village bank: Eighty-seven percent of women clients are satisfied and 13% are dissatisfied. There is satisfaction due to easy access to an additional source of financing for the economic activity and because the internal loans raise the profits of the internal account in benefit of the members. On the other hand, there is dissatisfaction due to the imposing of limits on the amounts of loans, since previously higher amounts were provided, and when internal loans must be paid in a single payment instead of in several installments.

Internal earnings at the village bank: Ninety percent of women clients are satisfied, and 10% are dissatisfied. There is satisfaction because these earnings allow the financing of household expenses, and there is dissatisfaction when it is considered that the amounts are too small and because there is no individual registry of the

amount of earnings based on the amount of savings.

Savings at the village bank: Ninety-three percent of women clients are satisfied, and 7% are dissatisfied. There is satisfaction when the clients consider that they are learning how to save, and there is dissatisfaction when it is considered that only small amounts can be saved.

Hours of meetings: Eighty-eight percent of women clients are satisfied and 12% are dissatisfied. There is satisfaction when the hours are established by the group, and there is dissatisfaction when the hours are not complied with due to lack of punctuality on the part of the women clients and/or of the promoter.

Locations of meetings: Ninety-eight percent of women clients are satisfied and 2% are dissatisfied. There is greater satisfaction because the group decides on the place of the meeting.

Guidance of promoters: Ninety-seven percent of women clients are satisfied and 3% are dissatisfied. There is greater satisfaction because the guidance provided is precise, clear, and simple.

Treatment of promoters: Ninety percent of women clients are satisfied and 10% are dissatisfied. There is satisfaction when the promoters are kind, honest, and respectful, and there is dissatisfaction when they are rude and authoritarian.

Good Levels of Satisfaction

Term of payment: Eighty-five percent of women clients are satisfied and 15% are dissatisfied. There is satisfaction when there is flexibility for the group to determine the term, and there is dissatisfaction when the institution determines the term.

Form of payment: Seventy-two percent of women clients are satisfied and 28% are dissatisfied. There is satisfaction when there is flexibility for the group of women clients to

determine the frequency of payments, and there is dissatisfaction when the opposite is the case.

there is dissatisfaction when the same requisites are demanded for each loan cycle.

Chart 14 Loans for Microcredit Associations: Levels of Satisfaction and Dissatisfaction of Clients			
Indicator	Satisfied Women Clients	Dissatisfied Women Clients	Indicator Score
Guarantees	82%	18%	Good
Access procedure	77%	23%	Good
Disbursement time	67%	33%	Minimum
Amounts of loans	63%	37%	Minimum
Term	85%	15%	Good
Form of payment	72%	28%	Good
Interest rate	72%	28%	Good
Treatment of promoters	90%	10%	Excellent
Guidance of promoters	97%	3%	Excellent
Hours of meetings	88%	12%	Excellent
Locations of meetings	98%	2%	Excellent
Duration of meetings	78%	22%	Good
Internal loans	87%	13%	Excellent
Savings	93%	7%	Excellent
Profits	90%	10%	Excellent
Training	77%	23%	Good

Source: PROFIN Foundation

Guarantees: Eighty-two percent of women clients are satisfied and 18% are dissatisfied. There is satisfaction when the guarantees are flexible, and there is dissatisfaction when there are difficulties in obtaining members for the client group.

Interest rate: Seventy-two percent of women clients are satisfied and 28% are dissatisfied. There is satisfaction when the interest rate is lower than at other financial institutions, and there is dissatisfaction when interest rates go up.

Access procedures: Seventy-seven percent of women clients are satisfied and 23% are dissatisfied. There is satisfaction when the minimum requirements are requested, and

Chart 14.1 Loans for Microcredit Associations: Reasons for Satisfaction and Dissatisfaction of Clients		
Indicator	Reasons for Satisfaction	Reasons for Dissatisfaction
Guarantees	Minimum requirements	Difficulty in obtaining new members
Access procedures	Minimum requirements	The same requirements each cycle
Disbursement time	Quick and immediate	It takes a week
Amounts of loans	Access to the amount requested	Amount less than that requested
Term of payment	Flexibility for determining the term	Seniority of clients is not taken into consideration for determining the term
Form of payment	Bi-weekly	Monthly instalments are preferred
Interest rate	The interest rate goes down	The interest rate goes up
Treatment of promoters	They are kind, honest, and respectful	They are sometimes rude and authoritarian
Guidance of promoters	Precise, clear, and simple	Training is provided only for the board of directors
Hours of meetings	Determined by the group	The hours are not complied with due to lack of punctuality
Places of meetings	The group decides	A fixed location is chosen
Duration of the meetings	The duration is alright, although it depends on punctuality	The meetings last longer than planned
Internal loans	Additional financing increases the earnings of the internal account	Limits of amounts; more was given before; payment of the entire amount instead of in instalments
Savings	Learning about savings	The amount of savings is small.
Earnings of the internal account	Financing for household expenses	The amounts are small and there are no individual records.
Training	Learning about managing money	Training only for the board of directors

Source: PROFIN Foundation

Duration of meetings: Seventy-eight percent of women clients are satisfied and 22% are dissatisfied. There is satisfaction when the duration of the meetings is what was programmed, and there is dissatisfaction when the opposite is the case.

Training: Seventy-seven percent of women clients are satisfied and 23% are dissatisfied. There is satisfaction when training is provided on managing money, and there is dissatisfaction when only the board of directors is trained.

Minimum Levels of Satisfaction

Disbursement time: Sixty-seven percent of women clients are satisfied and 33% are dissatisfied. There is satisfaction when the disbursement is immediate, and there is dissatisfaction when it takes a week or more.

Amounts of loans: Sixty-three percent of women clients are satisfied and 37% are dissatisfied. There is satisfaction when the amount requested is obtained, and there is dissatisfaction when the opposite is the case.

3.5.2 D-FRIF Comparative Advantages and Disadvantages

From the perspective of clients, a comparison of D-FRIF with competing MFIs reveals: *comparative advantages for D-FRIF* in the treatment and guidance of promoters, the term, the form of payment and interest rate, internal loans and internal earnings, and the locations, hours, and duration of the meetings; *comparative disadvantages of D-FRIF* in the disbursement time, the amounts of loans, and the access procedures; and *conditions similar to those of the competition* in guarantees and savings through village banking (Charts 15 and 15.1).

Loans for Microcredit Associations Comparative Advantages and Disadvantages

D-FRIF score	A+	A	A-	B+	B	B-	C+	C	C-	D+	D	D-
Competing MFIs score												
A+	Similar conditions: savings			Low comparative disadvantage: access procedures and training			Medium comparative disadvantage			High comparative disadvantage		
A												
A-												
B+	Low comparative advantage: internal earnings, guidance and treatment of loan officers			Similar conditions: guarantees			Low comparative disadvantage: amounts of loans and disbursement time			Medium comparative disadvantage		
B												
B-												
C+	Medium comparative advantage: internal loans, location and hours of meetings			Low comparative advantage: term, form of payment, interest rate, duration of meetings			Similar conditions			Low comparative disadvantage		
C												
C-												
D+	High comparative advantage			Medium comparative advantage			Low comparative advantage:			Similar conditions		
D												
D-												

Medium Degree Comparative Advantages

Internal loans: D-FRIF scores excellent levels of satisfaction (A-), and competing MFIs score minimum levels of satisfaction (C+). The same reasons for satisfaction and dissatisfaction are mentioned in for the competition.

Location of meetings: D-FRIF scores excellent levels of satisfaction (A+), and competing MFIs score minimum levels of satisfaction (C). There is less satisfaction with the competition when the meetings are in offices of the institution, and not at places determined by the association.

Hours of meetings: D-FRIF scores excellent levels of satisfaction (A-), and competing MFIs

score minimum levels of satisfaction (C+). There is less satisfaction with the competition when the possibility of choosing the day and hour of the meetings does not exist, and when the meetings coincide with days of weekly commercial fairs.

Chart 15 Loans for Microcredit Associations: Client Satisfaction Indicator Scores (percentage of the effective sample)			
	D-FRIF Score	Other MFIs Score	Comparative Situation
Guarantees	B+	B+	Similar conditions
Access procedures	B	A-	Low comparative disadvantage
Disbursement time	C+	B-	Low comparative disadvantage
Amounts of loans	C	B	Low comparative disadvantage
Term of payment	B+	C+	Low comparative advantage
Form of payment	B-	C-	Low comparative advantage
Interest rate	B	C	Low comparative advantage
Treatment of promoters	A-	B	Low comparative advantage
Guidance of promoters	A+	B	Low comparative advantage
Hours of meetings	A-	C+	Medium comparative advantage
Location of meetings	A+	C	Medium comparative advantage
Duration of meetings	B	C	Low comparative advantage
Internal loans	A-	C+	Medium comparative advantage
Savings	A+	A-	Similar conditions (trends towards an advantage)
Earnings of internal account	A-	B-	Low comparative advantage
Training	B	A-	Low comparative disadvantage

Source: PROFIN Foundation

Low Degree Comparative Advantages

Guidance of promoters: D-FRIF scores excellent levels of satisfaction (A+), and competing MFIs score good levels of satisfaction (B). There is less satisfaction with the competition when the information that the promoters (or equivalent personnel) provide is not complete.

Chart 15.1 Loans for Microcredit Associations: Reasons for Satisfaction and Dissatisfaction with Competing Microfinance Institutions		
Indicator	Reasons for Satisfaction	Reasons for Dissatisfaction
Guarantees required	Pro Mujer, Crecer: Accessible	
Access procedures	Pro Mujer, Crecer: Accessible	Crecer: More documentation
Disbursement time	Crecer, Pro Mujer: New disbursement at the close of the cycle	Crecer, Pro Mujer: Takes more than three days
Amounts of loans	Crecer, Pro Mujer: Higher amounts	Crecer: Increases in amount but not in term
Term of payment	Crecer, Pro Mujer: May be chosen	Crecer, Pro Mujer: It is imposed.
Form of payment	Crecer, Pro Mujer: Convenient	Crecer, Pro Mujer: Bi-weekly payments
Interest rate	Crecer: Lower interest rate	Pro Mujer: Higher interest rate
Treatment of promoters	Crecer, Pro Mujer: Very kind	Crecer, Pro Mujer: Are intransigent
Guidance of promoters	Crecer, Pro Mujer: Good training and guidance	Pro Mujer: Do not give complete information
Hours of meetings	Crecer, Pro Mujer: Hours determined by group of women clients	Crecer, Pro Mujer: There is no choice; coincide with fairs; and meetings in the morning
Location of meetings	Crecer: The group decides. Pro Mujer: Meetings at offices	Pro Mujer: The offices are not comfortable.
Duration of meetings	Crecer, Pro Mujer: Adequate duration when there is punctuality	Crecer, Pro Mujer: The meetings last too long, up to two hours.
Internal loans	Crecer, Pro Mujer: Additional financing	Crecer, Pro Mujer: Reduction of amount
Savings	Crecer, Pro Mujer: They help us save.	Pro Mujer: They keep part of the savings.
Earnings of internal account	Pro Mujer, Crecer: Higher earnings Pro Mujer Accumulated through several cycles	Pro Mujer: Discount savings and take longer to return savings
Training	Crecer: Training in business Pro Mujer: Training and health services	Pro Mujer: Do not change training topics

Source: PROFIN Foundation

Treatment of promoters: D-FRIF scores excellent levels of satisfaction (A-), and competing MFIs score good levels of satisfaction (B). There is less satisfaction with the competition when personnel that have direct contact with the women clients act intransigently and inflexibly.

Internal earnings: D-FRIF scores excellent levels of satisfaction (A-), and competing MFIs score minimum levels of satisfaction (B-). There is less satisfaction with the competition because there are discounts on the amount of earnings and it takes longer to return the earnings.

Duration of meetings: D-FRIF scores good levels of satisfaction (B), and competing MFIs score minimum levels of satisfaction (C). There is less satisfaction with the competition when the meetings last more time than scheduled and take longer than two hours.

Interest rate: D-FRIF scores good levels of satisfaction (B), and competing MFIs score minimum levels of satisfaction (C). There is less satisfaction with the competition when the interest rate is higher.

Term of payment: D-FRIF scores good levels of satisfaction (B+), and competing MFIs score minimum levels of satisfaction (C+). There is less satisfaction with the competition when the institution decides the term of payment.

Form of payment: D-FRIF scores good levels of satisfaction (B-), and competing MFIs score minimum levels of satisfaction (C-). There is less satisfaction with the competition when the frequency of payments is bi-weekly, for it is considered too frequent.

Low Degree Comparative Disadvantages

Amounts of loans: D-FRIF scores minimum levels of satisfaction (C), and competing MFIs score good levels of satisfaction (B). There is more satisfaction with the competition when higher amounts are provided.

Disbursement time: D-FRIF scores minimum levels of satisfaction (C+), and competing MFIs

score good levels of satisfaction (B-). There is more satisfaction with the competition when the disbursement is made on the same day of the closing of the previous cycle.

Training in village banking: D-FRIF scores good levels of satisfaction (B), and competing MFIs score excellent levels of satisfaction (A-). There is more satisfaction with the competition when training encompasses broader topics than simply village banking, and when besides training there is access to health services for the women clients and the members of their households.

Access procedures: D-FRIF scores good levels of satisfaction (B), and competing MFIs score excellent levels of satisfaction (A-). There is more satisfaction with the competition when the procedure is more accessible than at D-FRIF.

Conditions Similar to those of the Competition

Guarantees required: Both D-FRIF and competing MFIs score good levels of satisfaction. Regarding the competition, there is satisfaction when the requisites are accessible.

Savings: Both D-FRIF and competing MFIs score excellent levels of satisfaction, with an inclination towards a comparative advantage for D-FRIF (A+ versus A-). There is less satisfaction with the competition when in some cases the institutions discount the savings of women clients.

3.4 Access to, Use of, and Payment of Loans

Source of information on loans: D-FRIF clients are the primary source of information on the loans provided by the institution. Ninety percent of women clients learned about the existence of D-FRIF loans through this source, 5% through interviews or information provided by personnel of the institution, and 5% through oral and/or written publicity of the institution (Chart 16).

Chart 16 Loans for Microcredit Associations: Sources of Information on D-FRIF Loans	
D-FRIF borrowers	90%
D-FRIF personnel	5%
D-FRIF publicity	5%
Total	100%

Source: PROFIN Foundation

Determining factors for applying for D-FRIF loans: The possibility of achieving improvements in economic activities is the most frequent determining factor for the decision to apply for a first D-FRIF loan according to the opinion expressed by 83% of women clients. Other less frequent reasons are: improving the well-being of their households for 8% of women clients, the perception of advantageous loan conditions for 3% of women clients, and the social capital achieved through “associativity” (that is, the economic and social benefits that arise from association for access to loans) for 6% of women clients (Chart 17).

Chart 17 Loans for Microcredit Associations: Determining Factors for Applying for a First D-FRIF Loan	
Improvement of economic activities	83%
Improvement of well-being of the family	8%
Advantageous loan conditions	3%
Social capital of “associativity”	6%
Total	100%

Source: PROFIN Foundation

Use of D-FRIF loans: The most frequent use of D-FRIF loans is financing economic activities, and less frequently they are also used for financing the household of the client (Chart 18). One hundred percent of women clients employ D-FRIF loans in working capital, 52% in investment in fixed assets, 13% in the purchase of goods for the home, 10% in consumption expenses for the household, and 13% in the construction and improvement of houses.

Chart 18 Loans for Microcredit Associations: Use of D-FRIF Loans			
	Yes	No	Total
Working capital	100%	0%	100%
Investment in fixed assets	48%	52%	100%
Purchase of goods for the home	13%	87%	100%
Consumption expenses of the home	10%	90%	100%
House construction/improvement	13%	87%	100%

Source: PROFIN Foundation

Use of internal loans: The most frequent use of internal loans of the village banking methodology is the financing of working capital, and less frequently they are also used to finance the home and investments (Chart 19). Eighty-seven percent of women clients employ internal loans for working capital, 13% for investment in fixed assets for the economic activity, 3% for the purchase of goods for the home, 8% for consumption expenses for the home, and 7% for house construction and improvement.

Chart 19 Loans for Microcredit Associations: Use of Internal Loans			
	Yes	No	Total
Working capital	87%	13%	100%
Investment in fixed assets	13%	87%	100%
Purchase of goods for the home	3%	97%	100%
Consumption expenses of the home	8%	92%	100%
House construction/improvement	7%	93%	100%

Source: PROFIN Foundation

Use of village banking savings: The most frequent uses of the savings accumulated through the village banking methodology are the financing of working capital and consumption expenses of the home, and less frequently, the funds are also employed for financing the economic activity and investments of the home (Chart 20). Forty-eight percent of women clients employ the savings in financing working capital, 45% in household consumption expenses, 17% in the purchase of goods for the home, 10% in the construction and improvement of houses, and only 3% in investment in fixed assets for their economic activity.

Chart 20 Loans for Microcredit Associations: Uses of Savings			
	Yes	No	Total
Working capital	48%	52%	100%
Investment in fixed assets	3%	97%	100%
Purchase of goods for the home	17%	83%	100%
Consumption expenses for the home	45%	55%	100%
House construction/improvement	10%	90%	100%

Source: PROFIN Foundation

Chart 21 Loans for Microcredit Associations: Use of the Earnings of the Internal Account			
	Yes	No	Total
Working capital	22%	78%	100%
Investment in fixed assets	2%	98%	100%
Purchase of goods for the home	10%	90%	100%
Consumption expenses for the home	70%	30%	100%
House construction/improvement	7%	93%	100%

Source: PROFIN Foundation

Use of internal earnings: The most frequent use of the earnings of the internal account of the village banking methodology is the financing of consumption expenses of the home, and the less frequent use is the financing of the economic activity (Chart 21). Seventy percent of women clients employ the internal earnings in household consumption expenses and only 22% in financing working capital. Other less frequent uses are: the purchase of assets for the household (10% of women clients), house construction and improvement (7% of women clients), and investment in fixed assets employed in the economic activity (2%).

Payments financing: The most common trend is the financing of the payments of D-FRIF loans with the income of the client's economic activities. The use of other loans or of income of other members of the household is reported as not being frequent (Chart 22). One hundred percent of women clients employed the income from their economic activities in the payment of D-FRIF loans and 95% in paying internal loans; 12% of women clients used other loans for paying D-FRIF loans, and 4% of women clients

use the income of other members of their households for paying D-FRIF loans.

Chart 22 Loans for Microcredit Associations: Sources of Financing the Payments of Loans		
Sources	D-FRIF Loans	Internal Loans
Income from the economic activities of the client	100%	95%
Loans	12%	10%
Income of other members of the household	4%	0%
Total	100%	100%

Source: PROFIN Foundation

Problems in paying Reports of the existence of problems in paying the loans are not frequent; nevertheless, the solution to the payment problems involves, in most cases, the use of other loans (Chart 23). Eight percent of women clients admit having faced problems in paying D-FRIF loans, and 5% admit having faced problems paying internal loans from the village bank. The solution to these payment problems involved the use of other loans in 6% of the cases of D-FRIF loans, and in 3% of the cases of internal loans.

Chart 23 Loans for Microcredit Associations: Problems in Paying Loans		
Sources	D-FRIF Loans	Internal Loans
No problems in paying	92%	95%
Problems in paying	8%	5%
Problems solved through reprogramming	0	2%
Problems solved with other loans	6%	3%
Problems solved by working more	2%	0%
Total	100%	100%

Source: PROFIN Foundation

Loans from other financial institutions: According to the results found, 38% of women borrowers of loans from microcredit associations that belong to the segment of long-standing D-FRIF clients (that participated in an average of 14 loan cycles) are also borrowers of other financial institutions. The large majority of shared clients (32%) have loans with regulated financial institutions; nevertheless, the cases of clients shared with MFIs specialized in the village banking methodology are also common

(20%). In terms of the total amount of indebtedness, the average share of the amount of the D-FRIF loan is 15%, while the amount owed to other financial institutions has a share of 85%. All of this information was obtained from databases of clients in the Bolivian financial system, managed by INFOCRED (Chart 24).

Chart 24 Loans for Microcredit Associations: Clients with Loans from Other Financial Institutions			
	Yes	No	Total
Clients shared	38%	62%	100%
with regulated MFIs	32%		
with village banking MFIs	20%		
with other non-regulated MFIs	2%		
Averages of Shared Clients (amounts expressed in bolivianos)			
Number of D-FRIF loan cycles			14
Amount of D-FRIF loan in effect			3,043 (US\$ 435)
Amounts of loans in effect with other institutions			52,648 (US\$ 7,521)
Total amount of indebtedness with financial institutions			55,692 (US\$ 7,956)
Share of D-FRIF loan			15%
Share of loans from other MFIs			85%

Source: INFOCRED

CHAPTER 4: MAIN CONCLUSIONS

The following prior considerations are important for putting into context the results of the present study:

1) The study is based on the information provided by a random sample of long-standing D-FRIF clients, due to which the results cannot be generalized for all clients, and only represent the segment of long-standing D-FRIF clients.

2) The oldest D-FRIF offices operate in markets with access to a wide variety of loan offers, especially in the case of El Alto. As such, a considerable portion of the sample has been undeniably exposed to loans from other financial institutions. Also, the analysis of present indebtedness of the mentioned clients, based on INFOCRED data shows that D-FRIF loans have a minority share of the total amount owed.

3) In this context, the research methodology resorts to the perceptions of clients as the principal means for seeking to individualize the particular effects of D-FRIF loans. The evaluation of impacts researches the degree of effect that the clients give to D-FRIF loans, particularly regarding the changes observed between the periods *ex ante* and *ex post* access to loans. The evaluation of client satisfaction captures the perceptions of clients regarding D-FRIF loans in particular. As well, the study incorporates the analysis of other loans through qualitative deepening. Notwithstanding the subjectivity of the research method applied, the value of collecting the perceptions of clients is undeniable for microfinance institutions that consider the perspective of demand for developing and improving their services.

4.1 Conclusions Regarding Individual Loans for Economic Activities

1) The comparison of the situation of borrowers of individual loans for economic activities

between the periods *ex ante* and *ex post* access to the D-FRIF loans shows an increase in working capital, investment, income, and the number of workers of the economic activities financed, as well as improvements in the place of commerce. At the level of client homes, we also identify improvement in nutrition and education. The increases observed in capital, investment, and incomes are frequent in most clients. On the other hand, increases in employment, and improvements in the type of place of commerce, nutrition, and education are minority trends.

Individual Loans for Economic Activities: Changes between the Periods *Ex Ante* and *Ex Post* the Loan

Economic Activities Financed:

Capital: Ninety-one percent of clients increased their working capital following access to the D-FRIF loan.

Investment: Seventy-four percent of clients increased their investment in fixed assets following access to the D-FRIF loan.

Income: Ninety-one percent of clients increased their sales and profits following access to the D-FRIF loan.

Employment: Forty-one percent of clients increased the level of employment following access to the D-FRIF loan.

Place of commerce: Nine percent of clients improved their type of place of commerce following access to the D-FRIF loan.

Client households:

Food: Twenty-two percent of households improved their nutrition following access to the D-FRIF loan.

Education: Six percent of households improved their education following access to the D-FRIF loan.

2) The three techniques applied for determining whether the changes observed were affected or not by D-FRIF financing (attribution of impacts techniques) reveal the results presented in what follows:

Incidental attribution of impacts: The application of this technique states that from the perspective of the majority of clients that

reported the changes mentioned above, D-FRIF loans have had a high degree of effect on the changes observed.

Individual Loans for Economic Activities: Incidental Attribution of Impacts
<p><u>Economic Activities Financed:</u></p> <p>Capital: Of the clients that increased their working capital, 71% give the D-FRIF loan a high influence on the change (64% as a percentage of the total sample).</p> <p>Investment: Of the clients that increased their investment in fixed assets, 68% give the D-FRIF loan a high influence on the change (51% as a percentage of the total sample).</p> <p>Income: Of the clients that increased their income from sales and profits, 71% give the D-FRIF loan a high influence on the change (65% as a percentage of the total sample).</p> <p>Employment: Of the clients that increased the number of workers, 59% give the D-FRIF loan a high influence on the change (24% as a percentage of the total sample).</p> <p>Type of place of commerce: Of the clients that improved their type of place of commerce, 69% give the D-FRIF loan a high influence on the change (5% as a percentage of the total sample).</p> <p><u>Client households:</u></p> <p>Food: Of the clients that improved the nutrition of their households, 69% give the D-FRIF loan a high influence on the change (15% as a percentage of the total sample).</p> <p>Education: Of the clients that improved the education of their households, 76% give the D-FRIF loan a high influence on the change (5% as a percentage of the total sample).</p>

Correlacional attribution of impacts: The application of this technique suggests that there is a significant relationship between increases in the amounts of D-FRIF loans and growth in the amount of working capital and investment in fixed assets employed in the economic activity. Also, it reveals a significant link between increases in the amount of D-FRIF loans and increases in the number of workers and of income from the economic activities financed.

Individual Loans for Economic Activities: Correlational Attribution of Impacts
<p><u>Economic activities financed:</u></p> <p>Capital and loans: Growth of working capital has a statistically significant relationship with increases in the amount of D-FRIF loans.</p> <p>Investment and loans: Growth in investment has a statistically significant relationship with increases in the amount of D-FRIF loans.</p> <p>Income and loans: Increases in income have a statistically significant relationship with increases in the amount of D-FRIF loans.</p> <p>Employment and loans: Growth of employment has a statistically significant relationship with increases in the amount of D-FRIF loans.</p>

Qualitative deepening attribution of impacts:
The application of this technique makes it possible to conclude that D-FRIF loans have been one of the decisive factors for the achievement of the changes observed in the economic activities of clients. As well, D-FRIF loans have been a factor that has aided the improvements observed in the households of clients, through their effect on increases in the incomes of economic activities.

3) According to the criteria applied, individual loans for economic activities have, at the level of the economic activities financed:

- a *high impact* on working capital and income,
- a *medium impact* on investment in fixed assets,
- a *low impact* on levels of employment, and
- a *moderate impact* on the type of place of commerce.

In the sphere of client households, D-FRIF loans have a *moderate impact* on improvements in nutrition and education.

Individual Loans for Economic Activities: Degrees of Impact
<p><u>High degree impacts</u></p> <p>Capital: Ninety-one percent of clients increased their working capital following access to D-FRIF loans, and 91% of them link the change to the loans.</p> <p>Income: Ninety-one percent of clients increased their income following access to D-FRIF loans, and 91% of them link the change to the loans.</p> <p><u>Medium degree impact</u></p> <p>Investment: Seventy-four percent of clients increased their investment in fixed assets following access to D-FRIF loans, and 74% of them link the change to the loans.</p> <p><u>Low degree impact</u></p> <p>Employment: Forty-one percent of clients increased the level of employment following access to D-FRIF loans, and 39% of them link the change to the loans.</p> <p><u>Moderate degree impacts</u></p> <p>Education: Six percent of clients improved the education of their households following access to D-FRIF loans, and 6% of them link the change to the loans.</p> <p>Place of commerce: Nine percent of clients improved their type of place of commerce following access to D-FRIF loans, and 6% of them link the change to the loans.</p> <p>Food: Twenty-two percent of clients improved the nutrition of their households following access to D-FRIF loans, and 22% of them link the change to the loans.</p>

Individual Loans for Economic Activities: Levels of Client Satisfaction
<p><u>Excellent levels of satisfaction</u></p> <p>Form of payment: Ninety-seven percent of clients are satisfied, and 3% are dissatisfied.</p> <p>Term of payment: Ninety percent of clients are satisfied, and 10% are dissatisfied.</p> <p>Treatment and guidance of loan officers: Ninety percent of clients are satisfied, and 10% are dissatisfied.</p> <p>Location of offices: Ninety-three percent of clients are satisfied, and 7% are dissatisfied.</p> <p><u>Good levels of satisfaction</u></p> <p>Hours of service: Eighty-five percent of clients are satisfied, and 15% are dissatisfied.</p> <p>Access procedures: Seventy-seven percent of clients are satisfied, and 23% are dissatisfied.</p> <p>Disbursement time: Seventy-three percent of clients are satisfied, and 27% are dissatisfied.</p> <p>Guarantees required: Seventy-three percent of clients are satisfied, and 27% are dissatisfied.</p> <p>Service of cashiers: Seventy-two percent of clients are satisfied, and 28% are dissatisfied.</p> <p><u>Minimum levels of satisfaction</u></p> <p>Amounts of loans: Fifty-nine percent of clients are satisfied, and 41% are dissatisfied.</p> <p>Interest rate: Fifty-eight percent of clients are satisfied, and 42% are dissatisfied.</p>

4) According to the perceptions revealed by clients, individual loans for economic activities generate the following levels of satisfaction:

- *excellent levels of satisfaction* regarding the term and form of payment of loans, the location of offices, and the treatment and guidance provided by the loan officers;
- *good levels of satisfaction* regarding the guarantees required, the procedures for access to loans, the disbursement time, the hours of service, and the service of cashiers;
- *minimum levels of satisfaction* regarding the amounts of loans and the interest rate.

5) From the perspective of clients, a comparison of individual loans for economic activities provided by D-FRIF compared with similar loans of competing MFIs reveals:

- *comparative advantages* for D-FRIF regarding the interest rate, the treatment of loan officers, the location of offices for serving the public, and the service of cashiers;
- *comparative disadvantages* for D-FRIF regarding the amounts of loans;
- *conditions that are similar to those of the competition* regarding guarantees and the procedures required for access to loans, the disbursement time, the term and form of payment, the service hours, and the guidance provided by loan officers.

**Individual Loans for Economic Activities:
Comparison between D-FRIF and Competing MFIs**

Comparative advantages for D-FRIF: low degree
Interest rate: a score of C- for D-FRIF and of D for competing MFIs
Treatment of loan officers: a score of C- for D-FRIF and of B+ for competing MFIs
Location of offices: a score of A for D-FRIF and of B+ for competing MFIs
Service of cashiers: a score of B- for D-FRIF and of C+ for competing MFIs
Comparative disadvantage for D-FRIF: medium degree
Amounts of loans: a score of C- for D-FRIF and of A for competing MFIs
Conditions similar to those of the competition:
Guidance of loan officers: a score of A- both for D-FRIF and for competing MFIs
Term of payment: a score of A- both for D-FRIF and for competing MFIs
Disbursement time: a score of B- both for D-FRIF and for competing MFIs
Form of payment: a score of A+ for D-FRIF and of A for competing MFIs (inclination towards a comparative advantage for D-FRIF)
Access procedures: a score of B+ for D-FRIF and of B for competing MFIs (inclination towards a comparative advantage for D-FRIF)
Guarantees required: a score of B- for D-FRIF and of B+ for competing MFIs (inclination towards a comparative disadvantage for D-FRIF)
Service hours: a score of B+ for D-FRIF and of B for competing MFIs (inclination towards a comparative advantage for D-FRIF)

**Housing Loans:
Changes between the Periods *Ex Ante* and *Ex Post* the Loan**

Repairs and improvement of houses

Floors: The number of clients with houses with floors in good condition increased from 21% *ex ante* the loan to 68% *ex post*.
Walls: The number of clients with houses with walls in good condition increased from 15% *ex ante* the loan to 68% *ex post*.
Roofs: The number of clients with houses with roofs in good condition increased from 25% *ex ante* the loan to 78% *ex post*.

Access to basic services

Water: The number of clients with potable water and sewage increased from 65% *ex ante* the loan to 93% *ex post*.
Electricity: The number of clients with electricity increased from 80% *ex ante* the loan to 100% *ex post*.
Natural gas: The number of clients with houses with residential natural gas increased from 2% *ex ante* the loan to 8% *ex post*.

Type of house:

The number of clients with own houses with proprietorship documents in order increased from 49% *ex ante* the loan to 67% *ex post*.

Expansion and construction of houses

Overcrowding: The average number of bedrooms of client homes increased from two for every five members *ex ante* the loan to three for every five members *ex post*.
Separation of kitchen: The number of clients with houses with the kitchen separated from the bedrooms increased from 33% *ex ante* the loan to 92% *ex post*.

4.2 Conclusions Regarding Housing Loans

1) A comparison of the housing conditions of clients between the *ex ante* and *ex post* periods of the D-FRIF loan reveals an increase in the number of houses with floors, walls, and roofs in good conditions, of the houses with access to potable water and sewage, electricity, and residential natural gas, and of own houses with proprietorship documents in order. Also, there is less overcrowding in the homes, and a separation between the kitchen and the bedrooms is more frequent.

2) The three techniques applied for determining whether the changes observed were affected or not by D-FRIF loans (impact attribution techniques) reveal the results presented in what follows:

Incidental attribution of impacts: The application of this technique reveals that for most clients that reported the changes listed above, D-FRIF loans had a high degree of influence. For the changes in type of house, it is also frequent for D-FRIF loans to have a total degree attributed to the change.

**Housing Loans:
Incidental Attribution of Impacts**

Repairs and improvement of houses

Floors: Of the clients that reported improvements in the condition of floors, 77% attributed a high influence on the change to the D-FRIF loan (34% of the total sample).

Roofs: Of the clients that reported improvements in the condition of roofs, 76% attributed a high influence on the change to the D-FRIF loan (41% of the total sample).

Walls: Of the clients that reported improvements in the condition of walls, 76% attributed a high influence on the change to the D-FRIF loan (38% of the total sample).

Access to basic services in the home

Water: Of the clients that had potable water and sewage installed, 59% attributed a high influence on the change to the D-FRIF loan (16% of the total sample).

Electricity: Of the clients that had electricity installed, 58% attributed a high influence on the change to the D-FRIF loan (12% of the total sample).

Gas: Of the clients that had residential natural gas installed in their houses, 50% attributed a high influence on the change to the D-FRIF loan (3% of the total sample).

Type of house Of the clients that improved their type of house, 42% attributed a high influence on the change to the D-FRIF loan, and 42% attributed total influence to it (16% of the total sample).

Expansion and construction of houses

Overcrowding: Of the clients that increased the number of bedrooms, 68% attributed a high influence on the change to the D-FRIF loan (53% of the total sample).

Separation of kitchen: Of the clients that separated the kitchen from the bedrooms, 74% attributed a high influence on the change to the D-FRIF loan (42% of the total sample).

Correlational attribution of impacts: The application of this technique suggests the presence of a significant relationship between increases in the amounts of D-FRIF loans and improvements in access to basic services in homes. As well, a significant link is observed between increases in the number of loans

provided by D-FRIF and improvements of the type of houses in which clients live.

**Housing Loans:
Correlational Attribution of Impacts**

Basic services and loans: The increase in access to basic services in the home has a statistically significant relationship with increases in the amounts of D-FRIF loans.

Type of houses and loans: Improvements in the type of houses has a statistically significant relationship with increases in the number of D-FRIF loans provided.

Qualitative deepening attribution of impacts:

The application of this technique does not identify factors other than D-FRIF loans that had a predominant influence on the changes observed in the housing conditions of clients. This result suggests that the clients employ D-FRIF loans for improvements in the conditions of their houses, and resort to other loans for covering other financial needs, such as the financing of economic activities and those of the home.

3) According to the criteria applied for determining the degree of impact, housing loans have:

- a *high impact* on the reduction of overcrowding in the home (increases in the number of bedrooms per member of the household);
- a *medium impact* on improvements in the condition of floors, roofs, and walls of the house, and on the separation of the kitchen from the bedrooms;
- a *low impact* on the installation of potable water and sewage in the house;
- a *moderate impact* on improvements in the type of house and on the installation of electricity and residential natural gas in the house.

Housing Loans: Degree of impact
<p><u>High degree impacts</u></p> <p>Overcrowding: Seventy-eight percent of clients reduced overcrowding following access to the D-FRIF loan, and 78% linked the change to the loan.</p> <p><u>Medium degree impacts</u></p> <p>Separation of kitchen: Fifty-nine percent of clients separated the kitchen from the bedrooms following access to the D-FRIF loan, and 57% linked the change to the loan.</p> <p>Floors: Forty-seven percent of clients improved the condition of floors following access to the D-FRIF loan, and 47% linked the change to the loan.</p> <p>Walls: Fifty-three percent of clients improved the condition of walls following access to the D-FRIF loan, and 53% linked the change to the loan.</p> <p>Roofs: Fifty-two percent of clients improved the condition of roofs following access to the D-FRIF loan, and 52% linked the change to the loan.</p> <p><u>Low degree impacts</u></p> <p>Water: Twenty-eight percent of clients had potable water and sewage installed following access to the D-FRIF loan, and 28% linked the change to the loan.</p> <p><u>Moderate degree impacts</u></p> <p>Natural gas: Six percent of clients had residential natural gas installed following access to the D-FRIF loan, and 3% linked the change to the loan.</p> <p>Electricity: Twenty percent of clients had electricity installed following access to the D-FRIF loan, and 20% linked the change to the loan.</p> <p>Type of house: Eighteen percent of clients reported an improvement in their type of house following access to the D-FRIF loan, and 18% linked the change to the loan.</p>

4) According to the perception of clients, housing loans generate the following levels of satisfaction:

- *excellent levels of satisfaction* with the term and form of payment, the guidance of loan officers, and the location of offices;
- *good levels of satisfaction* with the treatment of loan officers, the disbursement time, and the guarantees required;

- *minimum levels of satisfaction* with the amounts of loans, the interest rate, and the access procedures;
- *insufficient levels of satisfaction* with the service of cashiers.

Housing Loans: Levels of Clients Satisfaction
<p><u>Excellent levels of satisfaction</u></p> <p>Form of payment: Ninety-five percent of clients are satisfied, and 3% are dissatisfied.</p> <p>Guidance of loan officers: Ninety percent of clients are satisfied, and 10% are dissatisfied.</p> <p>Term of payment: Eighty-eight percent of clients are satisfied, and 12% are dissatisfied.</p> <p>Location of offices: Eighty-eight percent of clients are satisfied, and 12% are dissatisfied.</p> <p><u>Good levels of satisfaction</u></p> <p>Treatment of loan officers: Eighty-three percent of clients are satisfied, and 17% are dissatisfied.</p> <p>Service hours: Eighty-three percent of clients are satisfied, and 17% are dissatisfied.</p> <p>Guarantees required: Seventy-seven percent of clients are satisfied, and 23% are dissatisfied.</p> <p>Disbursement time: Seventy-seven percent of clients are satisfied, and 23% are dissatisfied.</p> <p><u>Minimum levels of satisfaction</u></p> <p>Access procedures: Seventy percent of clients are satisfied, and 30% are dissatisfied.</p> <p>Amounts of loans: Sixty-five percent of clients are satisfied, and 35% are dissatisfied.</p> <p>Interest rate: Fifty-nine percent of clients are satisfied, and 41% are dissatisfied.</p> <p><u>Insufficient levels of satisfaction</u></p> <p>Service of cashiers: Fifty-five percent of clients are satisfied, and 45% are dissatisfied.</p>

5) According to the perception of clients, a comparison of D-FRIF housing loans with similar loans offered by competing MFIs, the following is revealed:

- a *comparative advantage* for D-FRIF regarding the guidance of loan officers, the disbursement time, the location of offices, the term of payment, the interest rate, and the access procedures;

- a *comparative disadvantage* for D-FRIF regarding the amounts of loans and the service of cashiers;
- *conditions similar to those of the competition* regarding the hours of service, the treatment of loan officers, the guarantees required, and the form of payment of the loans.

Housing Loans: Comparison of D-FRIF with Competing MFIs
<u>D-FRIF comparative advantage: high degree</u>
Guidance of loan officers: Score of A- for D-FRIF and of D+ for competing MFIs
<u>D-FRIF comparative advantages: medium degree</u>
Location of offices: Score of A- for D-FRIF and of C+ for competing MFIs
Disbursement time: Score of B for D-FRIF and of D for competing MFIs
<u>D-FRIF comparative disadvantages: low degree</u>
Interest rate: Score of C- for D-FRIF and of D- for competing MFIs
Term of payment: Score of A for D-FRIF and of B+ for competing MFIs
Access procedures: Score of C+ for D-FRIF and of D- for competing MFIs
<u>D-FRIF comparative disadvantage: medium degree</u>
Amounts of loans: Score of C- for D-FRIF and of A for competing MFIs
<u>D-FRIF comparative disadvantage: low degree</u>
Service of cashiers: Score of D+ for D-FRIF and of C+ for competing MFIs
<u>Conditions similar to those of the competition</u>
Guarantees required: Score of B both for D-FRIF and for competing MFIs
Treatment of loan officers: Score of B+ for D-FRIF and of B for competing MFIs (inclination towards a comparative advantage for D-FRIF)
Service hours: Score of B+ for D-FRIF and of B- for competing MFIs (inclination towards a comparative advantage for D-FRIF)
Form of payment: Score of A- for D-FRIF and of A for competing MFIs (inclination towards a comparative disadvantage for D-FRIF)

4.3 Conclusions Regarding Loans for Microcredit Associations

1) A comparison of the situation of the borrowers of loans for microcredit associations *ex ante* and *ex post* access to the loan reflects increases in capital, investment, income, and employment in the economic activities financed, as well as improvements in the type of place of commerce. Also noticeable are improvements in nutrition and education of the household and greater participation of women in the decisions of the home. The improvements in capital, investment, and income are evident in most women clients, while the remaining improvements are minority trends.

Loans for Microcredit Associations: Changes between the Periods <i>Ex Ante</i> and <i>Ex Post</i> the Loan
<u>Economic activities financed</u>
Capital: One hundred percent of women clients increased their working capital following access to the D-FRIF loan.
Investment: Sixty-eight percent of women clients increased their investment in fixed assets following access to the D-FRIF loan.
Income: Ninety-three percent of women clients increased their income following access to the D-FRIF loan.
Employment: Thirty-seven percent of women clients increased the number of workers following access to the D-FRIF loan.
Place of commerce: Twelve percent of women clients improved their type of place of commerce following access to the D-FRIF loan.
<u>Education of the household</u>
Nutrition: Twenty-one percent of women clients improved nutrition following access to the loans.
Education: Four percent of women clients improved education following access to the loans.
<u>The client as an individual</u>
Participation: Five percent of women clients increased their participation in decisions regarding the distribution of household income following access to the D-FRIF loan.

2) The three techniques applied for determining whether the changes described were affected or not by the D-FRIF loan together reveal that the loan has had a significant influence on the changes observed by clients. When referring to the effect of the loan, also considered is the effect of **other sources of village banking methodology financing, such as: internal loans, savings at village banks, and earnings of internal accounts.**

Incidental attribution of impacts means that the women clients report changes, and more frequently consider that the loan has had a high or total degree of influence on the changes.

Loans for Microcredit Associations: Incidental Attribution of Impacts
<p>Capital: Of the women clients that increased their working capital, 52% attributed high influence on the change to the D-FRIF loan, and 35% total influence (87% of the total sample).</p> <p>Investment: Of the women clients that increased investment in fixed assets, 44% attributed a high influence on the change to the D-FRIF loan, and 41% total influence (58% of the total sample).</p> <p>Income: Of the women clients that increased their incomes, 54% attributed high influence on the change to the D-FRIF loan, and 37% total influence (84% of the total sample).</p> <p>Employment: Of the women clients that increased the level of employment, 50% attributed high influence on the change to the D-FRIF loan, and 27% total influence (28% of the total sample).</p> <p>Place of commerce: Of the women clients that improved their place of commerce, 44% attributed a high influence on the change to the D-FRIF loan, and 25% total influence (8% of the total sample).</p> <p>Food: Of the women clients that improved the nutrition of the members of their households, 87% attributed a high influence on the change to the D-FRIF loan, and 13% total influence (21% of the total sample).</p> <p>Education: Of the women clients that improved the education of members of their households, 100% attributed a high influence on the change to the D-FRIF loan (4% of the total sample).</p> <p>Participation: Of the women clients that increased their participation in decisions regarding the use of income of the household, 67%</p>

<p>attributed a high influence on the change to the D-FRIF loan, and 33% total influence (5% of the total sample).</p>
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Correlational attribution of impacts suggests the existence of a close link between increases in the amounts of loans and increases in employment and income of the economic activities financed.

Loans for Microcredit Associations: Correlational Attribution of Impacts
<p>Income and loans: Increases in income are closely linked to increases in the amounts of loans provided D-FRIF.</p> <p>Employment and loans: Increases in the number of workers are closely linked to increases in the amounts of loans provided by D-FRIF, and to increases in the amounts of internal loans.</p>

Qualitative deepening attribution of impacts concludes that D-FRIF loans have been a decisive factor on the changes observed in the economic activities of women clients, and a factor that has contributed towards the improvements observed in the households of women clients, through their effect on the increase in incomes from economic activities.

3) According to the criteria applied, loans for microcredit associations have:

- a *high impact* on capital and the income from the economic activities financed;
- a *medium impact* on investment in fixed assets employed in the economic activities;
- a *low impact* on the creation of employment;
- a *moderate impact* on the type of place of commerce, food and education of the household, and on the participation of women in the decisions of the home.

Loans for Microcredit Associations: Degree of Impact
<p><u>High degree impacts</u></p> <p>Capital: One hundred percent of women clients increased their working capital following access to the D-FRIF loan, and 100% of women clients link the change to the loan.</p> <p>Income: Ninety-three percent of women clients increased their income following access to the D-FRIF loan, and 93% of women clients link the change to the loan.</p> <p><u>Medium degree impact</u></p> <p>Investment: Sixty-eight percent of women clients increased their investment following access to the D-FRIF loan, and 68% of women clients link the change to the loan.</p> <p><u>Low degree impact</u></p> <p>Employment: Thirty-seven percent of women clients increased the number of workers following access to the D-FRIF loan, and 37% of women clients link the change to the loan.</p> <p><u>Moderate degree impacts</u></p> <p>Education: Four percent of women clients improved the education of the members of their households following access to the D-FRIF loan, and 4% of women clients link the change to the loan.</p> <p>Place of commerce: Twelve percent of women clients improved their type of place of commerce following access to the D-FRIF loan, and 12% of women clients link the change to the loan.</p> <p>Food: Twenty-one percent of women clients improved nutrition in their homes following access to the D-FRIF loan, and 21% of women clients link the change to the loan.</p> <p>Participation: Five percent of women clients participate more in the decisions of the household following access to the D-FRIF loan, and 5% of women clients link the change to the loan.</p>

Loans for Microcredit Associations: Levels of Client Satisfaction and Dissatisfaction
<p><u>Excellent levels of satisfaction</u></p> <p>Locations of meetings: Ninety-eight percent of women clients are satisfied, and 2% are dissatisfied.</p> <p>Guidance of promoters: Ninety-five percent of women clients are satisfied, and 5% are dissatisfied.</p> <p>Savings at the village bank: Ninety-three percent of women clients are satisfied, and 7% are dissatisfied.</p> <p>Internal earnings and treatment of promoters: Ninety percent of women clients are satisfied, and 10% are dissatisfied.</p> <p>Hours of meetings: Eighty-eight percent of women clients are satisfied, and 12% are dissatisfied.</p> <p>Internal loans: Eighty-seven percent of women clients are satisfied, and 13% are dissatisfied.</p> <p><u>Good levels of satisfaction</u></p> <p>Term of payment: Eighty-five percent of members are satisfied, and 15% are dissatisfied.</p> <p>Guarantees: Eighty-two percent of women clients are satisfied, and 18% are dissatisfied.</p> <p>Duration of meetings: Seventy-eight percent of women clients are satisfied, and 22% are dissatisfied.</p> <p>Access procedures and training: Seventy-seven percent of women clients are satisfied, and 23% are dissatisfied.</p> <p>Form of payment and interest rate: Seventy-two percent of women clients are satisfied, and 28% are dissatisfied.</p> <p><u>Minimum levels of satisfaction</u></p> <p>Disbursement time: Sixty-seven percent of women clients are satisfied, and 33% are dissatisfied.</p> <p>Amounts of loans: Sixty-three percent of women clients are satisfied, and 37% are dissatisfied.</p>

4) According to the perceptions of the clients, loans for microcredit associations generate the following levels of satisfaction:

- *excellent levels of satisfaction* with the treatment and guidance of promoters, internal loans, savings and earnings of the village banking methodology, and the locations of meetings;
- *good levels of satisfaction* with the guarantees and the procedures for access to the loans, the term, the form of payment, the interest rate, the training in village banking, and the duration of the meetings;
- *minimum levels of satisfaction* with the disbursement time and the amounts of loans.

5) From the perspective of clients, a comparison of loans for microcredit associations provided by D-FRIF with similar loans offered by competing MFIs reveals:

Loans for Microcredit Associations: Comparison of D-FRIF with Competing MFIs
<u>D-FRIF comparative advantages: medium degree</u> Internal loans and hours of meetings: Score of A- for D-FRIF and of C+ for competing MFIs Locations of meetings: Score of A+ for D-FRIF and of C for competing MFIs
<u>D-FRIF comparative advantages: low degree</u> Guidance of promoters: Score of A+ for D-FRIF and of B for competing MFIs Treatment of promoters: Score of A- for D-FRIF and of B for competing MFIs Internal earnings: Score of A- for D-FRIF and of B- for competing MFIs Duration of meetings: Score of B for D-FRIF and of C for competing MFIs Interest rate: Score of B for D-FRIF and of C for competing MFIs Term of payment: Score of B+ for D-FRIF and of C+ for competing MFIs
<u>D-FRIF comparative disadvantages: low degree</u> Disbursement time: Score of C+ for D-FRIF and of B- for competing MFIs Amounts of loans: Score of C for D-FRIF and of B for competing MFIs Access procedures: Score of B for D-FRIF and of A- for competing MFIs Training in village banking: Score of B for D-FRIF and of A- for competing MFIs
<u>Conditions similar to those of the competition</u> Guarantees required: Score of B+ for both D-FRIF and competing MFIs Savings at village bank: Score of A+ for D-FRIF and of A- for competing MFIs (with an inclination towards a comparative advantage for D-FRIF)

- *comparative advantages* for D-FRIF in the treatment and guidance of promoters, the term, the form of payment, and the interest rate of loans, the place, hours, and duration of meetings, and internal loans and earnings through the village banking methodology;

- *comparative disadvantages* for D-FRIF in the amounts of loans, access procedures, and disbursement time;

- *conditions similar to those of the competition* in guarantees required and savings under the village banking methodology.

4.4 General Conclusions Regarding Access to, Use of, and Payment of Loans

1) Most clients interviewed learned about the loans provided by D-FRIF for the first time through information given by clients of the institution, and applied for their first loan prompted mainly by the expectation of improving their economic activity, the well-being of their families, or the conditions of their houses.

Access to D-FRIF Loans
<u>First source of information on D-FRIF loans</u> Individual loans for economic activities: Sixty-eight percent from D-FRIF clients, 10% from D-FRIF personnel, 22% from D-FRIF publicity Loans for housing: Seventy-two percent from D-FRIF clients, 13% from D-FRIF personnel, 13% from D-FRIF publicity, 2% through references of Christian organizations Loans for microcredit associations: Ninety percent from D-FRIF clients, 5% from D-FRIF personnel, 5% from D-FRIF publicity
<u>Main determining factor of demand:</u> Individual loans for economic activities: Sixty four percent improvement of economic activity, 31% improvement of well-being, 5% advantageous financial conditions Loans for housing: 74% improvement of housing conditions, 19% improvement of family well-being, 7% advantageous financial conditions Loans for microcredit associations: Eighty-three percent improvement of economic activity, 8% improvement of well-being, 3% advantageous financial conditions, 6% social capital achieved from participating in the association

2) D-FRIF loans are employed, in most cases, in desirable and expected uses such as financing of the economic activity and financing of housing, according to the objective of the loan product. Nevertheless, there are also noteworthy cases in which part of D-FRIF loans

are employed for purchasing goods for the home and for financing household consumption expenses, thus the need for developing loan products or savings products that are more adequate for these ends. The use that clients give to savings, internal earnings, and internal loans of the village banking methodology provide a 'laboratory' of learning regarding the subject. The results found highlight the value of keeping clients that are loyal and satisfied with the services, and the importance of institutionalizing a focus on demand that gives priority to knowing the client in order to design adequate services.

Uses of D-FRIF Loans
<p>Individual loans for economic activities: Working capital: Eighty percent yes, 20% no Investment in fixed assets: Sixty-seven percent yes, 33% no Purchase of goods for the home: Twenty-three percent yes, 77% no Household consumption expenses: Eight percent yes, 92% no Construction and improvement of the house: thirty percent yes, 70% no</p> <p>Housing loans: Purchase of house or lot: Twenty-nine percent yes, 71% no Repairs of house: Fifty-nine percent yes, 41% no Expansion of house: Sixty-seven percent yes, 33% no Purchase of goods for the home: Ten percent yes, 90% no</p> <p>Loans for microcredit associations: Working capital: One hundred percent yes, 0% no Investment in fixed assets: Forty-eight percent yes, 52% no Purchase of goods for the home: Thirteen percent yes, 87% no Household consumption expenses: 10% yes, 90% no Construction and improvement of the house: 13% yes, 87% no</p>

3) It is not common for clients to report the existence of problems in paying D-FRIF loans, and most clients state that they are able to make the loan payments from the income generated from their economic activities. They

also state that payment problems can generally be solved in agreement with the institution, through the reprogramming of loans, although, it is also evident that a considerable portion of D-FRIF clients have loans in effect with other financial institutions simultaneously, mainly with regulated financial institutions. The measuring of shared clients within the long-standing D-FRIF client sector reaches 50% in the case of individual loans for economic activities, 45% in the case of housing loans, and 38% in the case of loans for microcredit associations. On the other hand, if the level of present indebtedness is measured for long-standing clients, the share of D-FRIF loans is less than half, on average around 38% in the case of individual loans for economic activities, 38% in the case of housing loans, and 15% in the case of loans for microcredit associations.

Shared Clients and the Share of D-FRIF Loans of the Total Level of Indebtedness
<p>Shared clients: Individual loans for economic activities: Fifty percent shared clients, 42% with regulated MFIs, 10% with MFIs specialized in village banking, and 4% with other non-regulated MFIs Housing loans: Forty-five percent shared clients, 40% with regulated MFIs, 17% with MFIs specialized in village banking, and 2% with other non-regulated MFIs Loans for microcredit associations: Thirty-eight percent shared clients, 32% with regulated MFIs, 20% with MFIs specialized in village banking, and 2% with other non-regulated MFIs</p> <p>Average distribution of the total amount debt: Individual loans for economic activities: 38% with D-FRIF and 62% with other financial institutions Loans for housing: 36% with D-FRIF and 64% with other financial institutions Loans for microcredit associations: 15% with D-FRIF and 85% with other financial institutions</p>

Source: INFOCRED

In summary, the results of the study reveal that if the effects of D-FRIF loans are individualized based on the perceptions of clients, in general we find desirable results in terms of the generation of positive impacts in the lives of clients. Both the individual loans for economic activities and the loans for microcredit

associations reveal an important effect on the generation of economic improvements, mainly regarding the increase in working capital and the income from economic activities financed, and, to a lesser degree on the increase in investment in fixed assets and the generation of employment. Housing loans have a definite effect on improvements in the housing conditions of the borrowers. Also, if the perceptions of clients regarding the degree of satisfaction with D-FRIF loans are collected, it is possible to identify a high degree of satisfaction with most conditions and characteristics of the three products evaluated, although less satisfaction is evident with the amounts of loans and the interest rates.

Notwithstanding, it is also necessary to consider the resorting of D-FRIF clients to loans from other financial institutions, mainly loans from regulated financial institutions, and the low portion of D-FRIF loans on the total level of indebtedness suggests the need to investigate the broader scenario. It is important to know why clients have debts simultaneously with different financial institutions and why clients do not resort only to D-FRIF for satisfying their financial needs. Are these behaviour trends in clients reflecting a diversification strategy for satisfying financial needs? Are they a sign of over-indebtedness or lack of financial education of clients that is not giving full dimension to their level of indebtedness? Have the market niches disappeared and are regulated financial institutions penetrating the lowest niches of the market that had traditionally been served by D-FRIF and other non-regulated MFIs? These are questions that undoubtedly warrant deeper research.

Annex 1: Report of the Results of the Juan Pablo II Office

SAMPLE CONSIDERED

The results presented in this section consider as their source of information a random sample of 30 main borrowers of individual loans for economic activities, clients of the Juan Pablo II Office that have received five or more D-FRIF loans. The sample represents 6% of the universe of clients served by the office that possess the characteristics mentioned (Chart 1).

Chart 1 D-FRIF Juan Pablo II Office Representativity of the Sample	
Juan Pablo II Office	30
Representativity within the universe of borrowers with five or more loans from the Juan Pablo II Office	6%

Source: PROFIN Foundation

SAMPLE INDICATORS OF EXPOSURE TO THE D-FRIF LOAN PROGRAMME (Chart 2):

Chart 2 D-FRIF Juan Pablo II Office Average Indicators of Exposure to the Loan Programme	
Number of loans	7
Year of access to the first loan	1999
Amounts of loans in effect (dollars)	2,200
Highest amounts of loans (dollars)	2,400
Lowest amounts of loans (dollars)	500

Source: PROFIN Foundation

Average seniority of clients: Nine years, considering 1999 as the average year of access to the first loan

Average number of loans: Seven loans per borrower

Average amounts of loans: Two thousand two hundred dollars per borrower in loans in effect, 2,400 dollars as the highest amount of loans received, and 500 dollars as the lowest amounts of loans received

SAMPLE INDICATORS OF THE PROFILES OF LONG-STANDING CLIENTS (Chart 3):

Chart 3 D-FRIF Juan Pablo II Office Profiles of Long-standing Clients		
Gender	Men main borrowers of loans	60%
	Women main borrowers of loans	40%
	Total	100%
Highest level of education	No schooling	7%
	Schooling not concluded	63%
	Secondary school graduates	17%
	Post-secondary studies	13%
	Total	100%
Civil status	Married persons	94%
	Single persons	3%
	Divorced or widowed persons	3%
	Total	100%
	Bilingual: Spanish and Aymara	73%
	Aymara as the predominant language	10%
	Spanish as the predominant language	17%
	Total	100%
Sector of the main activity	Commerce main activity	20%
	Services main activity	33%
	Production main activity	47%
	Total	100%
Averages	Age (years)	43
	Size of the household (members)	5
	Minors under 18 (members)	2

Source: PROFIN Foundation

Gender: Most main clients of loans are men.

Age: The average age is 43 years.

Highest level of education: Most clients did not conclude their schooling.

Civil status: Most clients are married.

Size of the household: The average size of the household is of five members, with an average of two minors under 18.

Language: There are two most frequent segments: clients that are bilingual in Aymara and Spanish, and clients whose main language is Spanish.

Sector of the main economic activity: The productive sector is the most frequent sector.

IMPACT OF LOANS

2.1 Changes between the Period *Ex Ante* and *Ex Post* the Loan

Changes in capital, investment, employment, and income Working capital, investment, and income from the economic activities financed increased following access to the loan, as a trend in the majority of cases. The levels of employment also increased, but not as a trend evident in most clients. Working capital and income from sales and profits increased with the highest rates, while investment and employment increased with the lowest rates following access to the loan (Charts 4 and 5).

Chart 4 D-FRIF Juan Pablo II Office Changes in Indicators of the Economic Activities Financed Following Access to the Loan			
	Yes	No	Total
Increase in capital	87%	13%	100%
Increase in investment	70%	30%	100%
Increase in the levels of employment	47%	53%	100%
Increase in the amount of sales	90%	10%	100%
Increase in profit	90%	10%	100%

Source: PROFIN Foundation

Chart 5 D-FRIF Juan Pablo II Office Changes in Capital, Investment, Employment, and Income (amounts in dollars)			
	Average Value <i>Ex Ante</i> the Loan	Average Value <i>Ex Post</i> the Loan	Δ%
Capital	1,132	2,294	103%
Investment	3,015	3,885	29%
Total employment	3	4	33%
Family	2	2	0%
External	1	2	100%
Fixed	2	3	50%
Temporary	1	1	0%
Annual sales	7,106	13,715	93%
Annual profit	2,416	4,855	101%

Δ% = rate of growth = *ex post* value minus *ex ante* value divided by *ex ante* value

Source: PROFIN Foundation

Changes in the type of place of commerce: Sales at stores or fixed posts increased following access to the loan, and ambulatory sales decreased (Chart 6).

Chart 6 D-FRIF Juan Pablo II Office Type of Place of Commerce			
	<i>Ex Ante</i> the Loan	<i>Ex Post</i> the Loan	Difference
Fixed posts	60%	70%	10%
Ambulatory posts	40%	30%	-10%

Source: PROFIN Foundation

Changes in nutrition of the household: Permanent access of the members of the household to complete and sufficient food increased following access to the loan, and non-permanent access decreased (Chart 7).

Chart 7 D-FRIF Juan Pablo II Office Frequency of Access to Complete and Sufficient Food			
	<i>Ex Ante</i> the Loan	<i>Ex Post</i> the Loan	Difference
Always	43%	60%	17%
Almost always	30%	40%	10%
Sometimes	27%	0%	-27%

Source: PROFIN Foundation

Changes in the education of members of the household: Private school or professional education increased, and public education decreased (Chart 8).

Chart 8 D-FRIF Juan Pablo II Office Most Frequent Education of Members of the Household (% of the effective sample)			
	<i>Ex Ante</i> the Loan	<i>Ex Post</i> the Loan	Difference
Private education	29%	33%	4%
Public education	71%	67%	-4%

*The effective sample considers only clients with households with members that are in school and/or enrolled in professional education courses.

Source: PROFIN Foundation

2.2 Attribution of Impacts

Incidental attribution of impacts From the perspective of most clients of D-FRIF loans, there has been an influence of high degree on the changes observed (Chart 9).

Chart 9 D-FRIF Juan Pablo II Office Incidental Attribution of Impacts (% of the effective sample)					
	Total	High	Medium	Low	None
Capital	23%	73%	4%	0%	0%
Investment	29%	71%	0%	0%	0%
Employment	29%	57%	0%	7%	7%
Income	30%	67%	3%	0%	0%
Place of commerce	36%	64%	0%	0%	0%
Food	10%	90%	0%	0%	0%
Education	0%	100%	0%	0%	0

*The effective sample considers only clients that report changes in the indicator evaluated and excludes clients that do not report changes.
Source: PROFIN Foundation

Correlational attribution of impacts: Increases in investment have a statistically significant link to increases in the amounts of loans provided by D-FRIF (Chart 10).

Chart 10 D-FRIF Juan Pablo II Office Correlational Attribution of Impacts		
Correlation between: Impact Indicators	Indicators of Exposure to the D-FRIF Loan Programme	
	Seniority of Client	Amounts of loans
Capital	0.079	0.201
Investment	-0.109	0.384*
Employment	-0.245	0.058
Income	-0.034	0.074

** Significant Pearson linear correlation with an error of 1%
* Significant Pearson linear correlation with an error of 5%
Source: PROFIN Foundation

2.3 Degree of Impact

The criteria applied (Chart 11), suggest that individual loans for economic activities have:

High impact: on the working capital and the income of the economic activities financed;

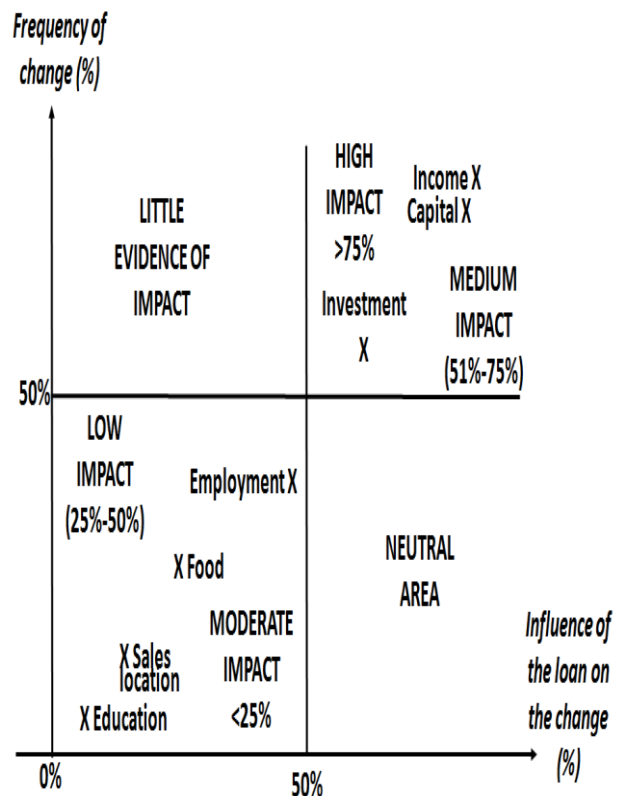
Medium impact: on investment in fixed assets employed in the economic activities financed;

Low impact: on the level of employment of the economic activities financed; and

Moderate impact: on the type of place of commerce for sales of the economic activities financed, and on nutrition and education of the household.

Chart 11 D-FRIF Juan Pablo II Office Identification of the Degree of Impact (percentages of the total sample)			
Indicators	Frequency of Change	Influence of the Loan	Degree of Impact
Capital	87%	87%	High
Investment	70%	70%	Medium
Employment	47%	44%	Low
Income	90%	90%	High
Type of place of commerce	10%	10%	Moderate
Food	27%	27%	Low
Education	4%	4%	Moderate

JUAN PABLO II OFFICE



Source: PROFIN Foundation

CLIENT SATISFACTION

3.1 Levels of Satisfaction with D-FRIF Services

The application of the criteria for determining the levels of satisfaction and dissatisfaction of clients reveals the following (Chart 12):

Chart 12 D-FRIF Juan Pablo II Office Levels of Client Satisfaction and Dissatisfaction			
Indicators	Satisfied Clients	Dissatisfied Clients	Indicator Score
Guarantees	80%	20%	Good
Access procedures	70%	30%	Minimum
Disbursement time	67%	33%	Minimum
Amounts of loans	57%	43%	Minimum
Term of payment	90%	10%	Excellent
Form of payment	97%	3%	Excellent
Interest rate	57%	43%	Minimum
Treatment of loan officers	97%	3%	Excellent
Guidance of loan officers	97%	3%	Excellent
Service hours	90%	10%	Excellent
Location of office	90%	10%	Excellent
Service of cashiers	67%	33%	Minimum

Source: PROFIN Foundation

Excellent levels of satisfaction with the term and form of payment of loans, the performance of loan officers, and the location and hours of the office

Good levels of satisfaction with the guarantees

Minimum levels of satisfaction with the amounts of loans and the interest rate, the procedures for access to the loans, the disbursement time, and the service of cashiers

3.2 D-FRIF Comparative Advantages and Disadvantages

Long-standing clients identify the following advantages, disadvantages, and similarities of D-FRIF compared to other MFIs (Chart 13):

Chart 13 D-FRIF Juan Pablo II Office Comparison of D-FRIF with Competing MFIs			
Indicators	D-FRIF Score	Other MFIs Score	Comparative Situation
Guarantees	B	B	Similar conditions
Access procedures	C+	B+	Low comparative disadvantage
Disbursement time	C+	B+	Low comparative disadvantage
Amounts of loans	C-	A+	Medium comparative disadvantage
Form of payment	A-	A	Similar conditions <i>(trends towards a disadvantage)</i>
Term of payment	A+	A	Similar conditions <i>(trends towards an advantage)</i>
Interest rate	C-	C-	Similar conditions
Treatment of loan officers	A+	A	Similar conditions <i>(trends towards an advantage)</i>
Guidance of loan officers	A+	B	Low comparative advantage
Service hours	A-	B-	Low comparative advantage
Location of offices	A-	A+	Similar conditions <i>(trends towards a disadvantage)</i>
Service of cashiers	C+	B-	Low comparative disadvantage

Source: PROFIN Foundation

Low degree comparative advantages: in the guidance provided by loan officers and the service hours

Low degree comparative disadvantages: in the procedures for access to the loan, the disbursement time, and the service of cashiers

Medium degree comparative disadvantages: in the amounts of loans

Conditions similar to those of the competition: in the guarantees, the term and form of payment, the interest rate, the treatment of loan officers, and the location of the office

ACCESS TO, USE OF AND PAYMENT OF LOANS

Sources of information on D-FRIF loans: Persons that have been D-FRIF clients are the first most frequent source of information on the loans provided by the institution (Chart 14).

Chart 14 D-FRIF Juan Pablo II Office Access to Loans	
Sources of Information	
D-FRIF borrowers	60%
D-FRIF personnel	7%
D-FRIF publicity	33%
Total	100%
Factors that Determine Applying for Loans	
Improvement of economic activity	67%
Improvement of family well-being	27%
Advantageous loan conditions	6%
Total	100%

Source: PROFIN Foundation

Factors that determine applying for D-FRIF loans: The possibility of achieving improvements in the economic activity is the main determining factor of the decision to apply for a first D-FRIF loan (Chart 14).

Use of loans by economic sector: Loans are more frequently employed in economic activities of the productive sector and the services sector, and to a lesser degree in the commerce sector (Chart 15).

Chart 15 D-FRIF Juan Pablo II Office Uses of Loans			
	Yes	No	Total
By Sector of Economic Activity			
Commerce sector	20%	80%	100%
Services sector	40%	60%	100%
Productive sector	50%	50%	100%
By Investment and Expenses			
Working capital	77%	23%	100%
Investment in fixed assets	67%	33%	100%
Purchase of goods for the home	20%	80%	100%
Consumption expenses of the home	3%	97%	100%
Investment in housing	37%	63%	100%

Source: PROFIN Foundation

Uses of loans by investment or expense: The most frequent uses are working capital and investment in fixed assets. The use of part of the loan for different ends occurs, and is mainly related to construction and improvement of houses, and the purchase of goods for the home (Chart 15).

Payments financing: Almost all borrowers finance the payment of their loans with income from the economic activities financed. The payment of loans with funds from sources other than the economic activities financed occurs, and is mainly from the income of members of the household that work as dependent employees (Chart 16).

Chart 16 D-FRIF Juan Pablo II Office Sources of Financing for Payment of Loans			
	Yes	No	Total
Independent activities	97%	3%	100%
Dependent employment	20%	80%	100%
Loans	0%	100%	100%
Other income	3%	97%	100%

Source: PROFIN Foundation

Problems in paying: The reporting of the existence of problems in paying loans is not frequent. The solutions in most cases of problems involve a reprogramming agreement with the institution, and in others, an increase in the working hours of the client (Chart 17).

Chart 17 D-FRIF Juan Pablo II Office Problems and Solutions in Paying Loans	
There were no problems	90%
There were problems	10%
Solution through reprogramming	7%
Solution by working more	3%
Solution by selling goods	0%
Total	100%

Source: PROFIN Foundation

Annex 2: Report of the Results of the Río Seco Office

SAMPLE CONSIDERED

The results presented in this section consider as sources of information a random sample of 30 main borrowers of individual loans for economic activities, clients of the Río Seco Office, that have received five or more D-FRIF loans. The sample is of 6% of the universe of clients of the office that possess the characteristics mentioned (Chart 1).

Chart 1 D-FRIF Río Seco Office Representativity of the Sample	
Río Seco Office	30
Representativity within the universe of borrowers with five or more loans	6%

Source: PROFIN Foundation

SAMPLE INDICATORS OF EXPOSURE TO THE D-FRIF LOAN PROGRAMME (Chart 2):

Chart 2 D-FRIF Río Seco Office Average Indicators of Exposure to the Loan Programme	
Number of loans	8
Seniority of clients (year)	1999
Amounts of loans in effect (dollars)	1,460
Highest amounts of loans (dollars)	1,730
Lowest amounts of loans (dollars)	440

Source: PROFIN Foundation

Average seniority of clients: Nine years, considering 1999 as the average year of access to the first loan

Average number of loans: Eight loans per borrower

Average amounts of loans: One thousand four hundred and sixty dollars per borrower in loans in effect, 1,730 dollars as the highest loan received, and 440 dollars as the lowest loan received

SAMPLE INDICATORS OF THE PROFILES OF LONG-STANDING CLIENTS (Chart 3):

Chart 3 D-FRIF Río Seco Office Profiles of Long-standing Clients		
Gender	Men main borrowers of the loan	77%
	Women main borrowers of the loan	23%
	Total	100%
Highest level of education	No schooling	3%
	Schooling not concluded	40%
	Secondary school graduates	37%
	Post-secondary studies	20%
	Total	100%
Civil status	Married persons	80%
	Single persons	10%
	Divorced or widowed persons	10%
	Total	100%
Main language	Spanish and Aymara	43%
	Predominantly Aymara	10%
	Predominantly Spanish	47%
	Total	100%
Field of main activity	Commerce main activity	33%
	Services main activity	30%
	Production main activity	37%
	Total	100%
Averages	Age (years)	46
	Size of the household (members)	5
	Minors under 18 (members)	2

Source: PROFIN Foundation

Gender: Most main clients of loans are men.

Age: The average age is 46 years.

Highest level of education: The most common sectors are of clients did not conclude their schooling and of clients that concluded secondary school.

Civil status: Most clients are married.

Average size of the household: The average size of the household is of five members, with an average of two minors under 18.

Language: There are two most frequent segments: clients that are bilingual in Aymara and Spanish, and clients whose main language is Spanish.

Sector of the main economic activity: There is a similar distribution between the commerce, services, and production sectors.

IMPACT OF LOANS

2.1 Changes between the Periods *Ex Ante* and *Ex Post* the Loan

Changes in capital, investment, employment, and income: Capital, investment, and income of the economic activities financed increased following access to the loan, as a trend in most cases. The levels of employment also improved, but not as a trend evident in the cases of most clients (Chart 4).

Chart 4 D-FRIF Río Seco Office Change in Indicators of Economic Activities Financed Following Access to the Loan			
	Yes	No	Total
Increase in capital	90%	10%	100%
Increase in investment	70%	30%	100%
Increase in the levels of employment	37%	63%	100%
Increase in the amount of sales	83%	17%	100%
Increase in profits	83%	17%	100%

Source: PROFIN Foundation

Investment has the highest rate of growth, followed by the rate of growth of income. On the other hand, the rates of growth of capital and of employment are the lowest (Chart 5).

Chart 5 D-FRIF Río Seco Office Changes in Indicators of Economic Activities Financed (amounts in dollars)			
	Average Value <i>Ex Ante</i> the Loan	Average Value <i>Ex Post</i> the Loan	Δ%
Capital	1,232	1,405	14%
Investment	1,091	2,228	104%
Employment	2	3	50%
Total			
Family	1	2	100%
External	1	1	0%
Fixed	2	3	50%
Temporary	0	0	0%
Annual sales	4,379	7,277	66%
Annual profit	1,697	3,148	86%

Δ% = rate of growth = *ex post* value minus *ex ante* value divided by *ex ante* value

Source: PROFIN Foundation

Changes in the type of place of commerce: Sales in stores or fixed locations increased following access to the loan, and ambulatory sales decreased (Chart 6).

Chart 6 D-FRIF Río Seco Office Type of Place of Commerce			
	<i>Ex Ante</i> the Loan	<i>Ex Post</i> the Loan	Difference
Store or fixed location	77%	860%	3%
Ambulatory sales	23%	20%	-3%

Source: PROFIN Foundation

Changes in nutrition of the household: Permanent and frequent access to complete and sufficient food increased following access to the loan, and non-permanent access decreased (Chart 7).

Chart 7 D-FRIF Río Seco Office Frequency of Access to Complete and Sufficient Food			
	<i>Ex Ante</i> the Loan	<i>Ex Post</i> the Loan	Difference
Always	53%	77%	24%
Almost always	23%	23%	0%
Sometimes	24%	0%	-24%

Source: PROFIN Foundation

Changes in education of members of the household: Private schooling or professional education of the members of the household increased following access to the loan, and public education decreased (Chart 8).

Chart 8 D-FRIF Río Seco Office Most Frequent Education of the Household (% of the effective sample)			
	<i>Ex Ante</i> the Loan	<i>Ex Post</i> the Loan	Difference
Private education	29%	30%	1%
Public education	71%	70%	-1%

*The effective sample considers only clients with households that have members enrolled in school and/or professional education.

Source: PROFIN Foundation

2.2 Attribution of Impacts

Incidental attribution of impacts From the perspective of most clients, D-FRIF loans have a high degree of influence on the changes (Chart 9).

Chart 9 D-FRIF Río Seco Office Incidental Attribution of Impacts					
Changes	Perception of the Degree of Influence of Loans on Changes				
	Total	High	Medium	Low	None
Capital	11%	78%	11%	0%	0%
Investment	24%	67%	9%	0%	0%
Employment	27%	73%	0%	0%	0%
Income	12%	88%	0%	0%	0%
Place of commerce	0%	78%	11%	0%	11%
Food	20%	70%	10%	0%	0%
Education	14%	86%	0%	0%	0%

*The effective sample considers only clients that reported changes in the indicator evaluated, and excludes those that did not report changes.

Source: PROFIN Foundation

Correlational attribution of impacts Growth in working capital and employment has a statistically significant relationship with increases in the amounts of loans provided by D-FRIF, although to a lesser degree than that observed as a general trend (Chart 10).

Chart 10 D-FRIF Río Seco Office Correlational Attribution of Impacts		
Correlation between:	Indicators of Exposure to the D-FRIF Loan Programme	
Impact Indicators	Seniority of Client	Amounts of loans
Capital	-0.010	0.382*
Investment	-0.129	0.345
Employment	-0.221	0.461*
Income	-0.138	0.270

** Significant Pearson linear correlation with an error of 1%

* Significant Pearson linear correlation with an error of 5%

Source: PROFIN Foundation

2.3 Degree of Impact

The criteria applied conclude the following (Chart 11):

High impact on working capital and income from the economic activities financed

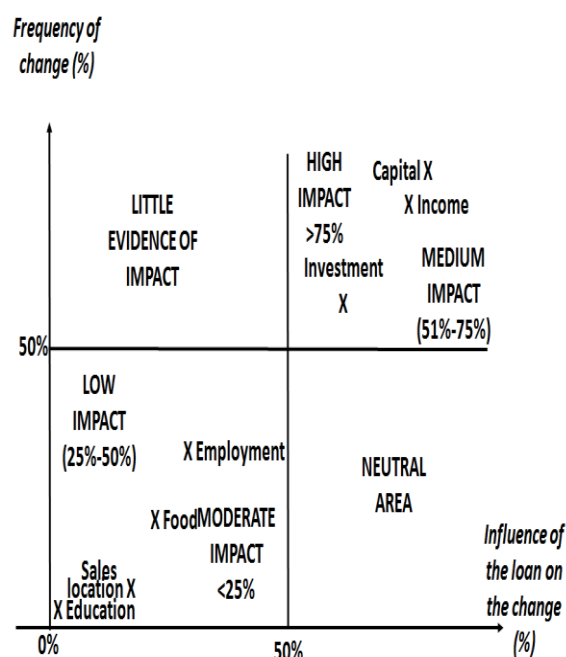
Medium impact on investment in fixed assets employed in the economic activities financed

Low impact on the level of employment in the economic activities financed

Moderate impact on the type of place of commerce of the economic activities financed, and on nutrition and education of the household

Chart 11 D-FRIF Río Seco Office Criteria for Identification of the Degree of Impact			
Indicators	Frequency of Change	Influence of Loan	Degree of Impact
Capital	90%	90%	High
Investment	70%	70%	Medium
Employment	37%	37%	Low
Income	83%	83%	High
Type of place of commerce	3%	1%	Moderate
Food	24%	24%	Moderate
Education	1%	1%	Moderate

RIO SECO OFFICE



Source: PROFIN Foundation

CLIENT SATISFACTION

3.1 Levels of Satisfaction with D-FRIF Services

The application of the criteria for measuring client satisfaction and dissatisfaction revealed the following (Chart 12):

Excellent levels of satisfaction with the term and form of payment, the performance of loan officers, and the location and hours of offices

Good levels of satisfaction with the guarantees required, access procedures, and the disbursement time

Minimum levels of satisfaction with the amounts of loans, the interest rate, and the service of cashiers

Chart 12 D-FRIF Río Seco Office Client Levels of Satisfaction and Dissatisfaction			
	Satisfied Clients	Dissatisfied Clients	Indicator Score
Guarantees	80%	20%	Good
Access procedures	77%	23%	Good
Disbursement time	77%	23%	Good
Amounts of loans	60%	40%	Minimum
Term of payment	93%	7%	Excellent
Form of payment	97%	3%	Excellent
Interest rate	63%	37%	Minimum
Treatment of loan officers	93%	7%	Excellent
Guidance of loan officers	90%	10%	Excellent
Service hours	93%	7%	Excellent
Location of office	93%	7%	Excellent
Service of cashiers	60%	40%	Minimum

Source: PROFIN Foundation

3.2 D-FRIF Comparative Advantages and Disadvantages

Long-standing clients identify the following advantages, disadvantages, and similarities of D-FRIF with regards to competing MFIs (Chart 13):

Chart 13 D-FRIF Río Seco Office Comparison of D-FRIF with Competing MFIs			
Indicators	D-FRIF Score	Other MFIs Score	Comparative Situation
Guarantees required	B	B-	Similar conditions (trends towards an advantage)
Access procedures	B	B+	Similar conditions (trends towards a disadvantage)
Disbursement time	B	B	Similar conditions
Amounts of loans	C-	A-	Medium comparative disadvantage
Frequency of payments	A	A+	Similar conditions (trends towards a disadvantage)
Term of payment	A+	A+	Similar conditions
Interest rate	C	C-	Similar conditions (trends towards an advantage)
Treatment of loan officers	A	B	Low comparative advantage
Guidance of loan officers	A-	A+	Similar conditions (trends towards a disadvantage)
Service hours	A	B	Low comparative advantage
Location of office	A	B	Low comparative advantage
Service of cashiers	C-	D-	Low comparative advantage

Source: PROFIN Foundation

Low degree comparative advantages in the treatment of loan officers, the hours of service, and the location of the office

Low degree comparative disadvantages in the service of cashiers

Medium degree comparative disadvantages in the amounts of loans

Conditions similar to those of the competition in guarantees required, access procedures, the disbursement time, the term and form of

payment, the interest rate, and the guidance of loan officers

ACCESS TO, USE OF, AND PAYMENT OF LOANS

Sources of information on D-FRIF loans: Persons that are or have been D-FRIF clients are the first most frequent source of information on the loans provided by the institution (Chart 14.a).

Chart 14.a D-FRIF Río Seco Office Sources of information on D-FRIF Loans	
D-FRIF borrowers	83%
D-FRIF personnel	3%
D-FRIF publicity	14%
Total	100%

Source: PROFIN Foundation

Factors that determine applying for D-FRIF loans: The possibility of achieving improvements in the economic activity is the main determining factor of the decision to apply for a D-FRIF loan (Chart 14.b).

Chart 14.b D-FRIF Río Seco Office Factors that Determine Applying for Loans	
Improvement of economic activity	63%
Improvement of family well-being	33%
Advantageous loan conditions	4%
Total	100%

Source: PROFIN Foundation

Use of loans by sector of economic activity: Loans are employed with similar frequency in activities of the production, commerce, and services sectors (Chart 15.a).

Chart 15.a D-FRIF Oficina Rio Seco Uses of Loans By Economic Activities			
	Yes	No	Total
Commercial activity	37%	63%	100%
Services activity	33%	67%	100%
Production activity	40%	60%	100%

Source: PROFIN Foundation

Use of loans by investment and expenses: The most frequent uses are working capital and investment in fixed assets. Parts of loans are also less frequently used for different ends,

mainly construction and improvement of houses, and the purchase of goods for the home (Chart 15.b).

Chart 15.b D-FRIF Oficina Rio Seco Uses of Loans By Investment and Expenses			
	Yes	No	Total
Working capital	83%	17%	100%
Investment in fixed assets	57%	43%	100%
Purchase of goods for the home	23%	77%	100%
Consumption expenses of the home	13%	87%	100%
Investment in housing	33%	67%	100%

Source: PROFIN Foundation

Payments financing: Almost all clients reported having financed the payment of loans with income from their economic activities. The payment of the loan with funds from different sources occurs, and is mainly from income of members of the household that work as dependent employees (Chart 16).

Chart 16 D-FRIF Río Seco Office Sources of Financing of Payment of Loans			
	Yes	No	Total
Independent economic activities	90%	10%	100%
Dependent employees	33%	67%	100%
Loans	3%	97%	100%
Other income	3%	97%	100%

Source: PROFIN Foundation

Problems in paying loans The reporting of the existence of problems in paying loans has a low frequency (17% of clients). In most cases the solution to these problems involved agreements between the clients and the institution for reprogramming the loans. In the remaining cases, the solutions involved the sale of clients' goods and an increase in the hours worked by the clients (Chart 17).

Chart 17 D-FRIF Río Seco Office Problems in Paying Loans and Solutions	
There were no payment problems	83%
There were payment problems	17%
Solution through reprogramming	10%
Solution through working more	3%
Solution through the sale of goods	4%
Total	100%

Source: PROFIN Foundation

Annex 3: Report of the Results of the Senkata Office

SAMPLE CONSIDERED

The results presented in this section consider as their source of information a random sample of 30 main borrowers of individual loans for economic activities, clients of the Senkata Office, that have received five or more D-FRIF loans. The sample is of 25% of the universe of clients served by the office that possess the characteristics mentioned (Chart 1).

Chart 1 D-FRIF Senkata Office Representativity of the Sample	
Senkata Office	30
Representativity within the universe of borrowers with five or more loans	25%

Source: PROFIN Foundation

SAMPLE INDICATORS OF EXPOSURE TO THE D-FRIF LOAN PROGRAMME (Chart 2):

Chart 2 D-FRIF Senkata Office Indicators of Exposure to the D-FRIF Loan Programme (expressed in averages)	
Number of loans	7
Seniority of clients (years)	8
Amounts of loans in effect (dollars)	1,840
Highest amounts of loans (dollars)	2,400
Lowest amounts of loans (dollars)	440

Source: PROFIN Foundation

Average seniority of clients: eight years

Average number of loans: seven loans per borrower

Average amounts of loans: one thousand eight hundred and forty dollars per borrower in loans in effect, 2,400 dollars as the highest loan received, and 440 dollars as the lowest loan

SAMPLE INDICATORS OF CLIENT PROFILES (Chart 3)

Chart 3 D-FRIF Senkata Office Profiles of Long-standing Clients		
Gender	Men main borrowers of loans	27%
	Women main borrowers of loans	73%
	Total	100%
Highest level of education	No schooling	7%
	Schooling not finished	60%
	Secondary school graduates	30%
	Post-secondary studies	3%
	Total	100%
Civil status	Married persons	87%
	Single persons	10%
	Divorced or widowed persons	3%
	Total	100%
Main language	Bilingual: Spanish and Aymara	47%
	Predominantly Aymara	6%
	Predominantly Spanish	47%
	Total	100%
Field of main economic activity	Main activity commerce	43%
	Main activity services	37%
	Main activity production	20%
	Total	100%
Averages	Age (years)	40
	Size of the household (members)	5
	Minors under 18 (members)	2

Source: PROFIN Foundation

Gender: Most clients are women.

Age: The average age is 40 years.

Highest level of education: The majority did not conclude their schooling.

Civil status: Most clients are married.

Average size of the household: five members, with an average of two members under 18

Main language: There are two main segments: clients that speak Aymara and Spanish, and clients that only speak Spanish.

Sector of the main economic activity: The most frequent sectors are commerce and services.

IMPACT OF LOANS

2.1 Changes between the Period *Ex Ante* and *Ex Post* the Loan

Changes in capital, investment, income, and employment Working capital and income from the economic activities financed increased following access to the loan, as a trend reported by the majority of clients. Improvements were also observed in investment and employment, but not as a majority trend (Chart 4).

Chart 4 D-FRIF Senkata Office Changes in Indicators of Economic Activities Financed Following Access to the Loan	
Increase in working capital	90%
Increase in investment in fixed assets	73%
Increase in levels of employment	27%
Increase in amount of sales	93%
Increase in profit	93%

Source: PROFIN Foundation

Income and the levels of investment in fixed assets show the highest rates of growth. On the other hand, the rates of increases in employment and working capital are the lowest (Chart 5).

Chart 5 D-FRIF Senkata Office Changes in Capital, Investment, Employment, and Income (indicators expressed in averages, amounts in dollars)			
	Average Value <i>Ex Ante</i> the Loan	Average Value <i>Ex Post</i> the Loan	Δ%
Capital	1,448	2,675	85%
Investment	1,405	3,277	133%
Employment	2	3	50%
Total			
Family	2	2	0%
External	0	1	100%
Fixed	2	2	0%
Temporary	0	1	100%
Annual sales	5,396	12,873	139%
Annual profit	1,920	5,181	170%

Δ% = rate of growth = *ex post* value minus *ex ante* value divided by *ex ante* value

Source: PROFIN Foundation

Changes in the type of place of commerce: Sales in stores or fixed locations increased following access to the loan, and ambulatory sales decreased (Chart 6).

Chart 6 D-FRIF Senkata Office Type of Place of Commerce			
	<i>Ex Ante</i> the Loan	<i>Ex Post</i> the Loan	Difference
Stores or fixed locations	63%	74%	11%
Ambulatory sales	37%	26%	-11%

Source: PROFIN Foundation

Changes in nutrition of members of the household: Permanent access to complete and sufficient food increased following access to the loan, and non-permanent access decreased (Chart 7).

Chart 7 D-FRIF Senkata Office Frequency of Access to Complete and Sufficient Food			
	<i>Ex Ante</i> the Loan	<i>Ex Post</i> the Loan	Difference
Always	30%	53%	23%
Almost always	43%	33%	-10%
Sometimes	20%	13%	-7%
Almost never	6%	0%	-6%

Source: PROFIN Foundation

Changes in education of the household: Private school or professional education increased for the members of the home following access to the loan, and public education decreased (Chart 8).

Chart 8 D-FRIF Senkata Office Most Frequent Type of Education in the Household (% of the effective sample)			
	<i>Ex Ante</i> the Loan	<i>Ex Post</i> the Loan	Difference
Private education	37%	38%	1%
Public education	63%	62%	-1%

*The effective sample considers only clients of households with members that are enrolled in school or professional education courses.

Source: PROFIN Foundation

2.2 Attribution of Impacts

Incidental attribution of impacts: From the perspective of most borrowers, D-FRIF loans have had mainly an influence of high degree on the changes observed (Chart 9).

Chart 9 D-FRIF Senkata Office Incidental Attribution of Impacts (% of the effective sample)					
Changes	Degree of Influence of D-FRIF Loans on the Change				
	Total	High	Medium	Low	None
Capital	4%	74%	22%	0%	0%
Investment	14%	77%	9%	0%	0%
Employment	13%	62%	25%	0%	7%
Income	11%	71%	14%	4%	0%
Type of place of commerce	13%	75%	12%	0%	0%
Food	10%	70%	10%	0%	0%
Education	0%	50%	0%	50%	0%

*The effective sample considers only clients that reported changes in the indicator evaluated, and excludes clients that did not report changes.
Source: PROFIN Foundation

Correlational attribution of impacts: Increase in investment in fixed assets has a statistically significant link to increases in the amounts of loans provided by D-FRIF (Chart 10).

Chart 10 D-FRIF Senkata Office Correlational Attribution of Impacts		
Correlation between: Impact Indicators	Indicators of Exposure to D-FRIF Loans	
	Seniority of Client	Amounts of loans
Capital	-0.004	0.250
Investment	-0.036	0.393*
Employment	0.007	-0.031
Income	-0.111	0.211

** Significant Pearson linear correlation with 1% of error
* Significant Pearson linear correlation with 5% of 5%
Source: PROFIN Foundation

2.3 Degree of Impact

The criteria applied for determining the degree of impact suggest the following (Chart 11):

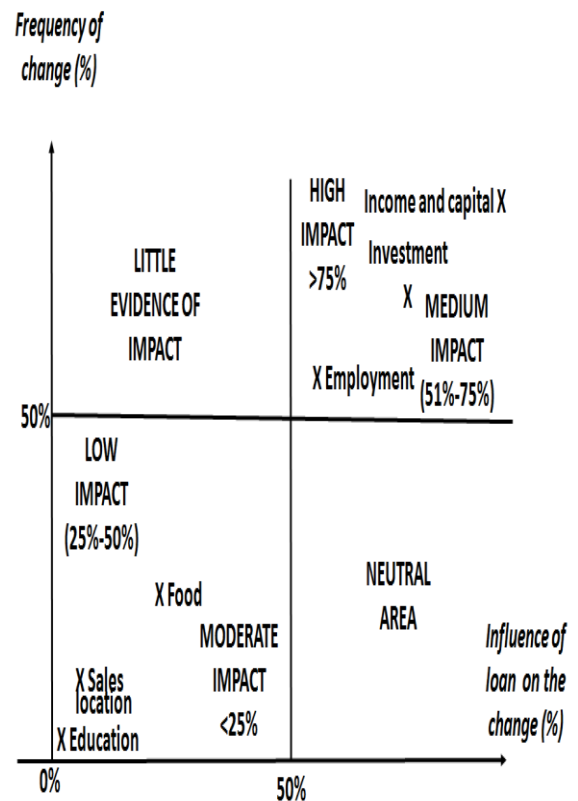
High impact on working capital, investment in fixed assets, and income of the economic activities financed

Medium impact on the level of employment of the economic activities financed

Moderate impact on the type of place of commerce of the economic activities financed and on food and education of the household

Chart 11 D-FRIF Senkata Office Criteria for Identifying the Degree of Impact (% of the total sample)			
Indicators	Frequency of Change	Influence of the Loan	Degree of Impact
Capital	97%	97%	High
Investment	83%	83%	High
Employment	53%	53%	Medium
Income	97%	97%	High
Type of place of commerce	11%	11%	Moderate
Food	23%	23%	Moderate
Education	1%	1%	Moderate

SENKATA OFFICE



Source: PROFIN Foundation

CLIENT SATISFACTION

3.1 Levels of Satisfaction with D-FRIF Services

From the perspective of clients, individual loans for economic activities reveal (Chart 12):

Chart 12 D-FRIF Senkata Office Levels of Client Satisfaction and Dissatisfaction			
	Satisfied Clients	Dissatisfied Clients	Indicator Score
Guarantees required	67%	33%	Minimum
Access procedures	77%	23%	Good
Disbursement time	73%	27%	Good
Amount of loans	67%	33%	Minimum
Term of payment	90%	10%	Excellent
Form of payment	97%	3%	Excellent
Interest rate	47%	53%	Insufficient
Treatment of loan officers	87%	13%	Excellent
Guidance of loan officers	83%	17%	Good
Service hours	77%	23%	Good
Location of office	97%	3%	Excellent
Service of cashiers	70%	30%	Minimum

Source: PROFIN Foundation

Excellent levels of satisfaction with the term and form of payment of the loans, the treatment of loan officers, and the location of the office

Good levels of satisfaction with the procedures for access to loans, the disbursement time, the guidance of loan officers, and the hours of service

Minimum levels of satisfaction with the guarantees, the amounts of loans, and the service of cashiers

Insufficient levels of satisfaction with the interest rate of loans

3.2 D-FRIF Comparative Advantages and Disadvantages

Long-standing clients identify the following advantages, disadvantages and similarities of D-FRIF as compared to other microfinance institutions (Chart 13):

Chart 13 D-FRIF Senkata Office Comparative Advantages and Disadvantages			
	D-FRIF Score	Other MFIs Score	Comparative Situation
Guarantees required	C+	B	Low comparative disadvantage
Access procedures	B	B-	Similar conditions (trends towards an advantage)
Disbursement time	B-	C	Low comparative advantage
Amount of loan	C+	A	Medium comparative disadvantage
Form of payment	A-	A-	Similar conditions
Term of payment	A+	A	Similar conditions (trends towards an advantage)
Interest rate	D	C-	Low comparative disadvantage
Treatment of loan officers	A-	C+	Medium comparative advantage
Guidance of loan officers	B+	B	Similar conditions (trends towards an advantage)
Service hours	B	B	Similar conditions
Location of office	A+	C+	Medium comparative advantage
Service of cashiers	C+	B-	Low comparative disadvantage

Source: PROFIN Foundation

Low degree comparative advantage in disbursement time

Medium degree comparative advantages in the treatment of loan officers and the location of the office

Low degree comparative disadvantages with guarantees, the interest rate, and the service of cashiers

Medium degree comparative disadvantages in the amounts of loans

Conditions similar to those of the competition in access procedures, term and form of payment, guidance of loan officers, and hours of service

ACCESS TO, USE OF, AND PAYMENT OF LOANS

Sources of information on D-FRIF loans: Persons that have been D-FRIF clients are the first most frequent source of information on the loans provided by the institution (Chart 14.a).

Chart 14.a D-FRIF Senkata Office Sources of Information on D-FRIF Loans	
D-FRIF borrowers	83%
D-FRIF personnel	10%
D-FRIF publicity	7%

Source: PROFIN Foundation

Factors that determine applying for a loan: The possibility of achieving improvements in the economic activity is the main factor behind the decision to apply for a first D-FRIF loan (Chart 14.b).

Chart 14.b D-FRIF Senkata Office Factors that Determine Applying for a Loan	
Improvement of economic activity	50%
Improvement of family well-being	43%
Advantageous loan conditions	7%

Source: PROFIN Foundation

Use of loans by sector of economic activity: Loans are most frequently employed in activities of the commerce and services sectors (Chart 15.a).

Chart 15 D-FRIF Senkata Office Uses of Loans By Economic Activities			
	Yes	No	Total
Commercial activity	43%	57%	100%
Services activity	47%	53%	100%
Production activity	20%	80%	100%

Source: PROFIN Foundation

Use of loans by investment and expenses: The most frequent uses are working capital and investment in fixed assets. Less frequently, loans are also used for the construction and improvement of houses, and the purchase of goods for the home (Chart 15.b).

Chart 15.b D-FRIF Senkata Office Uses of Loans By Investment and Expenses			
	Yes	No	Total
Working capital	77%	23%	100%
Investment in fixed assets	67%	33%	100%
Purchase of goods for the home	17%	83%	100%
Construction and improvement of houses	23%	77%	100%

Payments Financing: All clients finance the payments of loans with income from their economic activities. The payment of loans with other funds occurs, mainly with income from other members of the home (Chart 16).

Chart 16 D-FRIF Senkata Office Sources of Financing the Payment of Loans			
	Yes	No	Total
Independent economic activities	97%	3%	100%
Dependent employees	17%	83%	100%
Loans	0%	100%	100%
Other income	0%	100%	100%

Source: PROFIN Foundation

Problems in paying: The reporting of the existence of problems in paying loans is not frequent. In most cases the solutions to the problems involved increasing hours worked, and in others agreements with the institution were reached for reprogramming the loan (Chart 17).

Chart 17 D-FRIF Senkata Office Problems in Paying Loans and Solutions	
There were no payment problems	87%
There were payment problems	13%
Solution through reprogramming	3%
Solution through working more	7%
Solution through the sale of goods	3%
Total	100%

Source: PROFIN Foundation

Annex 4: Report of the Results of Rural Offices

SAMPLE CONSIDERED

The results presented in this section consider as their source of information a random sample of 30 persons that are main borrowers of individual loans for economic activities, clients of rural offices, that have received five or more D-FRIF loans. The sample is of 11% of the universe of clients served by the offices that possess the characteristics mentioned (Chart 1).

Chart 1 D-FRIF Rural Offices Representativity of the sample	
Rural offices	30
Representativity within the universe of borrowers with five or more loans from rural offices	11%

Source: PROFIN Foundation

SAMPLE INDICATORS OF EXPOSURE TO THE D-FRIF LOAN PROGRAMME (Chart 2):

Chart 2 D-FRIF Rural Offices Average Indicators of Exposure to the Loan Programme	
Number of loans	7
Year of access to the first loan	2000
Amounts of loans in effect (dollars)	1,730
Highest amounts of loans (dollars)	2,100
Lowest amounts of loans (dollars)	430

Source: PROFIN Foundation

Average seniority of clients: eight years, considering the year 2000 as the year of access to the first loan, on average

Average number of loans: seven loans per borrower

Average amounts of loans: one thousand seven hundred and thirty dollars per borrower in loans in effect, 2,100 dollars as the highest amount of loans, and 430 dollars as the lowest amounts of loans

SAMPLE INDICATORS OF THE PROFILE OF LONG-STANDING CLIENTS (Chart 3):

Chart 3 D-FRIF Rural Offices Profile of Long-standing Clients		
Gender	Men main borrowers of loans	77%
	Women main borrowers of loans	23%
	Total	100%
Highest level of education	No schooling	7%
	Schooling not concluded	50%
	Secondary school graduates	30%
	Post-secondary studies	13%
	Total	100%
Civil status	Married persons	93%
	Single persons	0%
	Divorced or widowed persons	7%
	Total	100%
Main language	Spanish and Aymara	30%
	Predominantly Aymara	7%
	Predominantly Spanish	63%
	Total	100%
Field of main activity	Commerce main activity	40%
	Services main activity	37%
	Production main activity	23%
	Total	100%
Averages	Age (years)	47
	Size of the household (members)	5
	Minors under 18 (members)	2

Source: PROFIN Foundation

Gender: Most main clients of loans are men.

Age: The average age is 47 years.

Highest level of education: The most common sectors are of clients did not conclude their schooling and of clients that concluded secondary school.

Civil status: Most clients are married.

Average size of the household: The average size of the household is of five members, with an average of two minors under 18.

Language: Most clients communicate in Spanish.

Sector of the main economic activity: Commerce and services are the most frequent sectors.

Changes in the type of place of commerce: Sales in stores or fixed locations increased following access to the loan, and ambulatory sales decreased (Chart 6).

IMPACT OF LOANS

2.1 Changes between the Period *Ex Ante* and *Ex Post* the Loans

Changes in capital, investment, income, and employment: Capital, investment, income, and employment of the economic activities financed increased following access to loans as a trend in most cases (Chart 4).

Chart 4 D-FRIF Rural Offices Changes in Indicators of Economic Activities Financed following Access to D-FRIF Loans	
Increase in capital	97%
Increase in investment	83%
Increase in employment	53%
Increase in sales	97%
Increase in profit	97%

Source: PROFIN Foundation

Investment has the highest rate of growth, followed by the rates of increase in capital, and in income. On the other hand, employment had the lowest rate of increase (Chart 8).

Chart 5 D-FRIF Rural Offices Rates of Increase of Indicators of Economic Activities Financed (amounts in dollars)			
	Average Value <i>Ex Ante</i> the Loan	Average Value <i>Ex Post</i> the Loan	Δ%
Capital	1,198	3,001	151%
Investment	457	1,902	316%
Employment			
Total	2	3	45%
Family	2	2	33%
External	0	1	91%
Fixed	2	2	41%
Temporary	0	1	58%
Annual sales	3,405	9,509	179%
Annual profits	1,298	3,577	176%

Δ% = rate of growth = *ex post* value minus *ex ante* value divided by *ex ante* value

Source: PROFIN Foundation

Chart 6 D-FRIF Rural Offices Type of Place of Commerce			
	<i>Ex Ante</i> the Loan	<i>Ex Post</i> the Loan	Differenc e
Store or fixed location	83%	90%	7%
Ambulatory sales	17%	10%	-7%
Total	100%	100%	0%

Source: PROFIN Foundation

Changes in nutrition of the household: Permanent access to complete and sufficient food increased following access to the loan, and non-permanent access decreased (Chart 7).

Chart 7 D-FRIF Rural Offices Frequency of Access to Complete and Sufficient Food			
	<i>Ex Ante</i> the Loan	<i>Ex Post</i> the Loan	Differenc e
Always	77%	97%	20%
Almost always	10%	3%	-7%
Sometimes	13%	0%	-13%
Total	100%	100%	0%

Source: PROFIN Foundation

Changes in education of the household: Private school or professional education increased for the members of the home following access to the loan, and public education decreased (Chart 8).

Chart 8 D-FRIF Rural Offices Most Frequent Type of Education in the Household (% of effective sample)			
	<i>Ex Ante</i> the Loan	<i>Ex Post</i> the Loan	Difference
Private education	31%	48%	17%
Public education	69%	52%	-17%

*The effective sample considers only clients of households with members that are enrolled in school or professional education courses.

Source: PROFIN Foundation

2.2 Attribution of Impacts

Incidental attribution of impacts: From the perspective of most clients, D-FRIF loans have had mainly an influence of high degree on the changes observed (Chart 9).

Chart 9 D-FRIF Rural Offices Incidental Attribution of Impacts (% of the effective sample)					
Changes	Degree of Influence of D-FRIF Loans on the Change				
	Total	High	Medium	Low	None
Capital	4%	74%	22%	0%	0%
Investment	14%	77%	9%	0%	0%
Employment	13%	62%	25%	0%	7%
Income	11%	71%	14%	4%	0%
Type of place of commerce	13%	75%	12%	0%	0%
Food	10%	70%	10%	0%	0%
Education	0%	50%	0%	50%	0%

*The effective sample considers only clients that reported changes in the indicator evaluated, and excludes clients that did not report changes.

Source: PROFIN Foundation

Correlational attribution of impacts: Increases in income and of manual labour of the economic activities financed are related to increases in the amounts of loans provided by D-FRIF (Chart 10).

Chart 10 D-FRIF Rural Offices Correlational Attribution of Impacts		
Correlation between:	Indicators of Exposure to D-FRIF Loans	
Impact Indicators	Seniority of Client	Amounts of loans
Capital	0.132	0.334
Investment	0.022	0.202
Employment	0.098	0.448*
Income	0.060	0.458*

** Significant Pearson linear correlation with 1% of error

* Significant Pearson linear correlation with 5% of error

Source: PROFIN Foundation

2.3 Degree of Impact

The criteria applied for determining the degree of impact of D-FRIF loans on the changes observed suggest the following (Chart 11):

High impact on working capital and income of the economic activities financed

Medium impact on investment in fixed assets

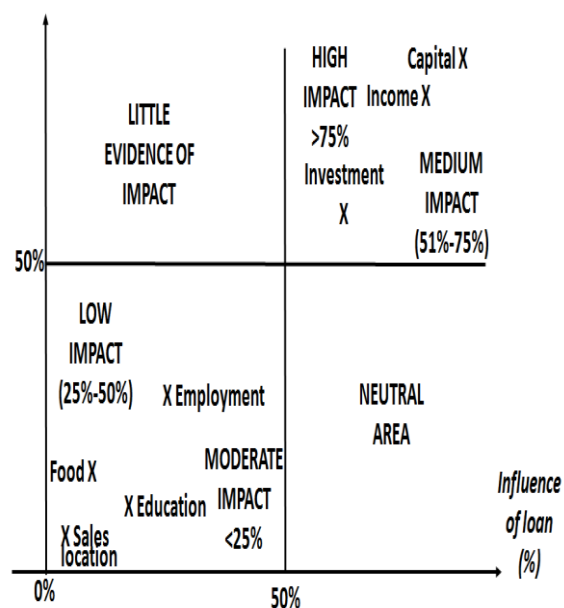
Low impact on employment

Moderate impact on the education and nutrition of the members of the household, and on the type of place of commerce

Chart 11 D-FRIF Rural Offices Criteria for Identifying the Degree of Impact (% of the total sample)			
Indicators	Frequency of Change	Influence of the Loan	Degree of Impact
Capital	90%	90%	High
Investment	70%	70%	Medium
Employment	37%	37%	Low
Income	83%	83%	High
Type of place of commerce	7%	7%	Moderate
Food	20%	20%	Moderate
Education	17%	17%	Moderate

RURAL OFFICES

Frequency of change (%)



Source: PROFIN Foundation

CLIENT SATISFACTION

3.1 Level of Satisfaction with D-FRIF Services

From the perspective of clients, D-FRIF loans generate the following levels of satisfaction and dissatisfaction (Chart 12):

Chart 12 D-FRIF Rural Offices Levels of Client Satisfaction and Dissatisfaction			
	Satisfied Clients	Dissatisfied Clients	Indicator Score
Guarantees	67%	33%	Minimum
Access procedures	83%	17%	Good
Disbursement time	77%	23%	Good
Amounts of loans	53%	47%	Insufficient
Term of payment	87%	13%	Excellent
Form of payment	97%	3%	Excellent
Interest rate	63%	37%	Minimum
Treatment of loan officers	90%	10%	Excellent
Guidance of loan officers	90%	10%	Excellent
Service hours	80%	20%	Good
Location of office	90%	10%	Excellent
Service of cashiers	90%	10%	Excellent

Source: PROFIN Foundation

Excellent levels of satisfaction with the term and form of payment of loans, the treatment and guidance of loan officers, the service of cashiers, and the location of offices

Good levels of satisfaction with the disbursement time, procedures for accessing loans, and the service hours

Minimum levels of satisfaction with the guarantees required and the interest rate

Insufficient levels of satisfaction with the amounts of loans

3.2 D-FRIF Comparative Advantages and Disadvantages

Clients identify the following advantages, disadvantages and similarities of D-FRIF as compared to competing MFIs (Chart 13):

Chart 13. D-FRIF Rural Offices Comparative Advantages and Disadvantages			
	D-FRIF Score	Other MFIs Score	Comparative Situation
Guarantees required	C+	A+	Medium comparative disadvantage
Access procedures	B+	C+	Low comparative advantage
Disbursement time	B	B-	Similar conditions (trends towards an advantage)
Amounts of loans	D+	A-	High comparative disadvantage
Form of payment	A-	B-	Low comparative advantage
Term of payment	A+	A	Similar conditions (trends towards an advantage)
Interest rate	C	D-	Low comparative advantage
Treatment of loan officers	A-	A+	Similar conditions (trends towards a disadvantage)
Guidance of loan officers	A-	A+	Similar conditions (trends towards a disadvantage)
Service hours	B	B-	Similar conditions (trends towards an advantage)
Location of office	A-	A	Similar conditions (trends towards a disadvantage)
Service of cashiers	A-	B-	Low comparative advantage

Source: PROFIN Foundation

High degree comparative disadvantage in the amounts of loans provided

Medium degree comparative disadvantage in the guarantees required

Low degree comparative advantages in access procedures, service of cashiers, form of payment and interest rates

Conditions similar to those of the competition regarding the disbursement time, the term of payment, the performance of loan officers, the location of offices, and the hours of service

ACCESS TO, USE OF, AND PAYMENT OF LOANS

Sources of information on D-FRIF loans: Persons that have been D-FRIF clients are the first most frequent source of information on the loans provided by the institution (Chart 14.a).

Chart 14.a D-FRIF Rural Offices Sources of Information on D-FRIF Loans	
D-FRIF borrowers	43%
D-FRIF personnel	20%
D-FRIF publicity	37%
Total	100%

Source: PROFIN Foundation

Factors that determine applying for a loan: The possibility of achieving improvements in the economic activity is the main factor behind the decision to apply for a first D-FRIF loan (Chart 14.b).

Chart 14.b D-FRIF Rural Offices Factors that Determine Applying for Loans	
Improvement of economic activity	77%
Improvement of family well-being	20%
Conditions of loans	3%
Total	100%

Use of loans by sector of main economic activity: Loans are most frequently employed in activities of the commerce and services sectors (Chart 15.a).

Chart 15 D-FRIF Rural Offices Uses of Loans By Economic Activities	
Commerce sector	47%
Services sector	47%
Production sector	36%

Source: PROFIN Foundation

Uses of loans by investment or expense: The most frequent uses of D-FRIF loans are working capital and investment in fixed assets employed in the economic activity of the clients. The use

of part of loans for other ends occurs, and is mainly related to construction and improvement of the home, the purchase of goods for the home, and financing of household consumption expenses (Chart 15.b).

Chart 15.b D-FRIF Rural Offices Uses of Loans By Investment and Expenses	
Working capital	83%
Investment in fixed assets	77%
Purchase of goods for the home	33%
Household consumption expenses	17%
Investment in housing	27%

Payments financing: Most clients finance the payment of D-FRIF loans with income from their independent economic activities. The payment of loans with other sources of income occurs, and is mainly from income of other members of the household generated in work as dependent employees (Chart 16).

Chart 16 D-FRIF Rural Offices Sources of Financing for the Payment of Loans			
	Yes	No	Total
Independent activities of the client	90%	10%	100%
Dependent employment of other members of the household	20%	80%	100%
Loans	0%	100%	100%
Other income	3%	97%	100%

Source: PROFIN Foundation

Problems in paying loans: The reporting of the existence of problems in paying loans has a low frequency. In most cases the solution to these problems involved reprogramming of loans in agreement with the institution. In other cases, the solution involved the sale of client goods (Chart 17).

Chart 17 D-FRIF Rural Offices Problems in Paying Loans and Solutions	
There were no payment problems	87%
There were payment problems	13%
Solution through reprogramming	10%
Solution through working more	0%
Solution through the sale of goods	3%
Total	100%

Source: PROFIN Foundation

Annex 5: Report of the Results of the Franco Valle Office

SAMPLE CONSIDERED

The results presented in this section consider as their source of information a random sample of 30 main borrowers of individual loans for housing, clients of the Franco Valle Office, that have received five or more D-FRIF loans. The sample is of 12% of the universe of clients served by the office that possess the characteristics mentioned (Chart 1).

Chart 1 D-FRIF Franco Valle Office Representativity of the Sample	
Franco Valle Office	30
Representativity within the universe of clients with five or more loans for housing from of the Franco Valle Office	12%

Source: PROFIN Foundation

SAMPLE INDICATORS OF EXPOSURE TO THE D-FRIF LOAN PROGRAMME (Chart 2):

Chart 2 D-FRIF Franco Valle Office Average Indicators of Exposure to the D-FRIF Loan Programme	
Year of access to the first loan	1999
Number of loans	6
Amount in effect (dollars)	1,470
Highest amounts of loans (dollars)	1,735
Lowest amounts of loans (dollars)	526

Source: PROFIN Foundation

Average seniority of clients: nine years, considering 1999 as the year of access to the first loan, on average

Average number of loans: six loans per borrower

Average amounts of loans: one thousand four hundred and seventy dollars per borrower in loans in effect, 1,735 dollars as the highest amount of loan, and 526 dollars as the lowest amount of loan

SAMPLE INDICATORS OF LONG-STANDING CLIENT PROFILES (Chart 3):

Chart 3 D-FRIF Franco Valle Office Profiles of Long-standing Clients		
Gender	Men main borrowers of loans	80%
	Women main borrowers of loans	20%
	Total	100%
Highest level of education	No schooling	6%
	Schooling not concluded	57%
	Secondary school graduates	27%
	Post-secondary studies	10%
	Total	100%
Civil status	Married persons	70%
	Single persons	7%
	Divorced or widowed persons	23%
	Total	100%
Main language	Predominantly Aymara	10%
	Predominantly Spanish	90%
	Total	100%
Main activity	Independent economic activity	63%
	Salaried employees or persons with other incomes	37%
	Total	100%
Averages	Age (years)	46
	Size of the household (members)	5
	Minors under 18 (members)	2

Source: PROFIN Foundation

Gender: Most main clients of loans are women.

Age: The average age is 46 years.

Highest level of education: Most clients did not conclude secondary school.

Civil status: Most clients are married.

Average size of the household: The average size of the household is of five members, with an average of two minors under 18.

Main language: Most clients communicate predominantly in Spanish.

Sector of the main economic activity: Most clients have their own business.

IMPACT OF LOANS

2.1 Changes between the Period *Ex Ante* and *Ex Post* the Loan

Changes in access to basic services There were more houses with access to potable water and sewage, electricity, and residential natural gas following access to D-FRIF loans (Chart 4).

Chart 4 D-FRIF Franco Valle Office The Existence of Access to Basic Services in the Home			
	Access <i>Ex Ante</i> the Loan	Access <i>Ex Post</i> the Loan	Difference
Water and sewage	70%	93%	23%
Electricity	87%	100%	13%
Residential natural gas	3%	7%	4%

Source: PROFIN Foundation

Changes in the type of house: Own houses with proprietorship documents in order increased following access to D-FRIF loans, and the number of houses obtained in exchange for loans, those borrowed, and those without documents in order went down (Chart 5).

Chart 5 D-FRIF Franco Valle Office Changes in the Type of House			
	<i>Ex Ante</i> the Loan	<i>Ex Post</i> the Loan	Difference
Own houses with proprietorship documents in order	53%	67%	14%
Own houses without documents in order	30%	23%	-7%
Houses obtained in exchange for loans	7%	3%	-4%
Borrowed houses	10%	7%	-3%
Total	100%	100%	0%

Source: PROFIN Foundation

Changes in construction and expansion of houses: The number of houses with more bedrooms per member of the household and

the kitchen separated from the bedrooms increased following access to D-FRIF loans (Charts 6.1 and 6.2).

Chart 6.1 D-FRIF Franco Valle Office Number of Bedrooms in Client Houses		
Number of bedrooms per member of the home (average)	<i>Ex post</i> the loan: three for every five members	<i>Ex ante</i> the loan: two for every five members
Increase in the number of bedrooms following the loans	There was an increase: 87%	There was no increase: 13%

Source: PROFIN Foundation

Chart 6.2 D-FRIF Franco Valle Office Separation of Kitchen and Bedrooms in Client Houses			
	<i>Ex Ante</i> the Loan	<i>Ex Post</i> the Loan	Difference
There is a separation	47%	100%	53%
There is no separation	53%	0%	-53%
Total	100%	100%	100%

Source: PROFIN Foundation

Changes in the condition of structures of houses: The number of houses with most floors, walls, and/or roofs in good condition increased following access to D-FRIF loans, and the number of houses with structures in regular or deficient condition went down (Chart 7).

Chart 7 D-FRIF Franco Valle Office Condition of Structures of Houses			
	<i>Ex Ante</i> the Loan	<i>Ex Post</i> the Loan	Difference
Floors			
Good	20%	70%	50%
Regular	50%	27%	-23%
Deficient	30%	3%	-27%
Total	100%	100%	0%
Roofs			
Good	27%	77%	50%
Regular	53%	20%	-33%
Deficient	20%	3%	-17%
Total	100%	100%	0%
Walls			
Good	16%	67%	51%
Regular	57%	33%	-24%
Deficient	27%	0%	-27%
Total	100%	100%	0%

Source: PROFIN Foundation

Changes in the material of walls: The number of houses with adobe walls went down following access to D-FRIF loans and the number of houses with walls made of more resistant material, mainly brick, went up. (Chart 8).

Chart 8 D-FRIF Franco Valle Office Material of Most Walls of Houses			
	Ex Ante the Loan	Ex Post the Loan	Difference
Adobe	57%	13%	-44
Covered adobe	17%	20%	3%
Brick	20%	57%	37%
Cement	0%	3%	3%
Wood	6%	7%	1%
Total	100%	100%	0%

Source: PROFIN Foundation

Changes in the material of roofs: The number of houses with earth floors went down following access to D-FRIF loans and the number of houses with floors covered with more resistant material, mainly wood, went up (Chart 9).

Chart 9 D-FRIF Franco Valle Office Material of Most Floors of Houses			
	Ex Ante the Loan	Ex Post the Loan	Difference
Cement	47%	57%	10%
Earth	40%	0%	-40%
Parquet	0%	10%	10%
Wood	7%	30%	23%
Vinyl	6%	3%	-3%
Total	100%	100%	0%

Source: PROFIN Foundation

2.2 Attribution of Impacts

Incidental attribution of impacts: Most clients consider that D-FRIF loans have had an influence of high degree on the changes observed (Chart 10).

Chart 10 D-FRIF Franco Valle Office Incidental Attribution of Impacts (% of the effective sample)					
Changes	Perception of the Degree of Influence of Loans on the Changes				
	Total	High	Medium	Low	None
Bedrooms	27%	65%	8%	0%	0%
Separation of the kitchen	25%	63%	12%	0%	0%
Water	29%	57%	14%	0%	0%
Electricity	25%	75%	0%	0%	0%
Gas	0%	100%	0%	0%	0%
Type of house	40%	40%	20%	0%	0%
Floors	16%	74%	10%	0%	0%
Roofs	23%	71%	6%	0%	0%
Walls	21%	74%	5%	0%	0%

*The effective sample considers only clients that reported changes in the indicator evaluated, and excludes clients that did not report changes.

Source: PROFIN Foundation

Correlational attribution of impacts: The installation of basic services in the home following access to the loan has a statistically significant link to increases in the amounts of loans (Chart 11).

Chart 11 D-FRIF Franco Valle Office Correlational Attribution of Impacts		
Correlation between: Impact Indicators	Indicators of Exposure to D-FRIF Loans	
	Seniority of Client	Amounts of loans
Construction and expansion	0.078	0.108
Basic services	-0.464**	-0.065
Type of house	0.144	-0.141
Structures of the house	0.166	-0.017

** Significant Pearson linear correlation with 1% of error

*Significant Pearson linear correlation with 5% of error

Source: PROFIN Foundation

2.3 Degree of Impact

The criteria applied for determining the degree of impact of D-FRIF loans suggest the following (Chart 12):

High degree impact on increases in the number of bedrooms per member of the household

(reduction of overcrowding in the house) following access to loans

Medium degree impact on separation between the kitchen and the bedrooms following access to loans

Chart 12 D-FRIF Franco Valle Office Criteria for Identifying the Degree of Impact (% of the total sample)			
Indicators	Frequency of Change	Influence of the Loan	Degree of Impact
Bedrooms (overcrowding)	87%	87%	High
Separation of the kitchen	53%	53%	Medium
Water	23%	23%	Moderate
Electricity	13%	13%	Moderate
Gas	4%	4%	Moderate
Type of house	14%	14%	Moderate
Floors	50%	50%	Low
Roofs	50%	50%	Low
Walls	51%	51%	Medium

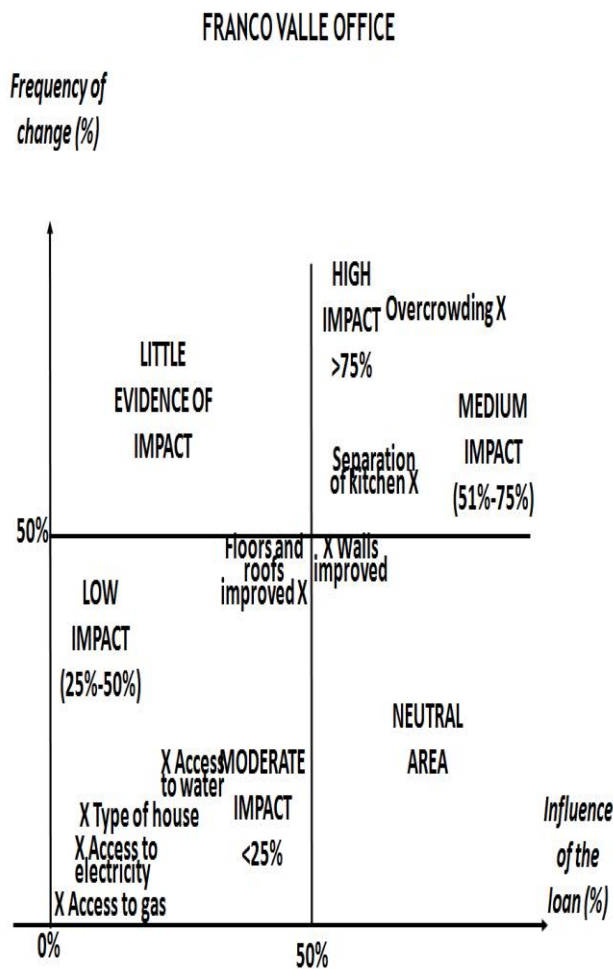
Low degree impacts on improvements in the conditions of walls and floors of houses following access to loans

Moderate degree impacts on improvements in the type of houses and access to basic services in the home following access to loans

CLIENT SATISFACTION

3.1 Levels of Satisfaction with D-FRIF Services

From the perspective of clients, D-FRIF housing loans have the following levels of satisfaction and dissatisfaction (Chart 13):



Source: PROFIN Foundation

Chart 13 D-FRIF Franco Valle Office Levels of Client Satisfaction and Dissatisfaction			
	Satisfied Clients	Dissatisfied Clients	Indicator Score
Guarantees required	77%	23%	Good
Access procedures	67%	33%	Minimum
Disbursement time	77%	23%	Good
Amounts of loans	73%	27%	Good
Term of payment	97%	3%	Excellent
Form of payment	97%	3%	Excellent
Interest rate	50%	50%	Insufficient
Treatment of loan officers	90%	10%	Excellent
Guidance of loan officers	87%	13%	Excellent
Service hours	87%	13%	Excellent
Location of office	90%	10%	Excellent
Service of cashiers	50%	50%	Insufficient

Source: PROFIN Foundation

Excellent levels of satisfaction in the term and form of payment, the performance of loan officers, the location of the office, and the service hours

Good levels of satisfaction in the time of processing disbursements, the guarantee required, and the amounts of loans provided

Minimum level of satisfaction in the procedures for access to the loans

Insufficient levels of satisfaction in the interest rate and the service of cashiers

3.2 D-FRIF Comparative Advantages and Disadvantages

From the perspective of clients, a comparison of D-FRIF with competing MFIs allows identifying the following comparative advantages and disadvantages (Chart 14):

Low degree comparative advantages in the guarantee required and the amounts of loans

High degree comparative disadvantage in the service of cashiers

Medium degree comparative advantages in the disbursement time and the guidance provided by loan officers

Low degree comparative advantages in procedures for access to loans, the treatment of loan officers, the hours of service, and the location of the office

Conditions similar to those of the competition in the term and form of payment of the loans, and the interest rate

Chart 14 D-FRIF Franco Valle Office Comparison of D-FRIF with Competing MFIs			
	D-FRIF Score	Other MFIs Score	Comparative Situation
Guarantees required	B	A	Low comparative disadvantage
Access procedures	C+	D-	Low comparative advantage
Disbursement time	B	D	Medium comparative advantage
Amounts of loans	B-	A+	Low comparative disadvantage
Term of payment	A+	A+	Similar conditions
Form of payment	A+	A+	Similar conditions
Interest rate	D	D-	Similar conditions (tends towards an advantage)
Treatment of loan officers	A-	B+	Low comparative advantage
Guidance of loan officers	A-	C-	Medium comparative advantage
Service hours	A-	B+	Low comparative advantage
Location of office	A-	B+	Low comparative advantage
Service of cashiers	D	A+	High comparative disadvantage

Source: PROFIN Foundation

ACCESS TO, USE OF, AND PAYMENT OF LOANS

Sources of information on D-FRIF loans: Persons that have been D-FRIF clients are the first most frequent source of information on the loans provided by the institution (Chart 15).

Chart 15 D-FRIF Franco Valle Office Primary Source of Information on D-FRIF Loans	
D-FRIF borrowers	71%
D-FRIF personnel	13%
D-FRIF publicity	13%
References from Christian institutions	3%
Total	100%

Source: PROFIN Foundation

Factors that determine applying for a loan (Chart 16): The possibility of achieving improvements in housing conditions is the most frequent factor for deciding to apply for a first D-FRIF loan (77% of clients). Other less frequent reasons are the possibility of improving the well-being of the household (13% of clients), and the perception of advantageous loan conditions (10% of clients).

Chart 16 D-FRIF Franco Valle Office Factors that Determine Applying for a First D-FRIF Loan	
Improvement of housing conditions	77%
Improvement of well-being of the home	13%
Advantageous loan conditions	10%
Total	100%

Source: PROFIN Foundation

Uses of loans related to housing (Chart 17): The most frequent uses of D-FRIF loans are the improvement of houses (47% of clients) and the expansion of houses (67% of clients). On the other hand, the least frequent use is the purchasing of houses or of lots of land (20%).

Chart 17 D-FRIF Franco Valle Office Uses of D-FRIF Loans			
	Yes	No	Total
Purchase of house or lot	20%	80%	100%
Improvement of house	47%	53%	100%
Expansion of house	67%	33%	100%
Independent activities	30%	70%	100%
Purchases of goods for the home	13%	87%	100%

Source: PROFIN Foundation

Uses of loans not related to housing: Part of the financing for housing provided by D-FRIF is employed in ends other than housing, although this situation is not reported as a trend in the majority of cases (Chart 17). Housing loans are also used for financing independent activities of clients (30% of clients), and for the purchase of goods for the home (13% of clients).

Financing of loan payments (Chart 18): The financing of D-FRIF loan payments is most frequently from income of independent economic activities realized by clients (77% of clients), and from the salaries of clients that are

dependent employees (50% of clients). The payment of loans with income from other sources and from rents is less frequent (7% of clients). On the other hand, according to information provided by clients, the use of other loans for the payment of D-FRIF loans is not at all common (0% of clients).

Chart 18 D-FRIF Franco Valle Office Sources of Financing the Payment of D-FRIF Loans			
	Yes	No	Total
Income from independent activities of clients	77%	23%	100%
Income from dependent employees members of the household	50%	50%	100%
Other loans	0%	100%	100%
Other income and rents	7%	93%	100%

Source: PROFIN Foundation

Problems in paying loans (Chart 19): The reporting of the existence of problems in paying D-FRIF loans is not frequent (13%). In most cases (17%) the solutions to the problems involved agreements between the clients and the institution for reprogramming the loans. In other cases the solutions were not through agreement with the institution and involved increases in the hours worked by the client (3%) and the use of other loans for paying the D-FRIF loans (3%).

Chart 19 D-FRIF Franco Valle Office Problems in Paying D-FRIF Loans and Solutions	
There were no payment problems	87%
There were payment problems	13%
Problem solved through reprogramming	7%
Problem solved with loans	3%
Problem solved through working more	3%
Total	100%

Source: PROFIN Foundation

Annex 6: Report of the Results of the Villa Bolívar Office

SAMPLE CONSIDERED

The results presented in this section consider as their source of information a random sample of 30 persons that are main borrowers of individual loans for housing, clients of the Villa Bolívar Office, that have received five or more D-FRIF loans. The sample is of 13% of the universe of clients served by the offices that possess the characteristics mentioned (Chart 1).

Chart 1 D-FRIF Villa Bolívar Office Representativity of the Sample	
Villa Bolívar Office	30
Representativity of the universe of borrowers with five or more housing loans of the Villa Bolívar Office	13%

Source: PROFIN Foundation

SAMPLE INDICATORS OF EXPOSURE TO THE D-FRIF LOAN PROGRAMME (Chart 2):

Chart 2 D-FRIF Villa Bolívar Office Average Indicators of Exposure to the Loan Programme	
Year of access to the first loan	1999
Number of loans	6
Amounts of loans in effect (dollars)	1,590
Highest amounts of loans (dollars)	1,750
Lowest amounts of loans (dollars)	425

Source: PROFIN Foundation

Average seniority of clients: nine years, considering 1999 as the year of access to the first loan, on average

Average number of loans: six loans per borrower

Average amounts of loans: one thousand five hundred and ninety dollars per borrower in loans in effect, 1,750 dollars as the highest amount of loan, and 425 dollars as the lowest amount of loan

SAMPLE INDICATORS OF THE PROFILES OF LONG-STANDING CLIENTS (Chart 3):

Chart 3 D-FRIF Villa Bolívar Office Profiles of Long-standing Clients		
Gender	Men main borrowers of loans	47%
	Women main borrowers of loans	53%
	Total	100%
Highest level of education	No schooling	0%
	Schooling not concluded	60%
	Secondary school graduates	33%
	Post-secondary studies	7%
	Total	100%
Civil status	Married persons	90%
	Single persons	3%
	Divorced or widowed persons	7%
	Total	100%
Main language	Predominantly Aymara	27%
	Predominantly Spanish	73%
	Total	100%
Main activity	Independent economic activity	50%
	Salaried employees or persons with other income	50%
	Total	100%
Averages	Age (years)	42
	Size of the household (members)	5
	Minors under 18 (members)	2

Source: PROFIN Foundation

Gender: Most main clients of loans are men.

Age: The average age is 42 years.

Highest level of education: The most common sector is of clients did not conclude their schooling.

Civil status: Most clients are married.

Average size of the household: The average size of the household is of five members, with an average of two minors under 18.

Language: Most clients communicate predominantly in Spanish.

Main economic activity: There are two most common segments, clients that have their own business, and clients that are salaried or dependent employees.

IMPACT OF LOANS

2.1 Changes between the Period *Ex Ante* and *Ex Post* the Loans

Changes in access to basic services: The availability of potable water and sewage, electricity, and residential natural gas connections in houses increased following access to the loans (Chart 4).

Chart 4 D-FRIF Villa Bolívar Office The Existence of Access to Basic Services in the Houses of Clients			
	Access <i>Ex Ante</i> the Loan	Access <i>Ex Post</i> the Loan	Difference
Potable water	60%	93%	33%
Electricity	73%	100%	27%
Gas	0%	10%	10%

Source: PROFIN Foundation

Changes in the type of house: The ownership of houses with proprietorship documents in order increased following access to the loans, and houses obtained in exchange for loans, borrowed houses, rented houses, and own houses without documents in order decreased (Chart 5).

Chart 5 D-FRIF Villa Bolívar Office Changes in the Type of House			
	<i>Ex Ante</i> the Loan	<i>Ex Post</i> the Loan	Difference
Own house with documents in order	43%	67%	24%
Own house without documents in order	27%	20%	-7%
Houses in exchange for loans	3%	0%	-3%
Rented houses	7%	3%	-4%
Borrowed houses	20%	10%	-10%
Total	100%	100%	0%

Source: PROFIN Foundation

Changes in construction and expansion of houses: Houses with a greater average number of bedrooms per member of the household and

with the kitchen separated from the bedrooms increased following access to the loans (Charts 6.1 and 6.2).

Chart 6.1 D-FRIF Villa Bolívar Office Number of Bedrooms in Client Houses		
Number of bedrooms per member of the household (average)	<i>Ex post</i> the loan: three for every five members	<i>Ex ante</i> the loan: two for every five members
Increase in the number of bedrooms after the loan	There was an increase: 70%	There was no increase: 30%

Source: PROFIN Foundation

Chart 6.2 D-FRIF Villa Bolívar Office Separation of the Kitchen from the Bedrooms in Client Houses			
	<i>Ex Ante</i> the Loan	<i>Ex Post</i> the Loan	Difference
There is a separation	20%	83%	53%
There is no separation	80%	17%	-53%
Total	100%	100%	100%

Source: PROFIN Foundation

Changes in the condition of structures of houses: The ownership of houses with most floors, walls, and roofs in good condition increased following access to the loans, and the number of houses with structures in regular or deficient conditions decreased (Chart 7).

Chart 7 D-FRIF Villa Bolívar Office Condition of Structures of Houses			
	<i>Ex Ante</i> the Loan	<i>Ex Post</i> the Loan	Difference
Floors			
Good (%)	23%	67%	44%
Regular (%)	27%	17%	-10%
Deficient (%)	50%	16%	-34%
Roofs			
Good (%)	23%	77%	54%
Regular (%)	47%	20%	-27%
Deficient (%)	30%	3%	-27%
Walls			
Good (%)	13%	70%	57%
Regular (%)	57%	30%	-27%
Deficient (%)	30%	0%	-30%

Source: PROFIN Foundation

Changes in the materials of walls: The number of houses with adobe walls decreased following access to the loans, and the number of houses with walls made of more resistant materials, mainly brick, increased (Chart 8).

Chart 8 D-FRIF Villa Bolívar Office Material of Most Walls			
	Ex Ante the Loan	Ex Post the Loan	Difference
Adobe	53%	10%	-43%
Covered adobe	27%	33%	6%
Brick	20%	40%	20%
Cement	0%	7%	7%
Wood	0%	10%	10%
Total	100%	100%	0%

Source: PROFIN Foundation

Changes in the materials of floors: The number of houses with earth floors also decreased, and the number of houses with more resistant floors, mainly cement and wood, increased (Chart 9).

Chart 9 D-FRIF Villa Bolívar Office Material of Most Floors			
	Ex Ante the Loan	Ex Post the Loan	Difference
Cement	20%	60%	40%
Earth	70%	17%	-53%
Parquet	3%	3%	0%
Wood	3%	17%	14%
Vinyl	4%	3%	-1%
Total	100%	100%	0%

Source: PROFIN Foundation

2.2 Attribution of Impacts

Incidental attribution of impacts: From the perspective of most borrowers, D-FRIF loans have had an influence of high degree on the changes observed, except in the case of access to residential natural gas, case in which the opposite situation occurs (Chart 10).

Chart 10 D-FRIF Villa Bolívar Office Attribution of Incidental Impacts (% of the effective sample)					
Changes	Perception of the Degree of Influence of Loans on the Changes				
	Total	High	Medium	Low	None
Bedrooms	19%	71%	10%	0%	0%
Separation of the kitchen	11%	84%	0%	0%	5%
Water	20%	60%	20%	0%	0%
Electricity	25%	50%	13%	12%	0%
Gas	0%	33%	0%	0%	67%
Type of house	43%	43%	14%	0%	0%
Floors	13%	81%	6%	0%	0%
Roofs	6%	81%	13%	0%	0%
Walls	11%	79%	5%	0%	5%

*The effective sample considers only clients that reported changes in the indicator evaluated, and excludes clients that did not report changes.

Source: PROFIN Foundation

Correlational attribution of impacts: No statistically significant correlations were observed, which suggests that the relationship between the impact indicators and the indicators of exposure to the programme is not necessarily linear (Chart 11).

Chart 11 D-FRIF Villa Bolívar Office Attribution of Correlational Impacts		
Correlations between: Impact Indicators	Indicators of Exposure to D-FRIF Loans	
	Seniority of Clients	Amounts of Loans
Construction and expansion	0.018	-0.055
Basic services	-0.097	0.121
Type of house	-0.027	-0.214
Structures of the house	0.244	-0.251

**Significant Pearson linear correlation with 1% of error

*Significant Pearson linear correlation with an error of 5%

Source: PROFIN Foundation

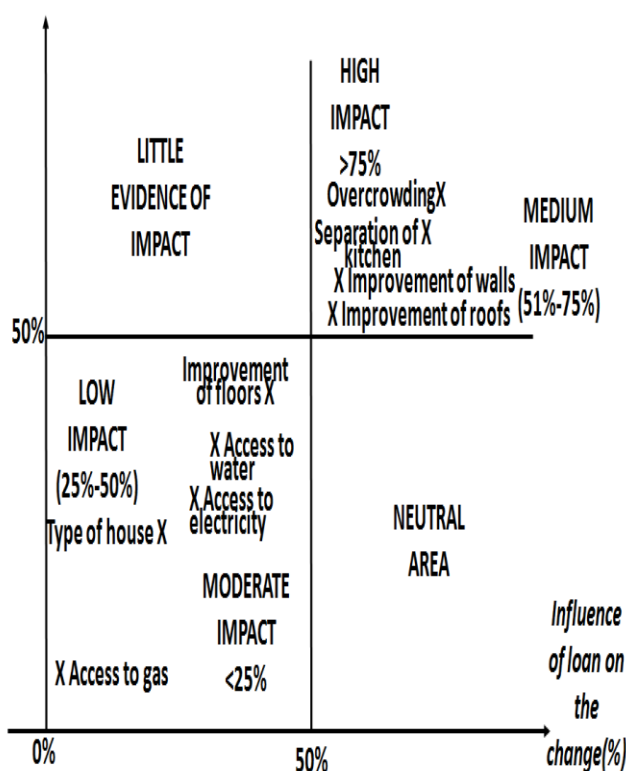
2.3 Degree of Impact

The criteria applied for determining the degree of impact of D-FRIF loans establish the following (Chart 12):

Chart 12 D-FRIF Villa Bolívar Office Criteria for Identifying the Degree of Impact (% of the total sample)			
Indicators	Frequency of Change	Influence of Loans	Degree of Impact
Bedrooms (overcrowding)	70%	70%	Medium
Separation of the kitchen	63%	60%	Medium
Water	33%	33%	Low
Electricity	27%	27%	Low
Gas	10%	3%	Moderate
Type of house	24%	24%	Moderate
Floors	44%	44%	Low
Roofs	54%	54%	Medium
Walls	57%	54%	Medium

VILLA BOLIVAR OFFICE

Frequency of change (%)



Source: PROFIN Foundation

Medium impacts on increases in the number of bedrooms per member of the household, on the separation of the kitchen from the bedrooms, and on improvements in roofs and walls of houses following access to the loans

Low impacts on improvements in access of the home to potable water and electricity, and on improvements in the condition of floors of houses following access to the loans.

Moderate impacts on improvements in the type of house and on the installation of residential natural gas following access to the loans

CLIENT SATISFACTION

3.1 Levels of Satisfaction with D-FRIF Services

The criteria applied for determining the levels of satisfaction and dissatisfaction of clients reveal the following (Chart 13):

Chart 13 D-FRIF Villa Bolívar Office Levels of Client Satisfaction and Dissatisfaction			
	Satisfied Clients	Dissatisfied Clients	Indicator Score
Guarantees required	77%	23%	Good
Access procedures	73%	27%	Good
Disbursement time	77%	23%	Good
Amounts of loans	57%	43%	Minimum
Term of payment	80%	20%	Good
Form of payment	93%	7%	Excellent
Interest rate	68%	32%	Minimum
Treatment of loan officers	77%	23%	Good
Guidance of loan officers	93%	7%	Excellent
Service hours	80%	20%	Good
Location of office	87%	13%	Excellent
Service of cashiers	60%	40%	Minimum

Source: PROFIN Foundation

Excellent levels of satisfaction with the form of payment, the guidance provided by loan officers, and the location of the office

Good levels of satisfaction with the guarantees, the disbursement time, the procedures for access to loans, the term of payment, the treatment of loan officers, and the service hours

Minimum levels of satisfaction with the amounts of loans, the interest rate, and the service of cashiers

3.2 D-FRIF Comparative Advantages and Disadvantages

Clients identify the following advantages, disadvantages, and similarities of D-FRIF with regards to competing MFIs (Chart 14):

Chart 14 D-FRIF Villa Bolívar Office Comparative Advantages and Disadvantages			
	D-FRIF Score	Other MFIs Score	Comparative Situation
Guarantees required	B	A-	Low comparative disadvantage
Access procedures	C+	D-	Low comparative disadvantage
Disbursement time	B	D	Medium comparative advantage
Amounts of loans	B-	A+	Low comparative disadvantage
Form of payment	A+	A+	Similar conditions
Term of payment	A+	A+	Similar conditions
Interest rate	D	D-	Similar conditions (trends towards an advantage)
Treatment of loan officers	A-	B+	Low comparative advantage
Guidance of loan officers	A-	C-	Medium comparative advantage
Service hours	A-	B+	Low comparative advantage
Location of office	A-	B+	Low comparative advantage
Service of cashiers	D	A+	High comparative disadvantage

Source: PROFIN Foundation

Medium degree comparative advantages in disbursement time and the guidance provided by loan officers

Low degree comparative disadvantages in access procedures, the guarantees required, and the amounts of loans

Low degree comparative advantages in the treatment of loan officers, the service hours, and the location of the office

High degree comparative disadvantage in the service of cashiers

Conditions similar to those of the competition in the term of payment, the form of payment, and the interest rate

ACCESS TO, USE OF, AND PAYMENT OF LOANS

Sources of information on D-FRIF loans (Chart 15): Persons that have been D-FRIF clients are the first most frequent source of information on the loans provided by the institution (80% of clients). On the other hand, the less frequent sources of information are those of institution personnel (7% of clients), and oral and written publicity (13% of clients).

Chart 15 D-FRIF Villa Bolívar Office Primary Source of Information on D-FRIF Loans	
D-FRIF borrowers	80%
D-FRIF personnel	7%
D-FRIF publicity	13%
Total	100%

Source: PROFIN Foundation

Factors that determine applying for a loan (Chart 16): The possibility of achieving improvements in housing is the main factor behind the decision to apply for a first D-FRIF loan (17% of clients). Other less frequent factors are the possibility of improving the well-being of the members of the home (25% of clients), and the perception of advantageous loan conditions (3% of clients).

Chart 16 D-FRIF Villa Bolívar Office Factors that Determine Applying for a First D-FRIF Loan	
Improvement of housing conditions	71%
Improvement of well-being of the household	26%
Advantageous loan conditions	3%
Total	100%

Source: PROFIN Foundation

Uses of loans related to housing (Chart 17): The most frequent uses of D-FRIF loans are expansion of houses (67% of clients) and improvements of houses (70% of clients). On the other hand, the least frequent uses of loans are the purchase of houses and lots of land (36% of clients).

Uses of loans not related to housing: Part of the funds provided for housing by D-FRIF are employed in ends other than housing, although this situation was not reported as a trend in the majority of cases (Chart 17). Loans for housing are also employed in financing of clients' independent activities (10% of clients), and in the purchase of goods for the home (7% of clients).

Chart 17 D-FRIF Villa Bolívar Office Uses of D-FRIF Loans			
	Yes	No	Total
Purchase of houses or lots	36%	67%	100%
Improvement of houses	70%	30%	100%
Expansion of houses	67%	33%	100%
Independent activities	10%	90%	100%
Purchase of goods for the home	7%	93%	100%

Source: PROFIN Foundation

Financing of loan payments (Chart 18): The financing of D-FRIF loan payments comes mostly from income of the independent economic activities of clients (77% of clients), and from the income of salaries of clients that are dependent employees (53% of clients). The payment of loans with income from other sources of income and rents is not frequent (3% of clients). Also, according to information provided by clients, the use of other loans for the payment of D-FRIF loans is not frequent (0% of clients).

Chart 18 D-FRIF Villa Bolívar Office Sources of Financing the Payment of D-FRIF Loans			
	Yes	No	Total
Income from independent activities of clients	77%	23%	100%
Income from dependent employment of members of the household	53%	47%	100%
Loans	0%	100%	100%
Other income and rents	3%	97%	100%

Source: PROFIN Foundation

Problems in paying loans: The reporting of the existence of problems in paying loans has a low frequency (3% of clients). In most cases the solution to these problems involved reprogramming of loans in agreement with the institution. In other cases, the solution involved the sale of client goods (Chart 19).

Chart 19. D-FRIF Villa Bolívar Office Problems in Paying D-FRIF Loans and Their Solutions	
There were no problems in paying	97%
There were problems in paying	3%
Problem solved through reprogramming	3%
Total	100%

Source: PROFIN Foundation

Annex 7: Report of the Results of the Huayna Potosí Office

SAMPLE CONSIDERED

The results presented in this section consider as their source of information a random sample of 30 women clients of microcredit associations of the Huayna Potosí Office, that have received twelve or more D-FRIF loans. The sample is of 7% of the universe of women clients served by the office that possess the characteristics mentioned (Chart 1).

Chart 1 D-FRIF Huayna Potosí Office Representativity of the sample	
Huayna Potosí Office	30
Representativity within the universe of women clients with 12 or more loans, of the microcredit associations served by the Huayna Potosí Office	7%

Source: PROFIN Foundation

SAMPLE INDICATORS OF EXPOSURE TO THE D-FRIF LOAN PROGRAMME (Chart 2):

Chart 2. D-FRIF Huayna Potosí Office Average Indicators of Exposure to the Loan Programme	
Seniority of the member	6
Number of loan cycles	14
Highest D-FRIF loan	Bs. 2,900 (US\$ 410)
Lowest D-FRIF loan	Bs. 600 (US\$ 85)
Highest internal loan	Bs. 1,500 (US\$ 200)
Lowest internal loan	Bs. 400 (US\$ 60)
Highest savings	Bs. 1,000 (US\$ 140)
Highest internal savings	Bs. 300 (US\$ 40)

Exchange rate: 7 bolivianos per dollar

Source: PROFIN Foundation

Average seniority of women clients: six years, with an average of 14 loan cycles

Average amount of D-FRIF loans: Bs. 2,900 per woman member as the highest loan, and Bs. 600 as the lowest loan

Average amount of internal loans: Bs. 1,500 per woman member as the highest loan, and Bs. 400 as the lowest loan

Average amount of savings at the village bank: Bs. 1,100 per woman member as the highest amount of savings

Average amount of earnings of the internal account: Bs. 300 per woman member as the highest amount of earnings received

SAMPLE INDICATORS OF THE PROFILES OF LONG-STANDING CLIENTS (Chart 3):

Chart 3 D-FRIF Huayna Potosí Office Profiles of Long-standing Clients	
Age (average, years)	42
No schooling	0%
Schooling not concluded	87%
Secondary school graduates	13%
Post-secondary school studies	0%
Married persons	86%
Single persons	10%
Divorced or widowed persons	4%
Size of the household (average)	5
Minors under 18 (average)	2
Predominant language Aymara	17%
Predominant language Spanish	83%
Commerce main activity	60%
Services main activity	13%
Production main activity	27%

Source: PROFIN Foundation

Age: The average age of the women clients that make up the sample is 42.

Highest level of education: Most women clients did not conclude their schooling.

Civil status: Most women clients are married.

Average size of the household: Five members, with an average of two minors.

Language: Most women clients communicate predominantly in Spanish.

Main sector of economic activity: Commerce is the sector of main economic activity of most women clients.

IMPACT OF LOANS

2.1 Changes between the Period *Ex Ante* and *Ex Post* the Loan

Changes in capital, investment, employment, and income: Income, investment, working capital, and employment in the economic activities financed increased following access to the loans (Chart 4).

Chart 4 D-FRIF Huayna Potosí Office Changes in Indicators of Economic Activities Financed following Access to the Loan	
Increase in capital	100%
Increase in investment	77%
Increase in employment	33%
Increase in sales	100%
Increase in profit	100%

Source: PROFIN Foundation

Rates of growth of capital, investment, employment, and income: The highest rates of growth are of investment, income, and working capital. On the other hand, the rate of growth of employment is the lowest (Chart 5).

Chart 5 D-FRIF Huayna Potosí Office Rates of Growth of Indicators of the Economic Activities Financed			
	Average Value <i>Ex Ante</i> the Loan	Average Value <i>Ex Post</i> the Loan	Δ%
Capital	Bs. 4,700 US\$ 671	Bs. 10,750 US\$ 1,340	128%
Investment	Bs. 2,600 US\$ 370	Bs. 7,400 US\$1,050	186%
Employment	2	3	50%
Family	2	2	0%
External	0	1	100%
Fixed	2	3	50%
Temporary	0	0	0%
Annual sales	Bs. 38,100 US\$ 5,440	Bs. 76,150 US\$ 10,900	100%
Annual profit	Bs.13,050 US\$ 1,900	Bs. 28,250 US\$ 4,035	117%

Exchange rate: 7 bolivianos per dollar

Δ% = rate of growth = *ex post* value minus *ex ante* value divided by *ex ante* value

Source: PROFIN Foundation

Changes in the type of place of commerce: Sales in stores or fixed locations increased following access to the loan, and ambulatory sales decreased (Chart 5).

Chart 5 D-FRIF Huayna Potosí Office Type of Place of Commerce			
	<i>Ex Ante</i> the Loan	<i>Ex Post</i> the Loan	Difference
Sales in stores or fixed locations	82%	94%	(12%)
Ambulatory sales	18%	6%	(-12%)
Total	100%	100%	0%

Source: PROFIN Foundation

Changes in nutrition of the household: Permanent access to complete and sufficient food increased following access to the loan, and non-permanent access decreased (Chart 6).

Chart 6 D-FRIF Huayna Potosí Office Frequency of Access to Complete and Sufficient Food			
	<i>Ex Ante</i> the Loan	<i>Ex Post</i> the Loan	Difference
Always	70%	83%	13%
Almost always	7%	17%	10%
Sometimes	23%	0%	-23%
Almost never	0%	0%	0%
Total	100%	100%	0%

Source: PROFIN Foundation

Changes in education of the household: Private schooling increased for the members of the home following access to the loan, and public education decreased (Chart 7).

Chart 7 D-FRIF Huayna Potosí Office Most Frequent Type of Education in the Household (% of the effective sample)			
	<i>Ex Ante</i> the Loan	<i>Ex Post</i> the Loan	Difference
Private education	10%	13%	-3%
Public education	90%	87%	3%
Total	100%	100%	0%

*The effective sample considers only clients of households with members that are enrolled in school or professional education courses.

Source: PROFIN Foundation

Changes in the participation of women in the decisions regarding the use of family income:

The participation of women clients in decisions of the home increased following access to the D-FRIF loan (Chart 8).

Chart 8 D-FRIF Huayna Potosí Office Participation of Women in Decisions Regarding Use of Family Income			
	Ex Ante the Loan	Ex Post the Loan	Difference
Less than men	13%	3%	-10%
The same as men	50%	60%	10%
More than men	37%	37%	0%
Total	100%	100%	0%

Source: PROFIN Foundation

2.2 Attribution of Impacts

Incidental attribution of impacts: From the perspective of most women clients, D-FRIF loans and the other sources of financing of the village banking methodology have had an influence of high degree on the changes observed (Chart 9).

Chart 9 D-FRIF Huayna Potosí Office Attribution of Incidental Impacts (% of the effective sample)					
Changes	Perception of the Degree of Influence of the Loan on the Changes				
	Total	High	Medium	Low	None
Capital	11%	78%	11%	0%	0%
Investment	24%	67%	9%	0%	0%
Employment	27%	73%	0%	0%	0%
Income	12%	88%	0%	0%	0%
Type of place of commerce	0%	78%	11%	11%	0%
Food	20%	70%	10%	0%	0%
Education	14%	86%	0%	0%	0%
Participation of women	33%	67%	0%	0%	0%

*The effective sample considers only clients that reported changes in the indicator evaluated, and excludes clients that did not report changes.

Source: PROFIN Foundation

Correlational attribution of impacts: Increases in the amounts of D-FRIF loans and the amounts of internal loans are linked to increases in the amount of working capital and the amount of investment (Chart 10).

Chart 10 D-FRIF Huayna Potosí Office Correlational Attribution of Impacts				
Correlation between: Impact Indicators	Indicators of Exposure to the D-FRIF Loan Programme			
	D-FRIF Loans	Amount of Internal Loans	Loan Cycles	Amount of Savings
Capital	0.381*	0.365*	0.014	0.199
Investment	0.536*	0.495*	-0.03	-0.041
Employment	0.257	0.343	0.077	-0.231
Income	0.085	0.106	-0.056	-0.12

** Significant Pearson linear correlation with an error of 1%

* Significant Pearson linear correlation with an error of 5%

Source: PROFIN Foundation

2.3 Degree of Impact

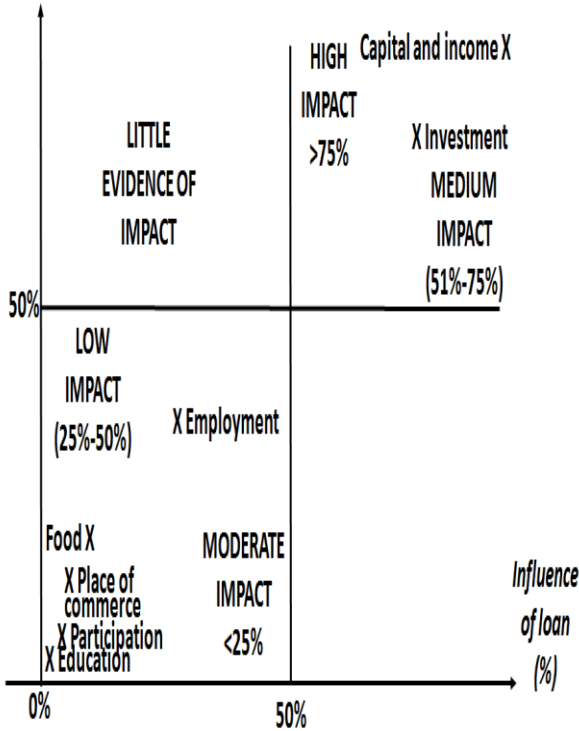
The criteria applied for determining the degree of impact of D-FRIF loans and of the other sources of financing of the village banking methodology establish the following (Chart 11):

High impact on working capital, investment in fixed assets, and the income of the economic activities financed

Chart 11 D-FRIF Huayna Potosí Office Criteria for Identifying the Degree of Impact (% of the total sample)			
Indicators	Frequency of Change	Influence of Loans	Degree of Impact
Capital	100%	100%	High
Investment	77%	77%	High
Employment	33%	33%	Low
Income	100%	100%	High
Type of place of commerce	12%	12%	Moderate
Food	23%	23%	Moderate
Education	3%	3%	Moderate
Participation of women	10%	10%	Moderate

HUAYNA POTOSI OFFICE

Frequency of change (%)



Source: PROFIN Foundation

Low impact on the levels of employment of manual labour in the economic activities financed

Moderate impact on the type of place of commerce of the economic activities financed, on nutrition and education of members of the household, and on the participation of women in decisions

CLIENT SATISFACTION

3.1 Levels of Satisfaction with D-FRIF Services

The findings of the study reveal the trends that follow (Chart 12):

Excellent levels of satisfaction with the treatment and guidance provided by the promoters, internal loans, savings, internal earnings of the village banking methodology, the places, hours, days, and duration of meetings, the procedures required for access to loans, and the term of payment of loans

Chart 12 D-FRIF Huayna Potosí Office Levels of Client Satisfaction and Dissatisfaction			
	Satisfied Clients	Dissatisfied Clients	Indicator Score
Guarantees required	80%	20%	Good
Access procedures	93%	7%	Excellent
Disbursement time	80%	20%	Good
Amounts of loans	73%	27%	Good
Term of payment	90%	10%	Excellent
Form of payment	77%	23%	Good
Interest rate	79%	21%	Good
Treatment of promoters	97%	3%	Excellent
Guidance of promoters	100%	0%	Excellent
Hours of meetings	97%	3%	Excellent
Days of meetings	97%	3%	Excellent
Places of meetings	100%	0%	Excellent
Duration of meetings	87%	13%	Excellent
Internal loans	87%	13%	Excellent
Savings at village bank	93%	7%	Excellent
Internal account earnings	93%	7%	Excellent
Training in village banking	83%	17%	Good

Source: PROFIN Foundation

Good levels of satisfaction regarding the solidarity group guarantees, the disbursement time, the amounts of loans, the form of payment, the interest rate, and the training in village banking

3.2 D-FRIF Comparative Advantages and Disadvantages

Long-standing clients identify the following advantages, disadvantages, and similarities of D-FRIF with competing MFIs (Chart 13):

Chart 13 D-FRIF Huayna Potosí Office Comparative Advantages and Disadvantages			
	D-FRIF Score	Other MFIs Score	Comparative Situation
Duration of meetings	A-	C+	Medium comparative advantage
Guarantees required	B	A	Low comparative disadvantages
Disbursement time	B	A-	
Amounts of loans	B-	A-	
Training	B+	A	
Access procedures	A	A	Similar conditions
Term of payment	A-	A-	
Form of payment	B	B-	
Interest rate	B	B+	
Treatment of promoters	A+	A-	
Savings at village bank	A	A	
Guidance of promoters	A+	A-	
Hours of meetings	A+	B+	Low degree Comparative advantages
Days of meetings	A+	B-	
Locations of meetings	A+	B+	
Internal loans	A-	B+	
Internal earnings	A	B+	

Source: PROFIN Foundation

Medium degree comparative advantage: in the duration of meetings

Low degree comparative advantages: in internal loans and internal earnings of the village banking methodology, the locations, days and hours of meetings, and the training in administration of village banking

Medium degree comparative disadvantage: in the duration of the meetings.

Low degree comparative disadvantages: in guarantees, disbursement time, the amounts of loans and the training in village banking.

Conditions similar to those of the competition in the procedures for access to loans, savings at the village bank, the term and form of payment, the interest rate, and the treatment and guidance of promoters

ACCESS TO, USE OF AND PAYMENT OF LOANS

Sources of information on loans: Most women clients learned of D-FRIF loans through information provided by clients of the institution. Only a minority learned of the loans from information provided by institution personnel (Chart 14):

Chart 14 D-FRIF Huayna Potosí Office Access to Loans	
Primary Sources of Information on D-FRIF Loans	
D-FRIF borrowers	93%
D-FRIF personnel	7%
Total	100%
Factors that Determine Applying for a First D-FRIF Loan	
Improvement of economic activity	93%
Improvement of family well-being	7%
Total	100%

Source: PROFIN Foundation

Factors that determine applying for loans: Most women clients apply for their first D-FRIF loan motivated by the possibility of achieving improvements in their economic activities (Chart 14).

Uses of loans: The most frequent uses of D-FRIF loans are working capital and investment in fixed assets, and the most frequent use of internal loans is working capital. For both loans, the financing of household expenses or investment is very uncommon (Chart 15).

Chart 15 D-FRIF Huayna Potosí Office Uses of Loans				
	D-FRIF Loans		Internal Loans	
	Yes	No	Yes	No
Working capital	100%	0%	90%	10%
Investment in fixed assets	63%	37%	13%	87%
Goods for the home	17%	83%	7%	93%
Consumption expenses	7%	93%	10%	90%
Construction and improvement of houses	13%	87%	7%	93%

Source: PROFIN Foundation

Use of village bank savings: The most frequent uses are financing of working capital and consumption expenses of the home (Chart 16).

Chart 16 D-FRIF Huayna Potosí Office Use of Village Bank Savings			
	Yes	No	Total
Working capital	57%	43%	100%
Investment in fixed assets	7%	93%	100%
Goods for the home	17%	83%	100%
Consumption expenses	30%	70%	100%
Construction and improvement of houses	10%	90%	100%

Source: PROFIN Foundation

Uses of internal account earnings: The most frequent use is the financing of consumption expenses of the home (Chart 17).

Chart 17 D-FRIF Huayna Potosí Office Use of Internal Account Earnings			
	Yes	No	Total
Working capital	23%	77%	100%
Investment in fixed assets	3%	97%	100%
Goods for the home	13%	87%	100%
Consumption of the home	33%	67%	100%
Construction and improvement of houses	3%	97%	100%

Source: PROFIN Foundation

Sources of financing of loan payments: Both in the case of D-FRIF loans and internal loans, the most common trend is the financing of payments with income from the economic activities of the clients. The payment of loans financed by other loans occurs, but is reported with a low frequency. The payment of loans

financed with income of other members of the household is uncommon, and is only reported in cases of loans of the institution (Chart 18).

Chart 18 D-FRIF Huayna Potosí Office Sources of Financing of Loan Payments				
Sources	D-FRIF Loans		Internal Loans	
	Yes	No	Yes	No
Income from the economic activity of the client	100%	0%	97%	3%
Other loans	10%	90%	7%	93%
Income of other members of the household	6%	94%	0%	100%

Source: PROFIN Foundation

Problems in paying: Only 3% of women clients admitted to having had problems in paying D-FRIF loans or internal loans. For solving the payment problems of D-FRIF loans, the women clients reprogrammed their loans in agreement with the institution and the microcredit association. For solving problems in paying internal loans, the women clients increased the amount of work hours (Chart 19).

Chart 19 D-FRIF Huayna Potosí Office Problems in Paying Loans and their Solutions		
	D-FRIF Loans	Internal Loans
There were no problems	97%	97%
There were problems	3%	3%
Problem solved through reprogramming	0	3%
Problem solved through working more	3	0%
Total	100%	100%

Source: PROFIN Foundation

Annex 8: Report of the Results of the Cascada Office

SAMPLE CONSIDERED

The results presented in this section consider as their source of information a random sample of 30 women clients of the microcredit associations of the Cascada Office that have received twelve or more D-FRIF loans. The sample is of 4% of the universe of clients that possess the characteristics mentioned (Chart 1).

Chart 1 D-FRIF Cascada Office Representativity of the Sample	
Cascada Office	30
Representativity within the universe of women clients with twelve or more loans, of the microcredit associations of the Cascada Office	4%

Source: PROFIN Foundation

SAMPLE INDICATORS OF EXPOSURE TO THE D-FRIF LOAN PROGRAMME (Chart 2):

Chart 2 D-FRIF Cascada Office Average Indicators of Exposure to the Loan Programme	
Seniority of member	7
Number of loan cycles	15
Highest D-FRIF loan	Bs. 3,240 (US\$ 463)
Lowest D-FRIF loan	Bs. 737 (US\$ 105)
Highest internal loan	Bs. 1,750 (US\$ 250)
Lowest internal loan	Bs. 412 (US\$ 59)
Highest savings	Bs. 1,225 (US\$ 175)
Highest internal earnings	Bs. 332 (US\$ 47)

Exchange rate: 7 bolivianos per dollar

Source: PROFIN Foundation

Average seniority of clients: seven years, with an average of fifteen loan cycles

Average number of D-FRIF loans: fifteen loans per member, equivalent to having participated in fifteen loan cycles

Average amount of D-FRIF loans: Bs. 3,240 per member as the highest amount of loan, and Bs. 737 as the lowest amount of loan

Average amount of internal loans: Bs. 1,750 per member as the highest amount of loan, and Bs. 412 as the lowest amount of loan

Average amount of savings at the village bank: Bs. 1,225 per member as the highest savings

Average amount of internal earnings: Bs. 332 per member as the highest earnings

SAMPLE INDICATORS OF LONG-STANDING CLIENT PROFILES (Chart 3):

Chart 3 D-FRIF Cascada Office Profiles of Long-standing Clients	
Age (average, years)	44
No schooling	17%
Schooling not concluded	53%
Secondary school graduates	30%
Post-secondary studies	0%
Married person	73%
Single persons	3%
Divorced or widowed persons	24%
Size of the household (average)	5
Minors under 18 (average)	2
Predominant language Aymara	37%
Predominant language Spanish	63%
Commerce main activity	43%
Services main activity	20%
Production main activity	37%

Source: PROFIN Foundation

Average age: 44 years

Highest level of education: Most clients did not finish school.

Civil status: Most women clients are married.

Average size of the household: five members, with an average of two minors under 18

Language: Most clients speak Spanish predominantly.

Sector of main economic activity: Two sectors are the most common: commerce and production.

IMPACT OF THE LOAN

2.1 Changes between the Period *Ex Ante* and *Ex Post* the Loan

Changes in capital, investment, employment, and income: Capital, investment, and the income of economic activities financed increased following access to the loans as a trend in the majority of cases. The levels of employment also increased, but with a lower frequency (Chart 4). Investment shows a higher rate of increase, followed by the rates of growth of income and capital. The rate of increase of employment is the lowest (Chart 5).

Chart 4. D-FRIF Cascada Office Changes in Indicators of Economic Activities Financed, following Access to the Loan			
	Si	No	Total
Increase in capital	100%	0	100%
Increase in investment	60%		100%
Increase in employment	40%		100%
Increase in sales	87%		100%
Increase in profit	87%		100%

Source: PROFIN Foundation

Chart 5. D-FRIF Cascada Office Rates of Increase of Indicators of the Economic Activities Financed			
	Average Value <i>Ex Ante</i> the Loan	Average Value <i>Ex Post</i> the Loan	Δ%
Capital	Bs. 2,879 US\$ 411	Bs. 8,561 US\$ 1,223	197%
Investment	Bs. 2,134 US\$ 305	Bs. 5,214 US\$ 745	244%
Total employment	3	4	33%
Family	2	2	0%
External	1	2	100%
Fixed	3	3	0%
Temporary	0	1	100%
Annual sales	Bs. 42,860 US\$ 6,123	Bs. 70,080 US\$ 10,011	64%
Annual profits	Bs. 13,665 US\$ 1,952	Bs. 22,279 US\$ 3,183	63%

Exchange rate: 7 bolivianos per dollar

Δ% = rate of growth = *ex post* value minus *ex ante* value
divided by *ex ante* value

Source: PROFIN Foundation

Changes in the type of place of commerce: Sales in stores or fixed locations increased following access to the loan, and ambulatory sales decreased (Chart 6).

Chart 6. D-FRIF Cascada Office Type of Place of Commerce			
	<i>Ex Ante</i> the Loan	<i>Ex Post</i> the Loan	Difference
Sales at stores or fixed locations	73%	86%	13%
Ambulatory sales	27%	14%	-13%

Source: PROFIN Foundation

Changes in nutrition of the household: Permanent and frequent access to complete and sufficient food increased following access to the loan, and non-permanent access decreased (Chart 7).

Chart 7. D-FRIF Cascada Office Frequency of Access to Complete and Sufficient Food			
	<i>Ex Ante</i> the Loan	<i>Ex Post</i> the Loan	Difference
Always	53%	63%	10%
Almost always	23%	33%	10%
Sometimes	20%	3%	-17%
Almost never	3%	0%	-3%

Source: PROFIN Foundation

Changes in education of the household: Private school or professional education increased for the members of the home following access to the loan, and public education decreased, which is considered of lower quality (Chart 8.a).

Chart 8 D-FRIF Oficina Cascada Most Frequent Type of Education of Members of Household (% of the effective sample)			
	<i>Ex Ante</i> the Loan	<i>Ex Post</i> the Loan	Difference
Private education	17%	20%	3%
Public education	83%	80%	-3%

*The effective sample considers only clients of households with members that are enrolled in school or professional education courses.

Source: PROFIN Foundation

Changes in the participation of women in decisions regarding the use of family income

Presently, most women clients state having equal participation to that of men; notwithstanding, the frequency of women clients that decide alone or participate more than men is also high. This trend does not show changes as compared to the moment *ex ante* the loan (Chart 8.b).

Chart 8 D-FRIF Cascada Office Participation of Women in Decisions Regarding the Use of Family Income			
	Ex Ante the Loan	Ex Post the Loan	Difference
Equal to that of men	60%	60%	0%
More than that of men or decide alone	40%	40%	0%
Total	100%	100%	0%

Source: PROFIN Foundation

2.2 Attribution of Impacts

Incidental attribution of impacts: From the perspective of most women clients, D-FRIF loans and the other sources of financing of the village banking methodology have had an influence of high degree on the changes observed (Chart 9)

Chart 9 D-FRIF Cascada Office Incidental Attribution of Impacts (% of the total sample)					
Changes	Perception of the Degree of Influence of Loans on Changes				
	Total	High	Medium	Low	None
Capital	23%	73%	4%	0%	0%
Investment	29%	71%	0%	0%	0%
Employment	29%	57%	0%	7%	7%
Income	30%	67%	3%	0%	0%
Type of place of commerce	36%	64%	0%	0%	0%
Food	10%	90%	0%	0%	0%
Education	0%	73%	4%	0%	0%

*The effective sample considers only clients that reported changes in the indicator evaluated, and excludes clients that did not report changes.

Source: PROFIN Foundation

Correlational attribution of impacts: We verified statistically significant links between the increase in savings and improvements in the education of the members of the household, and between increases in the amounts of D-FRIF loans and increases in capital and investment. The latter two indicators are also related to growth in the amount of internal loans. Other correlations are not statistically significant, suggesting that the relation to the indicators of exposure to the loan programme tends more towards a non-linear-type function (Chart 10).

Chart 10 D-FRIF Cascada Office Correlational Attribution of Impacts				
Correlations between: Impact Indicators	Indicators of Exposure to the D-FRIF Loan Programme			
	D-FRIF Loans	Amount of Internal Loan	Loan Cycles	Amount of Savings
Capital	0.024	0.023	- 0.065	0.109
Investment	0.170	0.142	0.031	0.088
Employment	0.312	0.292	- 0.135	-0.028
Income	0.529**	0.189	- 0.192	0.013

** Significant Pearson linear correlation with an error of 1%

* Significant Pearson linear correlation with an error of 5%

Source: PROFIN Foundation

2.3 Degree of Impact

The criteria applied for determining the degree of impact of the loan and of the other financial services of the village banking methodology reveal the following results (Chart 11):

High impact on working capital and income of the economic activities financed

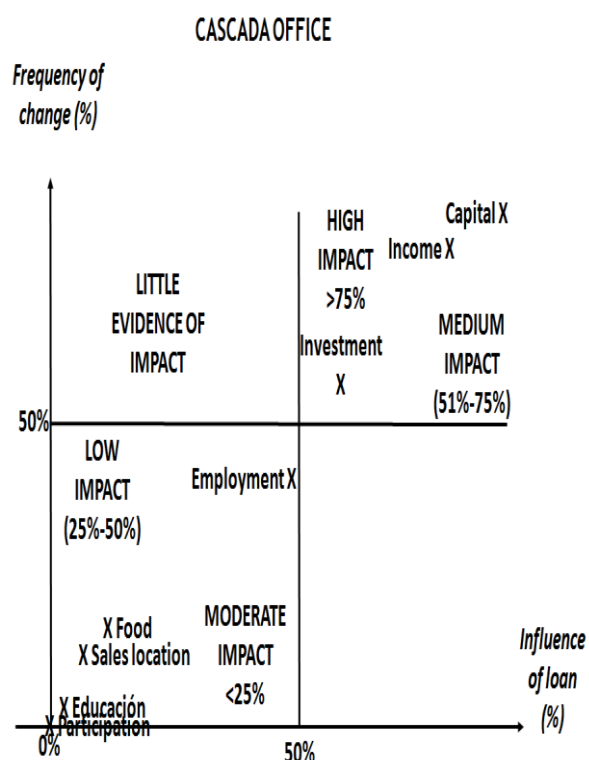
Medium impact on investment in fixed assets

Low impact on levels of investment and manual labour

Moderate impact on nutrition and education of the home, the type of place of commerce, and

the participation of women in decisions regarding the use of family income

Chart 11 D-FRIF Cascada Office Criteria for Identifying the Degree of Impact			
Indicators	Frequency of Change	Influence of Loans	Degree of Impact
Capital	100%	100%	High
Investment	60%	60%	Medium
Employment	40%	40%	Low
Income	87%	87%	High
Place of commerce	13%	13%	Moderate
Food	20%	20%	Moderate
Education	3%	3%	Moderate
Participation of women	0%	0%	Moderate



Source: PROFIN Foundation

CLIENT SATISFACTION

3.1 Levels of Satisfaction with D-FRIF Services

The findings of the study reveal the trends described below (Chart 12):

Chart 12 D-FRIF Cascada Office Levels of Client Satisfaction and Dissatisfaction			
	Satisfied Clients	Dissatisfied Clients	Indicator Score
Guarantees required	83%	17%	Good
Access procedures	60%	40%	Minimum
Disbursement time	53%	47%	Good
Amounts of loans	53%	47%	Insufficient
Term of payment	80%	20%	Good
Form of payment	67%	33%	Minimum
Interest rate	72%	28%	Good
Treatment of promoters	83%	17%	Good
Guidance of promoters	93%	7%	Excellent
Hours of meetings	80%	20%	Good
Days of meetings	93%	7%	Excellent
Places of meetings	97%	3%	Excellent
Duration of meetings	70%	30%	Minimum
Internal loans	87%	13%	Excellent
Savings at village bank	93%	7%	Excellent
Internal earnings	87%	13%	Excellent
Training	70%	30%	Minimum

Source: PROFIN Foundation

Excellent levels of satisfaction with the guidance of promoters, internal loans, savings, internal earnings, and the locations and days of meetings

Good levels of satisfaction with the guarantees, the disbursement time, the term of payment, the interest rate, the hours of meetings and the treatment of promoters

Minimum levels of satisfaction in the procedures for access to loans, the form of payment, the duration of meetings, and the training in administration of village banking

Insufficient level of satisfaction in the amounts of loans

3.2 D-FRIF Comparative Advantages and Disadvantages

Clients identify the following advantages, disadvantages, and similarities of D-FRIF in relation to competing MFIs (Chart 13):

Chart 13 Cascada Office Comparative Advantages and Disadvantages			
	D-FRIF Score	Other MFIs Score	Comparative Situation
Location of meetings	A+	D	High comparative advantage
Term of payment	B	D	Medium comparative advantages
Interest rate	B-	D-	
Guarantees required	B+	D+	
Earnings of internal account	A-	C	
Internal loans	A-	C-	
Days of meetings	A	C	
Duration of meetings	C+	C-	Similar conditions
Savings at village bank	A	A-	
Disbursement time	D+	D+	
Access procedures	C-	B	Low comparative disadvantages
Form of payment	C+	D-	
Treatment of promoters	B+	C+	Low comparative advantages
Guidance of promoters	A	B-	
Hours of meetings	B	C-	
Training	C+	A-	Medium comparative disadvantages
Amounts of loans	D+	B-	

Source: PROFIN Foundation

High degree comparative advantage in the location of meetings

Medium degree comparative advantages in the guarantees, the term of payment, the interest rate, internal loans and internal earnings of the village banking methodology,

and the days of meetings of the microcredit associations.

Low degree comparative advantages in the treatment and guidance of promoters and the hours of meetings

Medium degree comparative disadvantages in the amounts of loans and the training in administration of village banking

Low degree comparative disadvantages in access procedures and form of payment

Conditions similar to those of the competition in savings at the village bank, disbursement time, and the duration of meetings

ACCESS TO, USE OF, AND PAYMENT OF LOANS

Sources of information on loans: Most women clients learned of D-FRIF loans through information provided by persons that are or were borrowers of the institution. Only a minority learned of the loans from information provided by institution personnel (Chart 14):

Chart 14 D-FRIF Cascada Office Access to Loans	
Sources of Information	
D-FRIF borrowers	87%
D-FRIF personnel	3%
D-FRIF publicity	10%
Factors that Determine Applying for Loans	
Improvement of economic activity	73%
Improvement of family well-being	10%
Loan conditions	7%
Social capital	10%

Source: PROFIN Foundation

Factors that determine applying for loans: Most women clients apply for loans motivated by the possibility of achieving improvements in their economic activities (Chart 14).

Uses of loans: The most frequent use, both of D-FRIF loans and of internal loans, is the financing of working capital. Investment in fixed

assets is frequently financed by institution loan funds and less frequently by internal loans. The use of loans for financing investments or household consumption expenses is not frequent (Chart 15).

Chart 15 D-FRIF Cascada Office Uses of D-FRIF Loans				
	D-FRIF Loans		Internal Loans	
	Yes	No	Yes	No
Working capital	100%	0%	83%	17%
Investment in fixed assets	33%	67%	13%	87%
Purchase of goods for the home	10%	90%	0%	100%
Household consumption expenses	13%	87%	7%	93%
Construction and improvement of houses	13%	87%	7%	93%

Source: PROFIN Foundation

Use of savings of village banking: The most frequent uses are household consumption expenses and the financing of working capital (Chart 16).

Chart 16 D-FRIF Cascada Office Use of Savings of Village Baking			
	Yes	No	Total
Working capital	40%	40%	100%
Investment in fixed assets	0%	0%	100%
Purchase of goods for the home	17%	17%	100%
Household consumption expenses	60%	60%	100%
Construction and improvement of houses	10%	10%	100%

Source: PROFIN Foundation

Use of internal account earnings: The most frequent use of the earnings generated by the account of the village banking methodology is the financing of household consumption expenses of women clients. On the other hand, the use of internal earnings for financing the economic activity or investment in the home is not frequent (Chart 17).

Chart 17 D-FRIF Cascada Office Use of Profit of the Internal Account			
	Yes	No	Total
Working capital	20%	80%	100%
Investment in fixed assets	0%	100%	100%
Purchase of fixed assets for the home	7%	93%	100%
Household consumption expenses	73%	27%	100%
Construction and improvement of houses	10%	90%	100%

Sources of financing of loan payments: Both D-FRIF loans and internal loans are financed in most cases by the income of economic activities of clients. The payment of loans with other loans occurs, but it reported with low frequency (Chart 18).

Chart 18 D-FRIF Cascada Office Sources of Financing of Loan Payments				
Sources	D-FRIF Loans		Internal Loans	
	Yes	No	Yes	No
Income of economic activities of clients	100%	0%	93%	7%
Other loans	13%	87%	13%	87%

Source: PROFIN Foundation

Problems in paying loans: The reporting of problems in paying D-FRIF loans and internal loans has a low frequency (13% and 7% respectively). For both loans, the solution to the payment problems involved the use of other loans (Chart 19).

Chart 19 D-FRIF Cascada Office Problems in Paying Loans		
	D-FRIF Loans	Internal Loans
There were no payment problems	87%	93%
There were payment problems	13%	7%
Problems solved with other loans	13%	7%
Total	100%	100%

Source: PROFIN Foundation