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IMPACT EVALUATION FOR THE SECO- WORLD BANK GROUP SECURED TRANSACTIONS PROGRAM IN COLOMBIA

Final Evaluation Report

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ACRONYMS

Acronyms	Significance
AS	Advisory Services
ET	Evaluation Team
FI	Financial Institution
IR	Inception Report
KII	Key Informants' Interviews
IFC	International Finance Corporation
M&E	Monitoring and Evaluation
MSME	Micro, small and medium-sized enterprises
NBFI	Non-banking Financial Institutions
RCT	Randomized Control Trial
SECO	Swiss State Secretariat for Economic Affairs
ST	Secure Transaction
STCR	Secured Transactions and Collateral Registries
VFF	Value of Financing Facilitated
ToC	Theory of Change

1. INTRODUCTION

This evaluation report presents the results of the Impact Evaluation of the SECO-World Bank Group Secured Transactions and Collateral Registries (STCR) Program in Colombia (the Program), implemented by the International Finance Corporation (IFC) and funded by the Swiss State Secretariat for Economic Affairs (SECO).

The evaluation was commissioned by IFC and conducted between October 2020 and May 2021 by the independent firm Le Groupe-Conseil Baastel ltee (Baastel).

1.1. Background / Rationale for the STCR Program

The term “secured transactions” (ST), for the purposes of this Program, refers to credit transactions where a creditor holds an interest (commonly known as a “security interest” or “charge”) in a debtor’s *movable property or assets*, as a form of collateral to secure a loan or other obligation.

Movable assets refer to all non-real estate assets, both tangible and intangible (including, for example, equipment, machinery, inventory, livestock, crops, accounts receivable, shares, financial instruments, patent rights, etc.). A security interest in movable property or assets can take several legal forms (including, for example, a pledge, promissory note, chattel mortgage, lease or a sale with retained title) consolidated into a unitary instrument under Colombia’s secured transactions law. To be effective against third parties, a security interest must also be registered (“perfected”) in a public registry. Under the Colombian reform, the secured transactions registry is operated by the Confederation of Chambers of Commerce (Confecámaras).

The use of collateral by creditors to mitigate the risk of non-repayment of loans is fundamental to the availability, or supply side, of market credit. While land and buildings (immovable assets) are widely accepted as collateral for loans, creditors in emerging markets are usually reluctant to accept movable assets or property as loan collateral¹. This is often due to inadequate laws and regulations governing STs, and the absence of ST registries. Adequate legal/regulatory frameworks are necessary to (i) create legally binding security interests, (ii) ensure transparency through effective registry systems to monitor security interests (to make sure no other lender has rights to the same collateral and/ or to establish the priority ranking of multiple creditors’ security interests), and (iii) enforce security interests in the event of default.

One of the main obstacles to accessing finance as reported by MSMEs² in developing markets is insufficient collateral. Indeed, a common trend reported by the firms participating in the baseline

¹ Calomiris, Larrain, et al, “How Collateral Laws Shape Lending and Sectoral Activity, October 2015.

² IFC, May 2020. Impact Evaluation for the SECO-World Bank Group Secured Transactions Program in Colombia, p4.

survey for the Program was that credit applications are mostly rejected due to insufficient, i.e. ineligible or unsuitable, collateral. In many cases, business owners reported they did not even bother applying for loans, because they believed they would not meet the collateral requirements often requested by banks (see subsection 1.2 below on the specific situation in Colombia).

Further analysis³, however, indicates that lack of collateral is not necessarily the source of the problem of insufficient access to finance because many MSMEs do, in fact, have collateral to offer. The issue may be that the collateral available is movable assets, yet inadequate laws and regulations and the lack of a registry have limited the practical usefulness of the collateral to creditors. Where movable assets are accepted as loan collateral, interest rates charged are disproportionately increased as a risk premium, making the cost of credit quite high for borrowers⁴.

Additional considerations impacting MSMEs' access to finance include borrowers' capacity (cash flow) to meet repayment obligations, and creditors' ability to properly evaluate and structure cash flow-based lending products, even with collateral. These are important considerations for STs where the recovery of loan losses is typically more complicated and less certain compared to loans with real estate-based collateral.

It is widely recognized that a key enabler to increase access to credit is the reform or creation of appropriate ST laws, regulations and registries. These reforms aim to expand credit supply and enable businesses to leverage their assets more effectively to obtain credit for growth. The MSME sector is disproportionately more likely to benefit from such reforms because MSMEs typically have little or no real estate, and more movable assets to offer as collateral. Effective ST laws are a crucial component of a healthy financial sector and business climate. In their absence, entrepreneurs are unable to leverage current assets into capital for investment, nor establish or strengthen credit history as an important stepping stone to incremental credit and further growth. Developed markets enjoy comprehensive and sophisticated ST systems that fully provide for movable assets (both tangible and intangible) as credit collateral.

Economic analysis⁵ corroborates the assertion that MSMEs in countries that have stronger ST laws and registries have greater access to credit, better ratings of financial system stability, lower rates of non-performing loans, and a lower cost of credit. The end result is higher productivity and more growth. Modern ST systems also contribute to private sector development more broadly through 1) expanded market credit/supply and 2) decreased cost of credit. In addition, Financial Institutions (FIs) also benefit from these reforms. Well-designed ST laws and collateral registries contribute to more robust financial systems by promoting credit diversification, allowing Banks

³ Ibid.

⁴ "Reforming Collateral Laws to Expand Access to Finance" Fleisig, Safavian, De La Pena, 2006. P. 8

⁵ This information comes from the ToRs. In fact, much of subsection 1.1.1 comes from the ToRs with additional data from secondary sources.

and Non-Bank Financial Institutions (NBFI⁶) to provide credit without relying too much on real estate collateral.

1.2. Program Description – the STCR Program in Colombia

Since 2012, the IFC, with the support of the Swiss State Secretariat for Economic Affairs (SECO), has been engaged with the Government of Colombia to implement a comprehensive ST reform initiative. The main goal of the initiative is to strengthen the MSME sector by improving their access to finance by addressing the mismatch between creditors' collateral requirements and MSMEs' assets available to pledge.

Implementation of this initiative through the STCR Program has been organized in two phases.

Phase 1: The first phase of the STCR Program started in 2013 and was concluded in 2015. The present evaluation process started at the end of that phase through the coordination of the baseline study by Innovations for Poverty Action (IPA)—the baseline study being the first data collection process of the evaluation. The first phase focused on the following three pillars of work:

- 1) Secured Transactions Legal and Regulatory Framework - This process included developing a legal framework to support implementation of a modern system of financing using movable assets as collateral. The project supported the development of the secured transactions law in 2013 and supporting regulations.
- 2) Development/Implementation of a Security Interest Registry - This activity included advising the Government of Colombia on the design, launch and hosting of a centralized, online security interest registry. The registry was established and opened in 2014.
- 3) Building Local Capacity to Realize the Benefits of the New Secured Transactions System - The main activities of this component included developing and implementing a communication and awareness strategy and stakeholder training customized to the different stakeholder segments, such as government officials, financial institutions and judges.

Phase 2: Currently in progress, the second phase of the STCR Program has focused on deepening implementation of the secured transactions reform since 2015, including:

- 1) Support to the Office of the Superintendent of Finance in modifying its current regulation to accommodate a broader set of admissible assets.
- 2) Support to local chambers of commerce and judiciary and the Office of the Superintendent of Companies related to the enforcement regulation (also conducted

⁶ To lighten the reading process, the FI acronym also integrates the Bank and Non-Bank Financial Institutions (NBFIs').

- during the first phase) and extra-judicial process development. In addition, the regulation work was centralized in electronic invoicing as one of the most important collateral assets that SMEs could offer as collateral.
- 3) Intensive FI capacity building on new product development and risk management in collaboration with regional IFC's Financial Institutions Group Advisory and Investment Services through further training and awareness raising to identify lending institutions interested in serving as pilots for rolling out movable lending products such as floor plan, crop and inventory finance, as well as secured and revolving lines of credit.
 - 4) Support to the Ministry of Justice in the development of the online dispute resolution regulation that includes online facilitated settlement (mutual agreement) and online arbitration utilizing fast-track procedures which comply with due process requirements.
 - 5) Support to the Superintendent of Finance and the Superintendent of Industry and Commerce in the development of their regulation of online auction places for repossessed goods.
 - 6) Support to Confecámaras, related to the design of the online auction places for repossessed goods.
 - 7) Support peer-to-peer learning to enable other LAC countries to learn and benefit from Colombia's best practice model.

Subsequent to the passage of Colombia's new Secured Transactions Law in 2013 and the launch of Colombia's centralized collateral registry in March 2014, more than 1.4 M security interests on loans have been registered, of which 812,622 were previously created movable collateral operations (*now more than 1.4M registered⁷*) for a value of over US\$69 billion, of which 70,966 have been to MSMEs. This is more registrations than have occurred in the last 42 years, making this one of the most successful and promising reforms in the region.⁸

Regional Demonstration Effects of the STCR Program in Colombia: A critical component of the STCR program's Phase II activities is the enabling of peer-to-peer learning from Colombia's experience to enable other LAC countries to learn and benefit from Colombia as a best practice model⁹.

As ST systems are new to many LAC countries, financial sectors throughout the region have not yet adapted their lending and risk management strategies and mechanisms to fully benefit from the use of modernized secured transactions systems for movable asset-based lending (ABL).

7

https://www.ifc.org/wps/wcm/connect/news_ext_content/ifc_external_corporate_site/news+and+events/news/impact-stories/collateral-registries-smart-way-to-expand-a2f

⁸ World Bank Group, 2015, SECO-WBG Financial Infrastructure Development Partnership Program, Draft Proposal, p.19

⁹ The program objectives have been adapted from: World Bank Group, 2015, SECO-WBG Financial Infrastructure Development Partnership Program, Draft Proposal, p.74

Colombia's ST reform is considered a model for the region, one of three functioning registries in LAC with now 1.4+ million registered loans valued at US \$75+ billion. Given the importance of Colombia as a regional hub of development for neighboring states and its value as an example across the region, IFC prioritized its continued engagement in Colombia to maximize both national and regional impact. The team has worked closely with the Ministry of Commerce, Industry and Tourism, the banking association (Asobancaria) and Confecámaras during Phase II to deepen implementation to promote financial inclusion of MSMEs by supporting the financial sector in the development of movable asset-based lending methodologies through the use of the secured transactions system.

Phase II activities were to include comprehensive training, business development and continued advocacy, development of capacity building, in-house advisory, and product development, including identification of lending institutions interested in serving as pilots for rolling out movable lending products such as floor plan, crop and inventory finance, as well as secured revolving lines of credit and merchant cash advances. Additional innovations included:

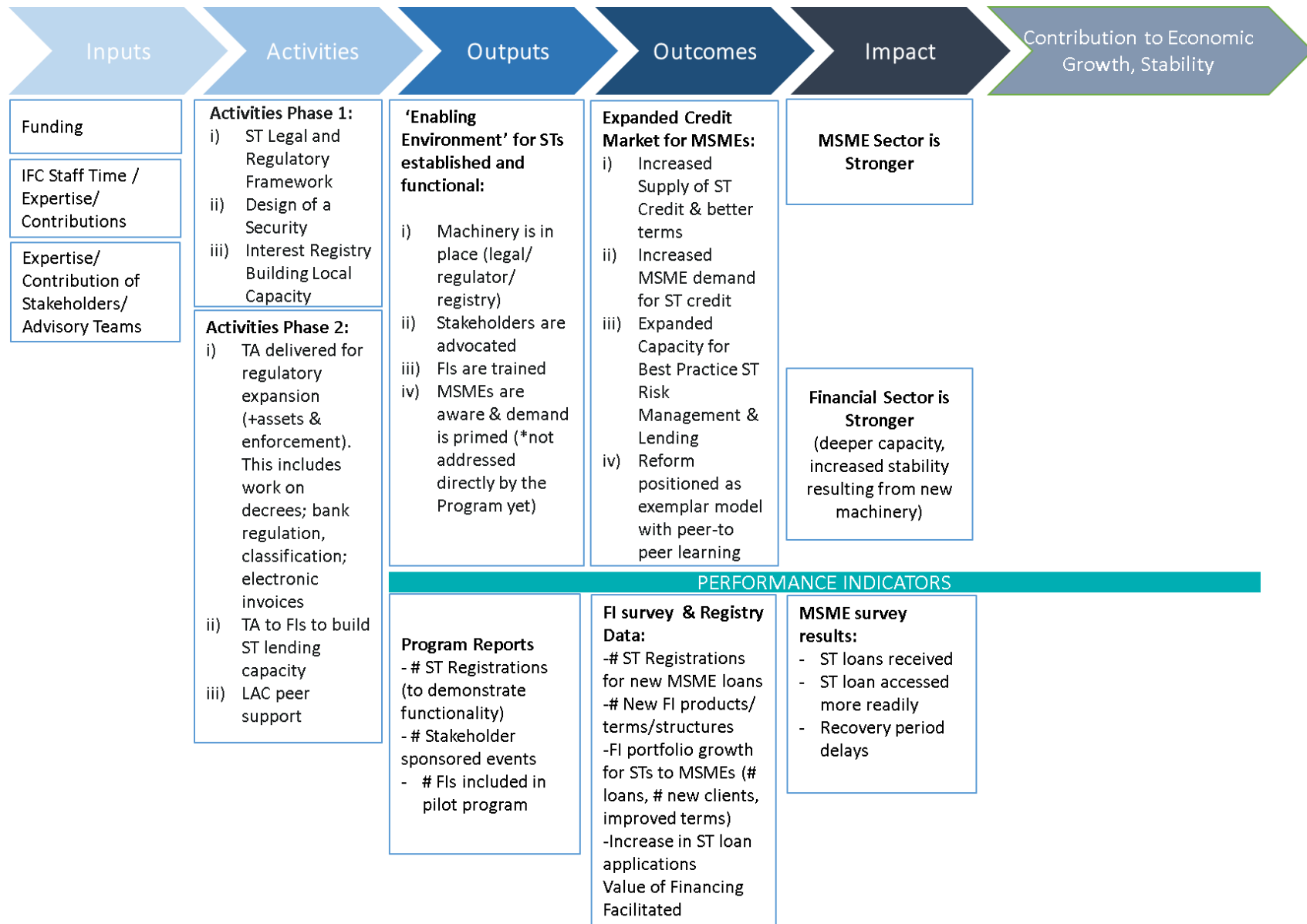
- Collaboration with selected FIs to create dedicated lines of credit using movables, generally, and in the areas of agribusiness, specifically. These pilots were intended to help determine the best approaches to lending under the new system and also provide the information necessary for the Financial Superintendent to modify the regulation for admissible guarantees. Conversations were also planned with an alternative credit reporting organization to identify ways of pre-screening MSMEs in collaboration with local chambers.

1.2.1. Theory of Change

Results Chain

A first step in building the ToC is to reconstruct the results chain of the ST reform and connected activities. The result chain is presented in Figure 1 below. Starting from inputs and activities of phase I and II, the ST reform is at the centre of the scheme, as the main result of Phase I, that is to later enable the expansion of the credit market. The result chain also makes the distinction between the supply side (offer of credit by financial institutions) and the demand side (credit market demand from MSMEs). The result chain also indicates 'smart performance indicators' that will be useful in measuring the progress made over the years. These indicators include, for instance, the number of ST loans received by MSMEs, and the number of new products developed. These indicators will allow the ET to assess more accurately the estimation of the *Value of Financing Facilitated*. This latter indicator can be addressed in an enhanced manner through the results chain and ToC in several ways, including as an aggregate number demonstrating achievement at the output level and demonstrating that the ST system is up and running and functioning well. Analyzed through the lens of the ToC, the *Value of Financing Facilitated* can be 'unpacked' and better understood to then inform outcome indicators such as Expanded Credit Market for MSMEs.

Figure 1: The Program's ToC



Based on the result chain, the logic behind the ToC is that, once the ST reform and system are in place, there will be a need to develop the capacity of FIs to develop and utilize new and innovative asset-based lending products based on those reforms, which make use of the movable collateral available to MSMEs. Even if the capacity to do so exists now, potential barriers remain in place regarding the large-scale adoption of the new products and the improvement of pre-existing credit products based on the reform. Among those is a lack of knowledge and understanding of the reform and its implications, and the creation by FIs of financial products and programs accessible to MSMEs.

Although the awareness-raising campaigns and training for the MSMEs did not take place (although there was a virtual training, now IFC-BdO, as well as a Productive Transformation Program [PTP]¹⁰ developed, both of which remain publicly available and have been used), they are still part of the logic going forward, and of the ToC. Indeed, through the latter activities, MSMEs were supposed to become more knowledgeable about the possibility of using movable collateral to eventually have access to credit with better conditions. In other words, to ensure an expanded movable assets credit market, the demand side also needs to be enhanced. As more ST credit products are offered by FIs and as MSMEs are increasingly aware that these products exist and work, there should naturally be an increasing interest in applying for loans using movable assets.

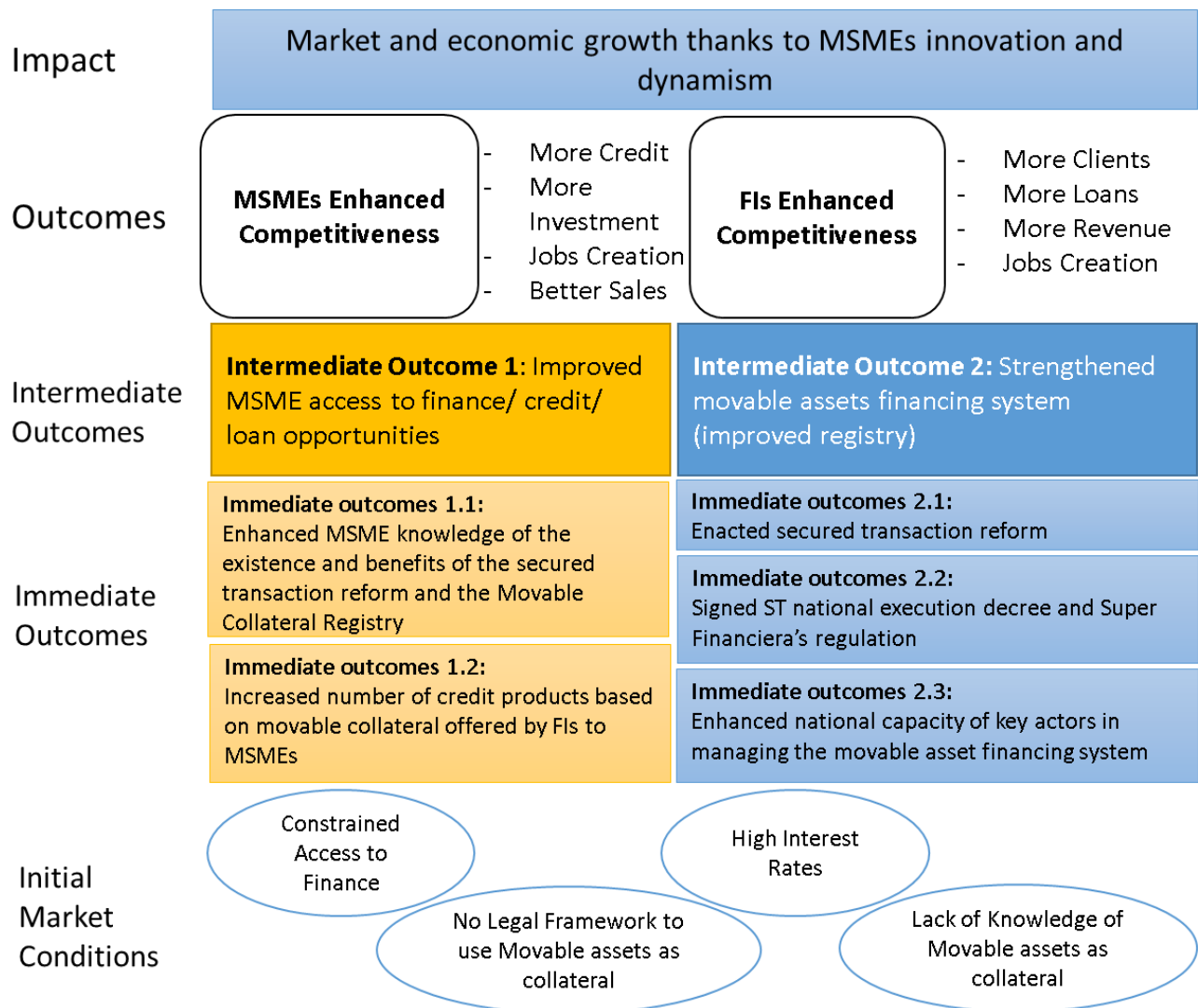
As presented below, the key steps of the ToC are the following:

- Before the implementation of the Reform, MSMEs in Colombia faced a lack of financing as a major constraint to operating their businesses. Among other causes was the absence of a legal framework to govern the use of movable assets as collateral for credit. This prevented FIs from developing programs, tools, and outreach to the MSME sector, and entrepreneurs were thus unable to apply for and receive ST loans since banks were unable to accept movable assets as collateral without a supportive legal framework, or because they lacked knowledge on how to conduct movable asset-based lending. As a result, MSMEs did not access as much credit to expand and grow as they could have done with better frameworks in place.
- In 2013, the new Secured Transactions Reform, and the launch of a centralized collateral registry in March 2014 created the necessary tools for FIs to consider and accept new forms of collateral for lending—e.g., movable assets. The program also trained FIs in the creation of new credit products and risk management strategies, with commensurate, risk-adjusted interest rates. Other activities should also enhance MSMEs' capacity to access expanded availability of finance, based on their improved ability to utilize/leverage their movable assets as collateral for their loans.

¹⁰ <https://campusvirtual.bancoldex.com/>

- FIs and NBFIs should now naturally see the opportunity to grow their MSME client base and loan portfolios, based on risk management strategies including the use of STs to mitigate credit risks. Loan terms and conditions would reflect risk-adjusted, market-based approaches, typically with more tailored repayment structures and lower interest rates as compared to unsecured loans (where unsecured loans are available at all). Improved access to credit will make the whole credit market more fluid and result in the strengthening and increased competitiveness of MSMEs and the financial sector, coupled with more investment, jobs created and, ultimately, sustained market and economic growth.

These elements are summarized in the figure below (from bottom to top).



1.2.1. Stakeholders' Mapping

This section includes an overview of the key stakeholders in the ST program, including the main partners, beneficiaries and other stakeholders.

Main partners	
IFC Colombia Secured Transactions team	Bogota/Mexico
WBG staff involved in the ST program (Global Secured Transactions / Asset-Based Lending team)	Washington DC
SECO team	Bogota/Switzerland
Registro de Garantías Mobiliarias de Colombia, Confecámaras	Bogota
Superintendencia de Sociedades	Bogota
Ministry of Commerce Tax Authority (Dirección de Impuestos y Aduanas Nacionales DIAN) Bancoldex y al « Programa de Transformación Productiva -PTP » Ministerio de Hacienda y la Unidad de Regulación Financiera	Bogota

Beneficiaries	
Local Chambers of Commerce	Bogota/Cali/Medellín/Bucaramanga/Cartagena
Financial Institutions (including banks and non-bank financial institutions).	Bogota/Cali/Medellin
MSMEs	Bogota/Cali/Medellin

Other stakeholders	
Banker's association	Bogota
Technical partners (e.g. Judges' School "Rodrigo Lara Bonilla" and Consejo Superior de la Judicatura)	Bogota
Technical consultants involved in the program	Bogota
IPA and Dalberg	Bogota/Washington DC/London
Banca de la Oportunidades	Bogota/Cali/Medellin
USAID (Dopkins)	Washington DC/ Buffalo (USA)

1.3. Evaluation Object and Scope

As explained in the ToR, the overall objective of this assignment is to conduct an independent evaluation of the impact of the activities of the STCR Program on the MSME sector in Colombia, as well as other key beneficiaries and stakeholders.

This evaluation was to build upon the activities and processes initiated by the IPA in 2014 and sought to understand whether the changes observed at the FI and MSME levels could be attributed to the Secured Transactions Reform.

The initial intention was for this approach to be implemented based on counterfactual causal inference. The evaluation was to isolate the effects of the intervention from any other changes that might have affected Colombian MSMEs at the moment of the reform.

In addition, during phase II, the Program has identified problems with data being reported in the registry for the Value of Financing Facilitated/*Monto Garantizado* (VFF) indicator. Hence, the ToR identified as a special objective of the evaluation the analysis of the data for this specific indicator to identify and execute a methodology to arrive to a more accurate estimation for this specific indicator. The objective was to assess *the data* generated and collected through this indicator for accuracy. The evaluation report, based on the assessment, presents an estimated accurate value. The ET provides recommendations below on how to better capture data for this indicator.

1.3.1. Evaluation Scope of Work

Although the scope of work was centered on the evaluation of phase II of the Colombia ST Program (the period between 2015 and early 2021), focusing on the impact, in order to do so, the inter-relatedness of the activities of Phase I and Phase II was recognized and reflected in the overall results framework for the Program against which this evaluation was conducted. The scope of work also integrated an analysis of the strengths, weaknesses and the lessons learned from the Program.

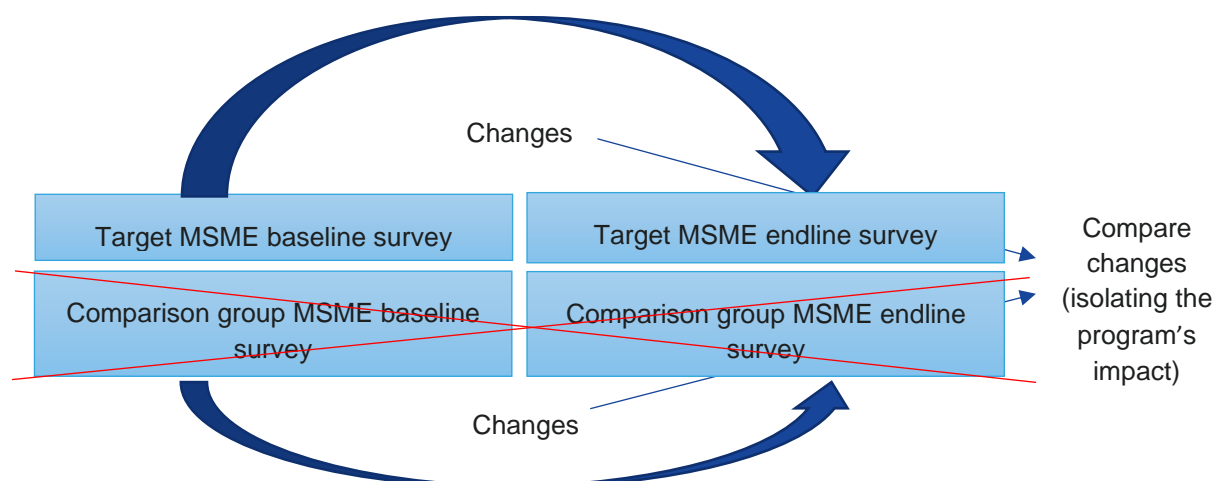
Based on the *Scope of Work* defined in the ToR, on the presentation of the ToC above and on initial discussion with IFC teams and other partners, the ET has prepared and presented in the IR an approach, a methodology, and sampling models that differed from the initial plan to conduct an RCT, fully using the 1,126 MSME baseline study dataset. The main reason for this change was that the training and awareness-raising efforts that were planned for half the companies of the IPA baseline dataset (the other half being the comparison group) did not take place, meaning that all the companies of the dataset were equally likely to have received the same level of exposition.

2. EVALUATION APPROACH AND METHODOLOGY

In the second phase of the Program, IFC was to focus on the credit supply side, working with the FIs. More work was also needed with other stakeholders such as judges and chambers of commerce to ensure the institutional context would allow for more use of the ST system by both FIs and MSMEs. The reasoning behind this decision was that if demand started increasing before the FIs had developed movable assets financial products adapted to MSMEs' needs, there was a risk that MSMEs' confidence in the reform would be negatively affected. As a response, the evaluation refocused its approach towards assessing the extent to which the overall institutional and regulatory context was sufficiently prepared and solid to allow the ST system's expansion in the country. In addition, the evaluation set-out to understand the changes on the supply side of the ToC (financial institutions); the extent to which the awareness raising work with the FIs generated results. Finally, the evaluation team looked into the results achieved concerning the FI's development of asset-based lending products. In this context, the evaluative process put less emphasis on the demand side of the ToC (i.e., the use of the system by MSMEs in obtaining credit).

Applying an RTC would have allowed attributing the changes observed at MSME level to the Program. However, as there was no comparison group, the full attribution of the observed changes to the Program would have been difficult. The figure below depicts the logic behind the RCT approach and the fact that one portion of this logic is missing which would allow for the process to work fully.

Figure 2: RCT Impact Evaluation Approach and Challenges in the Present Context



As in all such evaluations, an important aspect of the methodology is determining the impact variable. In other words, the ET needed to define the impact that the program is trying to reach so it can be measured. In the present case, as demonstrated in ToC above, the program's evaluated impacts are "stronger MSMEs and FIs' sectors." The project intended to achieve these

impacts by increasing the chances of MSMEs obtaining loans and credit. This was what the ET proposed to assess: “the number of MSMEs obtaining loans and credit products from FIs and NBFIs.” Using this indicator—and obviously others, related to “lower” levels of the logic model outcomes for contextualization and understanding of the process—the ET compared the differences between datasets from the present evaluation’s survey and from the baseline study. The differences observed in terms of access to loans and credit was analyzed through both the MSME and FIs’ responses to the surveys and interviews as well as through the use of the Registry data. The analysis, compared to a more traditional RCT impact evaluation methodology, looked more broadly at the context in which the changes took place.

To ensure the evaluative analysis had more depth, the ET also suggested adding other indicators, which created a new evaluation design scenario. To go beyond the dichotomic analysis of the MSMEs using movable collateral and those that have not and compare differences, the ET also used the following indicators: “the number of times MSMEs have applied for loans and credits,” “the number of loans and credit products obtained by MSMEs through FIs and NBFIs” and “the number of times that an MSME have used movable collateral.” This brought a continuity to the analysis where the effect of the use of the movable collateral was tested over time. This was also a way of bypassing the Covid-19 situation, as the analysis spanned further in time (i.e. 2019) when the pandemic was not yet present. Finally, the idea was to look into differentiating between MSME that “applied” to loans and MSME that “obtained” the loans. This means that the ET was to be able to investigate if there is an impact over the “applied” variable, even if the one over the “obtained” variable is not observed. The baseline study has included these two variables.

At a technical level, in the absence of the RCT option, the ET used the ToC to assess, link by link, the potential contribution of the program to the observed impact. In other words, as there is no comparison group which would allow the isolation of the contribution of the program’s actions to the impact, the ET used the logic behind the ToC and tested it using real-world data collected during the evaluative process.

In this context, the ET used an evaluation design that sought to compare the data collected through a phone survey with a sub-sample of the 1,125 MSMEs involved in the baseline study (i.e., 253 MSMEs), with the data from the study. The ET initially suggested the reduced sample for 2 reasons:

- Reaching potential respondents through a phone survey process is, even under normal circumstances, not an easy task. In the present case, many of those involved in the baseline study have been even harder to reach for a variety of reasons, including the fact that some have gone bankrupt, others disappeared and/or that the contact information of these MSMEs have changed. Additionally, much of the contact information is linked to offices; in the context of the pandemic, many of the workers are at home and thus the response rate has decreased substantially. Notably, reaching FI representatives has proven to be as difficult or even harder; and
- As the bulk of the work accomplished through the program has been directed towards stakeholders who are not MSMEs, the ET determined that collecting more data and

information on institutional partners and FIs through KIIs and the phone survey would allow the evaluation to distill more valuable information.

As planned in the ToR, the COVID-19 pandemic has deeply influenced the methodology presented in the IR during the design phase of the evaluation, with no field mission possible, and all data collection processes taken place remotely. This remote approach has generally been successful, with no particular issues regarding planning and conducting Key Informant Interviews (KII) with IFC and its partners. The national team member played a key role in arranging meetings, as well as supporting all processes related to data collection.

The COVID-19 pandemic also influenced the evaluation's overall approach to data collection and analysis—and more specifically the impact assessment segment of the assignment—because, as an unprecedented external shock to the economy, it has and continues to distort the program targeted FIs' (economic and financial) situations as well as those of the MSMEs. Through normal impact evaluation methodologies, evaluation teams always need to single out the effect of a program or a project on the changes observed from all other variables that can influence these changes. However, in the present case, doing so with the COVID-19 variable, which has a greater-than-usual impact on the evaluated object, the ET had to refine its analysis methods. It can be considered that the Covid-19 Pandemic was almost a lost year in terms of potential MSME access to financing thru movables. Overall, the main approach was to compare the data over time, including the Registry data, which has proven to be very useful and important, and the present survey data with that of the 2015 baseline surveyed MSMEs.

2.1. Modified Evaluation Approach

This section explains the approach developed by the ET, slightly modified with regards to the initial plan. The ET considers this approach to have allowed the best estimates of the extent to which the STCR Program has produced the intended changes at the FI and MSME levels, considering the limitations the evaluation faced. In addition, the approach helped identify the factors that positively or negatively influenced the magnitude and direction of the outcomes and impacts.

- On the phone survey questionnaire

The ET, with the support of E-Valuar, the Colombian company hired to carry out the phone survey, designed a phone survey directed towards MSMEs, aimed at collecting information on practices related to loans and barriers related to guaranteed credit transactions. The MSME questionnaire had an approximate duration of 40 minutes. The full SME survey is available in Annex IV.

The initial approach quickly presented unexpected inconveniences that forced the ET to work on a modified approach. For the details on these factors, please see Annex II below.

After much effort from E-valuar and the ET, phone surveys were carried out from February 15th to May 7th with 253 registry MSMEs from the three targeted cities (Bogota, Cali and Medellin), respecting the sampling calculations from the design phase.

- Case Studies

The ET has prepared five case studies to complement and illustrate the information contained in the report and provide an in-depth vision of how interested organizations have gone through the process of adapting their ways of working as a result of the ST reform. The selection of companies for the case studies aimed at reflecting the diversity of situations and was validated by IFC. Three FIs were selected according to their relevant participation in the project. Three MSMEs were randomly selected¹¹. Since they appear in the registry, all have benefited from the ABL. The case studies are presented in section 4 (MSMEs) and 5 (FIs).

2.2. Methodology

Although the evaluation methodology focused, as requested, on the impact level, the data-gathering methods (other than the phone survey) also addressed immediate and intermediate outcomes.

2.2.1. Data Collection Strategy (Data Gathering Methods) and sources

The ET undertook a thorough review of the STCR program's reports¹², articles and publications about the program. In addition, an important part of the document review was oriented towards analyzing the data within the registry database. IFC requested Confecámaras to provide access to the raw data within this database which allowed the ET to go beyond the information contained in the registry reports. Indeed, by using the raw data, more evidence became available to address some of the impact indicators mentioned above, in addition to other possibilities its analysis generated with regards to triangulating findings across all other levels. The information gathered through document review was completed with input from the implementers' program teams, partners and beneficiaries through interviews to increase the thoroughness, credibility and validity of the information collected.

2.2.1.1. Document Review

Literature searches provided background material on issues such as relevant Colombian MSMEs' and FIs' development contexts and key issues and challenges for strengthening the financial sector and enhancing access to credit for the private sector.

¹¹ The stratified sampling for the selection was made in such a way to guarantee diversity in terms of locations (one company in each of the three main cities), sector (manufacture, commerce, services), coverage (local, regional, international), and size (micro, small and medium-sized company).

¹² Mainly the Project Supervision Report (PSRs) as well as the Semi-Annual Progress Reports to SECO on the IFC Advisory Programs in Latin America and the Caribbean.

Document reviews of relevant available IFC and SECO reports provided a historical perspective on STCR and helped identify key issues to be assessed. All reviewed documents are presented in Annex III.

2.2.1.2. Key Informants Interviews (KIIs).

In addition to interviewing IFC and SECO representatives, the ET carried out in-depth interviews for a smaller subset of MSMEs and FIs (identified and agreed upon with IFC). The interviews with FIs were conducted with the financial expert from the ET present. These interviews were evenly distributed between Bogota, Cali and Medellín. These interviews were used as inputs to the six case studies of project partners (3 SMEs and 3 FIs) that have benefited from the project. The selection of the case studies was conducted in close consultation with IFC.

Furthermore, interviews were conducted with each of the institutional stakeholders identified in subsection 1.2.1 above.

2.2.1.3. Phone Survey

The ET, through its collaboration with E-Valuar, conducted the phone survey with a sample of MSMEs and with FIs as described above.

2.2.1.4. Process



1) Inception phase

Step 1: Start-up meetings and preliminary document and literature review

An official meeting to kick off the evaluation process took place on October 2nd. In addition to allowing for all parties to present themselves, the start-up meeting helped the ET better understand the evaluation object and scope, set the work plan, timeline, and next steps, and refine the details around roles and responsibilities. These clarifications have been taken into consideration during the development of the IR and throughout the evaluative process. In addition, further discussions have been held with representatives from Confecámaras as well as IPA to understand the full process that took place during the baseline study as well as during implementation. Two additional discussions took place with the IFC team to agree on the scope and details of the methodology to be used. IFC also supported the coordination of communications and the process to gain access to additional information, including the baseline data, full report, methodology and, eventually, the baseline 1,125 MSMEs and 19 FIs contact information and registry database. IFC also helped the ET in trying to generate a higher response rate from the FIs in the phone survey.

The purpose of the document review was to familiarize the ET with the project, main stakeholders and partners, beneficiaries and results achieved to date.

Step 2: IR and Development of Data Collection Tools

The IR provided a detailed presentation of the approach the ET used to evaluate the STCR Program and the extent to which it has impacted MSMEs and FIs. It guided the evaluation and outlined the methodology in detail.

Based on the methodology, the following data gathering tools have been developed: i) a document review data collection matrix (an internal document used by the ET); ii) draft interview protocols; iii) phone survey questionnaires (see annex IV for all drafts data collection tools). The tools were used to *standardize* the data collection processes, especially for the phone survey, during which the strict use of the questionnaires was necessary to allow for statistical analysis. In contrast, the interview protocols were more flexible, allowing for different questions and discussions depending on what came up during interview sessions with the different respondents.

The IR was submitted for validation of its content by IFC. This was intended to facilitate the participation of relevant stakeholders in the evaluation process and created an opportunity to collectively assess the logic and viability of the process.

IFC's comments on the draft IR allowed the ET to adjust, finalize, fine-tune, and polish the evaluation process, leading to the final version of the document.



2) Data Collection Phase

Step 3: In-depth desk review

The in-depth desk review allowed for data to be collected prior to the implementation of the other lines of enquiry. As mentioned above, the analysis of the registry database was central to step three's processes, which took place throughout phase two.

Step 4: Interviews with key stakeholders and beneficiaries

The ET relied heavily on the support of IFC, as well as IPA and Confecámaras, for support in reaching out to all selected potential respondents for KIIIs and potentially for further support in terms of the phone surveys.

Step 5: Phone surveys

The surveys have been designed and used to obtain quantitative data to evaluate the impact of the program. The E-Valuar Colombian consulting firm conducted a total of 253 phone surveys. Details about the process can be found in annex II below as well as in subsection 2.1.

2.2.2. Data Analysis

The impact evaluation portion of the assignment was mainly conducted through the analysis of the phone survey and registry data. This phone survey data was compared to the data generated in 2015 during the baseline study and the variations will be analyzed by different means. This analysis helped identify the trends in these changes, hence determining the impact of the program.

The rest of the analysis and the contextualization explaining the impact was derived from the triangulation of data and information from all sources. The present section 3 describes how the ET has designed an approach that integrated complexity-responsive evaluation methodologies. The ET constructed ToC (See subsection 1.2.1 above) which, once discussed, adapted and finalized in cooperation with IFC, was used by comparing how the intervention was expected to bring about the changes and results (impact) to the reality observed (the data collected). The results chain (or logic model) helped uncover key assumptions and enabling factors which allowed the ET to examine what factors were important in the program's effectiveness and impact. The ToC approach, coupled with the impact evaluation approach and calculations, allowed a systematic cause-and-effect analysis to be conducted in order to make credible claims about results achieved by the STCR program support. Information collected during the interviews with key stakeholders and beneficiaries served to complete the set of data about the intervention and how it worked, as well as allowing the ET to cross-check data from multiple perspectives (triangulation).

Table 1—Triangulation Matrix

Criteria, Questions/Sub- questions and Indicators	Data and Findings from Different Lines of Evidence			Findings
	Document Review	Interviews	Phone surveys/OLS	
<i>1. Impact</i>				
Question 1—"n"				
Indicator 1—"n"				
<i>Impact Conclusions</i>				
<i>2. Effectiveness</i>				
Question 1—"n"				
...				

As mentioned in the ToRs, the ET submitted all requested deliverables to IFC (all reviewed and approved by IFC). Please see Annex II for details on deliverables.

Before the delivery of the draft report, the consultant/s made a presentation to summarize the preliminary findings, conclusions, and recommendations, with a focus on the key impact of the project.

2.2.3. Quality Assurance

The team leader was in charge of providing oversight and reviewing the evaluation process and all tools and reports, ensuring the validity, consistency, and accuracy of data throughout the analysis and reporting phases. The quality of deliverables was further supported by the services of a dedicated QA advisor, in addition to the core team members, who supported the team at key moments and reviewed the content and presentation of deliverables. In addition, at all times the team followed recognized best practices and standards in conducting the evaluation. The UNEG “Norms and Standards for Evaluation” guided the team’s work throughout the evaluation. During the process, the following principles and quality criteria, which are in keeping with the OECD-DAC, shaped the team’s approach: independence, credibility, participation, transparency, utility. After the draft report was submitted, IFC provided feedback, comments, and questions. The ET integrated relevant feedback and submitted the final evaluation report, supplemented by an audit trail and an executive summary.

3. FINDINGS

3.1. Relevance

1. To what extent was the ST program relevant to the country context, policies, priorities and needs of the beneficiaries at the time of program design and in today's context?

At the design phase of the ST program, its approach and content were relevant to the overall country context and stakeholders' needs and priorities, including MSMEs and FIs. There was an issue linked the lack of MSME access to credit. Government authorities were trying to find a solution to this challenge but did not have the expertise needed to do so.

In this context, the IFC positioned itself as a driver/catalyst among stakeholders to ensure that the lack of access to finance by MSMEs would be addressed through the system's institutional actors. The program helped bring together the efforts of these stakeholders to allow MSMEs access to the right financial tools and organizations. Reforms supported by IFC were therefore highly desirable to MSMEs as well as FIs.

Untapped Potential

As discussed in the introductory section above, the market for credit for MSMEs is large in Colombia, due to the untapped potential of funding for companies at an early stage of their growth. In 2017, of the approximate 4 million MSMEs in Colombia (representing 99% of all companies, and of which 250,000 are officially registered), less than 35% had access to formal credit¹³, and 70% considered were themselves not properly attended by the financial sector. As a result, the total unsatisfied demand for credit from MSMEs was estimated to a total value of more than USD 23 billion (total value of the need for credit in companies with movable assets that could qualify as collateral).¹⁴ Since approximately 85% of the MSMEs actually have assets that could serve as collateral (representing, on average, between 70 and 80% of their capital, considered as '*capital muerto*,' meaning that it cannot be used to obtain credits without a strong ST system¹⁵), the

¹³ ANIF, "La Gran Encuesta PYME", 2017.

¹⁴ Corporación Financiera Internacional (IFC), "Base de datos de empresas financieras de la IFC ", 2010, <https://www.smefinanceforum.org/data-sites/msme-finance-gap>

¹⁵ Julio Riutort. Webinar organized by the Instituto Iberoamericano de Derecho Concursal: "*Las garantías reales en los procesos de insolvencia empresarial: Jurisprudencia e Impacto*"

unsatisfied potential for access to credit through the use of movable assets as collateral represented a total value of USD 6.2 billion in 2018.¹⁶

It was therefore necessary to find a solution that would unlock MSME access to credit, and IFC was offering to support the development of an enabling institutional environment for the expansion of the ST system, a response to the FIs' reluctance to enter in the MSME lending market.

Alignment with the Government and Overall Institutional Needs and Priorities

In Colombia, credit is the main source of financing for companies because investment businesses such as private funds have historically focused their activity on large projects such as infrastructure and the extractive sector, but have not targeted the MSME business sector. As a result, a large number of small companies have only been able to provide a livelihood income, without the possibility of expanding and growing their business. As a response, the government has worked extensively on facilitating access to credit to MSMEs, recently, among other approaches, in programs carried out by the *Banca de las Oportunidades*. The program's approach and content were hence aligned with the government's efforts in its work with *Banca de las Oportunidades*

Beyond this specific example, in phase II, IFC worked in an iterative way and was responsive to institutional needs and demands to facilitate MSME access to credit. IFC's support and coordination role helped build strong relationships with partners. It also brought together relevant actors to ensure a strong institutional enabling environment was developed and strengthened. Here are the profiles of some of the most important partners with which the program worked:

- **Colombia's Chambers of Commerce** play a central role in ABL since they are closely linked to the private sectors and especially with the MSMEs around Colombia. The program endeavored to reach out to these organizations during phase II, with a view specifically to indirectly access MSMEs. In addition, the chambers of commerce were well positioned and considered the right actors to activate some of the tools developed with the support and contribution of the program.
- **Confecámaras** has been an important partner throughout the process, taking over the management of the collateral registry from the chambers of commerce. As such, it played a key role in raising all stakeholders' awareness of the importance of the registry and provided support to companies that requested it. Confecámaras has also been involved in the design of training session addressing judges' schools.
- **SECO** is largely considered as a flexible, involved, and supportive donor, giving freedom to IFC teams and their counterparts on the direction the program would take. Among other issues, while they were at first reluctant to the idea, they were later convinced to use

¹⁶ USAID, *De leyes a créditos: Oportunidades y retos para lograr las reformas prometidas de los créditos con garantías mobiliarias, Un resumen*, December 2018.

Colombia as a learning hub for other countries in the region. This allowed early peer-to-peer events to take place, making possible the exchange of information, data, and best practices among the regions' countries.

- The **Colombian National Tax Authority (DIAN)** has responsibility for the design of the *Electronic Invoice Registry (REFEL)*, widely recognized as an important tool to facilitate the creation of innovative credit products based on invoices as collateral, and this has generated some delays in implementation. However, as mentioned in reports, 'the Tax Authority does not envision assuming any role beyond the technical management and operations' and 'continued to show minimal interest in engaging with IFC on this topic.' so far, the system is not yet ready. The DIAN was not available for an interview in the process of this evaluation.
- **Banca de las Oportunidades** is a national government program, managed by Bancoldex, that promotes financial inclusion in the country. Among other objectives, the entity works with the FIs and other organizations to ensure they are facilitating financial services to those that normally do not have access to finance. The alignment of their objectives with the ST Program is clear, and they signed an agreement through which IFC is supporting them.
- The **Superintendencia Financiera de Colombia** works, in coordination with *Banca de Oportunidades*, on determining the value of movable assets through a systematic approach. USAID provided support on developing this approach in a previous project. Its staff also monitors and controls financial transactions, including those linked to movable assets.
- The **Superintendencia de Sociedades** is involved in the judicial aspects of private companies' dealings. They are responsible for applying and enforcing the ST law norms.

Financial Offer and Demand

At the beginning of the ST Program, before the reform, the country's credit ecosystem suffered from serious deficiencies that prevented it from reaching MSMEs¹⁷: the legal system was fragmented into several laws; there were strict restrictions on the types of assets that could be used and registered as collateral; and enforcement mechanisms were very rigid, costly and time consuming as out-of-court enforcement was not allowed. The first phase of the Program led to strong improvements in the legal aspects, including contributions to the development of the ST reform to address some of those deficiencies, but the second phase continued its work on deepening the implementation of the reform and working with key stakeholders to ensure that the reform would reach its full potential. The ST reform was therefore important to increasing the use of collateral by MSMEs with respect to the movable assets already present on the market, such

¹⁷ IFC, Colombia: A Comprehensive Secured Transactions and Asset Based Lending Reform leading to SME Financing,

as vehicles, but more importantly, to increasing the use of less traditional movable assets such as inventories, accounts receivable, and shares or interest in capital, among others, and to promoting their wider use. The *Fondo Nacional de Garantías* was already providing loans based on movable assets (i.e. funds) to companies in some sectors (e.g., the *Fondo Agropecuario de Garantías* [FAG] is active in the agribusiness sector through regional funds) with limited capacity. The FAG is a public sector initiative which is distinct from the private sector-led initiatives by the FIs as it is a subsidized fund. The system of movable assets as collateral created by the reform aims at being more efficient in reaching MSMEs: credits offered are less restrictive and imply a lower cost for the clients (with the *Fondo Nacional de Garantías*, only 50% of the debt can be covered by movable assets¹⁸). So again, it is clear that the Program is relevant to finding solutions for the expansion of the reform to ensure more and better MSME access to credit and loans.

Although progress has been noted, as shown in sub-sections 3.2 and 3.3 below, the Colombian financial ecosystem still lacks some of the required tools to ensure MSMEs have efficient access to finance. According to data collected during the evaluation, the main Colombian banks are still focusing on working with big companies with immovable assets and providing loans to individuals and households with stable income (employees) for the purchase of houses. Medium-sized financial institutions are said not to have the financial stability to enter riskier segments of the markets, including the ABL sector. Very few of these FIs consider offering loans to MSMEs as a priority for their businesses, because of the perceived risk involved and the low benefits. The Program did initially work on trying to convince FIs of the potential existing in this segment of the credit market. In the final years of the Program, IFC started working with FIs, and is still working with a reduced number of FIs in a more in-depth manner.

The banking FIs, as opposed to the non-banking FIs (NBFIs), are those that require the most convincing. The NBFIs normally have more experience in and flexibility to adapt their financial products to specific contexts, including in terms of movable assets lending. In Colombia, the majority of FIs have the traditional/ commercial banking profiles and are multi-segmented, which renders the adaptation of IFC's support less straightforward. Bank boards need to be fully convinced of the profitability of ABL to approve moving into this new sector. Movable, tangible assets are not seen as being easy to liquidate, given the complexities in selling diverse sets of movable assets compared to land and other immovable assets.

In addition, overall, the Colombian financial context is more mature and hence complex than in other countries around the world: the banking sector is bigger and more diversified, with very different and specific needs and priorities, and the institutional context is itself also comprised of more actors than elsewhere. All this makes it more difficult for IFC to adapt its support to each and every one of its partners. An important example is the very specific needs of partners in terms of judicial training. The expertise required to provide such capacity building to judges and legal

¹⁸ It is to be mentioned here that this percentage has been increased during the Covid-19 Pandemic. Please see sub-section 4.2 for more details on this subject.

workers is very technical, to ensure balanced and aligned training content. IFC was able to support the development of such relevant content.

On the demand side, MSMEs face strict conditions to access credit, such as short repayment delays and high interest rates. The highest-level targets of the Program were aligned with the objective of addressing these issues, although it was transparently decided that in Phase II, the demand side would not be directly “targeted.” It was decided, rather, to work through intermediaries such as the chambers of commerce which were well positioned to address efficiency issues for loan reimbursement conflicts, for example, (through the online dispute resolution system) among other strategic advantages.

The Program’s objective is to facilitate all MSMEs’ ability to use their collateral to obtain loans and credit. The sheer number and diversity of MSMEs in the country makes it difficult for the Program to really respond to their differing and specific needs. It is now up to the FIs to adapt their financial products and professional capacities to the different sectors.

2. What has been the degree of ‘buy-in,’ participation, ownership and contributions from the different stakeholders?

The general involvement of stakeholders has been strong mainly due to the relevance of what IFC was offering.

- As reforms such as the ST reform take many years to implement and expand, their processes usually surpass political terms. In recent years, because of political changes, among other causes, the program has had to rebuild buy-in from institutional stakeholders.

National Buy-in and Support

During the majority of the Program’s timeline, the institution partners have been continuously involved, dating back to phase I. The long-lasting relationship built by IFC with many of these institutional actors has indeed been an important success factor for the Program to strengthen enabling regulatory and overall institutional set-up. The political momentum and buy-in was also present during the majority of both phases’ timeline, although the last elections have somewhat affected the stability of this political support. An example of this is embedded in the work done with ARCO: the IFC supported work on a diagnostic of ARCO, the MSME entity of Bancoldex, the national development bank. The diagnostic presented a proposed scope of work for the way forward. However, following the diagnostic, the government decided to reorganize and reabsorb ARCO as a department of the national development bank. Consequently, the planned work with this organization did not occur. This exemplifies how the issues faced on this front were sometimes out of IFC’s control.

Still, overall, IFC’s presence, expertise and reputation did allow it to attract attention and engagement to the importance of pushing through the reform.

Results are less positive regarding the participation of the FIs. Commercial banks in Colombia are generally conservative, and have historically focused their credit on more traditional sectors (lending for real estate and to larger companies). Conversely, they are generally more hesitant to engage with new forms of credits due to the lack of security, the need to elaborate new business models based on movable collateral, and foreseeable commercial benefits. Despite good intentions, they have been generally reluctant to participate in the scheme. Another reason is the risk related to the valuation and liquidity of some movable assets that the banks are not ready to assume. IFC did try to work with multiple FIs initially, but there was a shift in approach to move towards more efficient activities with a reduced number of FIs as well as through intermediaries such as *Asobancaria*. From data collected through the evaluation, it seems that there is now momentum, as FIs have expressed greater interest in entering the ABL market now that the institutional and judicial environment has been improved.

3.2. Effectiveness

Phase I's main result was the implementation of ST reform and system. Here are the legal regulations in place, linked to the ST reform:

1. Law: Law 1676 of 2013;
2. Registry Decree: Decree 400 of 2014;
3. Enforcement: Decree 1835 of 2015;
4. Regulation from Financial Supervisor « *Superintendencia Financiera de Colombia* » External Circular 032 of 2015;
5. Regulation from Ministry of Finance: Decree 466 of 2016; and
6. ADR Regulations from Ministry of Justice: Circular CIR 18-0000082-DJU-1500 of 2018¹⁹.

In 2012 – 2013, the *Superintendencia de Sociedades* presented the ST bill to the Ministry of Commerce, Industry and Tourism (Mincit). The first IFC agreement in phase I was with the Superintendent.

To what extent were the outcomes achieved / are likely to be achieved, including any differential results across groups of beneficiaries with attribution to the ST Program (based on the ToC)?

¹⁹ IFC also participated in the design on defense on unconstitutionality petition brought by a citizen against the law 1676 of 2013 before the Constitutional Court and in the protection on illegality petition before the Council of State of Colombia brought by a citizen against Decree 400 of 2014.

Table 2 below presents the data reported by IFC on its outcome and output level indicators.

The Program helped set up the Registry and other important ST system-related tools as well as ensure, during Phase II, that many processes surrounding their use were functional.

- Some of these are still in the process of being finalized.

The above-mentioned laws and regulations, which the IFC helped put in place, have the aggregate effect of comprising an effective ST 'machinery'. The ST Program was able to support this process, which prepared a favourable context for the expansion of the ST system in Colombia. IFC selected, worked with and supported the right partners to accomplish this.

TABLE 2: IFC'S MONITORING OF OUTCOME AND OUTPUT INDICATORS

Expected Results	Outcome and Impact Indicators	Unit	Overall Targets (from project inception to end Only for Colombia)	Reporting Period Results (Jan– Jun 2016)									
				Jan– Jun 2016	Jul–Dec 2016	Jan– Jun 2017	Jul–Dec 2017	Jan– Jun 2018	Jul–Dec 2018	Jan– Jun 2019	Jul–Dec 2019	Jan– Jun 2020	Jul–Dec 2020
Outcome: Improve the enabling environment for secured transactions and collateral registry reform	Number of registries created/ improved	#	2	0	0	0	0	0	0	0	1	0	0
	Score on Strength of Legal Rights Index		12	12	12	12	12	12	12	12	12	12	12
	Number of new registrations in the collateral registry	#	135,588	101,297	124,592	130,909	100,539	118,938	136,000	123,547	10,373	69,335	116,727
	Number of recommended procedures/ firm-level policies/ practices/standards that were improved or eliminated	#	2	2	0	0	0	1	1	0	0	0	2
	Number of entities that implemented recommended changes	#	4	2	0	0	0	0	0	0	0	0	1
	Number of recommended laws/regulations/amendments/codes enacted or government policies adopted	#	7	1	1	0	1	1	1	0	0	1	0
Output	# of entities receiving AS	#	3	5	0	0	0	0	0	0	0	0	0
	# of new laws/regulations/ amendments/codes drafted or contributed to the drafting	#	5	4	1	1	0	0	1	0	0	1	0
	# of procedures/policies/practices proposed for improvement or elimination	#	2	0	1	1	0	0	0	1	0	1	0
	# of workshops/events	#	3	6	3	1	2	6	1	0	0	1	0
	# of participants at workshops/events	#	300	103	45	279	101	512	133	0	0	101	0
	# of women participants at workshops/events	#	100	44	16	132	40	205	53	0	0	41	0
	# of reports (assessments, surveys, manuals, Phase I/strategic option reports) completed	#	5	2	1	3	2	2	1	0	0	0	0

A Favourable Environment for the Expansion of the Reform

Reforms of the credit market, including those to which the Program has contributed, have been more structural and ambitious in Colombia than in most countries in the region²⁰, as illustrated by the evolution of Colombia's positions in the Doing Business Credit Index²¹, and have impacted other processes, such as those linked to settlements between borrowers and lenders. This is mainly due to the fact that, before the reform, the relevant institutions were already quite strong, and the Program was able to build on the pre-existing context.

After phase I, IFC needed to provide ST training and capacity building to institutional stakeholders, including judges, in order for them to be able to operate, support and enforce the new ST system and its ramifications, including, for example, the settlement of conflicts deriving from the use of movable assets to obtain credit. The data collected by the ET confirms that IFC was able to achieve this target using its international reputation and its political neutrality to attract the right players to the Program. Among those named by many respondents, actors such as Confecámaras, *Superintendencia de Sociedades*, the Ministry of Justice and the Ministry of Trade were at the top of the list. These public institutions worked together to put in motion the reform supported in the first phase. IFC coordinated broad scale events for awareness raising among FIs.

IFC assisted Confecámaras and the chambers of commerce (CC), as well as the *Superintendencia de Sociedades* in the development of all the procedures related to the extrajudicial enforcement process and the registry. IFC also assisted the judiciary in a partnership with Confecámaras, *Escuela Judicial Rodrigo Lara Bonilla*, and chambers of commerce to improve enforcement proceedings and enhance knowledge around the new laws. All evaluation respondents from these organizations, as well as others, mentioned they were now better prepared to operate within the context of the ST system. For example, the CC worked with IFC in their objective of establishing the extrajudicial mechanisms for settlement issues, which serve as an alternate negotiation approach before proceeding directly to seizing the asset. This mechanism helps speed up the process of settling such issues which is key in these types of situations. This contributes to proving to FIs that the new ST system can be efficient. This part of the IFC's support is essential to ensure that the FIs trust the technical, and most importantly, the judicial context in which they operate and could operate using ABL. During the COVID-19 pandemic, the mechanism was also made available online and was used extensively. Notwithstanding these elements, there is still some work to be done on certain judicial aspects, including the

²⁰ According to IFC Report, the Colombia ST system is, along with Costa Rica, Honduras, Jamaica and Mexico, among the only secured transactions systems in LAC based on international standards and best practices.

²¹ Colombia improved its ranking on the Doing Business-Getting Credit Index from 55 in 2014 to 2 in 2015.

strengthening of the notary system linked to the special enforcement procedures related to movable assets.

The registry itself was also a central component of the reform's success. All these elements are part of creating an enabling environment, as defined at the output level of the ToC presented above. It is to be noted that supporting the development of the enabling environment has taken more time than was originally planned, which somewhat hindered the program's capacity to fully engage with FIs and MSMEs within the same timeframe.

IFC facilitated the interaction and collaboration of stakeholders from different spheres of action—including within the government through inter-ministerial coordination—and different sectors of the economy in the implementation of the ST reform.

The Main Factors Affecting and helping the Program's Progress are:

- The commitment from the government for the greater part of phase II's timeline. Indeed, as the reform was set-up, from the start – with the 2013 law 1676 – the importance of the involvement of government institutions and their coordinated work was made clear by the majority of respondents. After the recent elections, this support was somewhat weakened. Engagement from national institutional stakeholders was crucial as well. For example, the role that Confecámaras played to ensure the registry became fully functional was central for its success during both phases.
- The engagement of the IFC Program team with the client and “ecosystem” of clients in Colombia made a big difference. This takes into consideration the fact that IFC representatives were and are present in Colombia. Proximity with clients, even physical proximity, is seen by many respondents as an important success factor for such programs.
- In addition to bringing its own expertise through its team, IFC was active in fostering peer-to-peer exchanges of information and best practices through multilateral events. Country representatives in Colombia were and still are eager to learn from international experiences and are also proud to share what is considered to be a regional success story. Indeed, thanks to the Program and the complementary Peer-to-Peer approach, Mexico, Paraguay, and others in addition to Colombia have benefited from the exchange of best ST practices within the region. The majority of stakeholders consulted during the evaluation want to also integrate *internationally* recognized best practices.

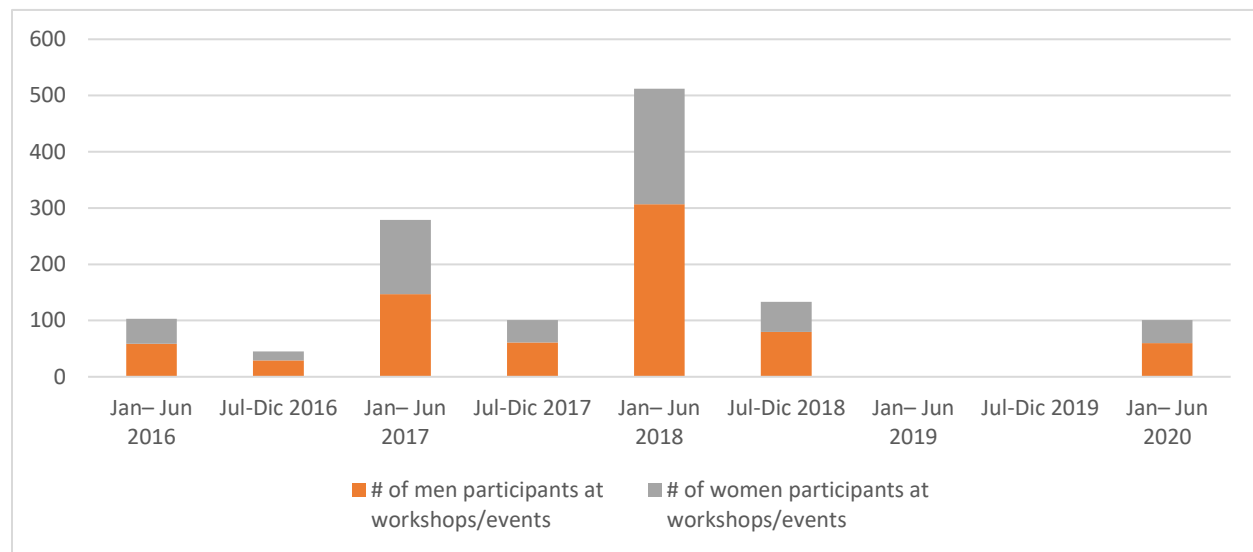
New Financial Products by FIs

Based on the logic of the ToC, after phase I, there was a need to **raise awareness and develop the capacity of FIs on the importance of generating and utilizing new and innovative asset-based lending financial products** based on the reform. On the part of IFC, this entailed, during and after the work on support to the strengthening of the institutional set-up which ensured a prolific context for the reform to expand, raising awareness and sensitizing the FIs on the opportunities the ST system brought them. At the beginning of the program, training sessions were delivered to FIs. However, in recent years the IFC support to the FIs has not been as

sustained (as mentioned above, the Program worked with a reduced number of FIs, but a bit more extensively).

Overall, the Covid-19 pandemic has affected the Program's ability to keep fully engaged with its partners, although it continued doing so remotely where possible. Still, even in 2019, official contact with some stakeholders was scarce. This is mainly the case in terms of awareness raising and capacity building events with FIs but also with other stakeholders from government institutions. Figure 1 below is an indication of the slower pace of outreach to stakeholders. Participants referred to in the figure are FI, government (e.g., Ministry of Justice) and judicial sector representatives. By triangulating this information with other sources of data (i.e. mainly KIIs and documents), the ET was able to confirm that there was a gap in meeting partners' needs after 2018. As already mentioned, the 2018 elections did play a role in this disconnection. In addition, beyond workshops and events, IFC was reaching out to some stakeholders through capacity building and technical assistance support such as the chambers of commerce, to a certain extent judges and *Banca de Oportunidades* in a more direct way to prepare next steps. However, the links with FIs, as well as with other government institutions, were more limited. Recently, the Program has been working with three FIs on preparing pilot projects.

FIGURE 1: NUMBER OF OVERALL PARTICIPANTS AND WORKSHOPS/ EVENTS



However, a virtual SME course on STCR²², adapted to and designed for MSMEs and representatives from the judicial sector, have been made available through the Program. This course has been recently updated and there will be a relaunch. These courses were developed in collaboration with Confecámaras and *Banca de Oportunidades* and are available on the website of a national FI. Online courses which were generated with the support of the program are also available for judges.

²² IFC. LAC SECO Report, Jul_Dec 2020. P. 13

It is also important to mention that the COVID-19 Pandemic has had an effect on the Program's ability to move forward on many fronts. For example, a two-day workshop with Banco Davivienda was organized to review the structure of its Merchant Cash Advance product and to redesign it to address identified problems. An advisory engagement was proposed and agreed upon with the bank, but COVID-19 has stalled discussions.

Measuring Progress towards Outcomes and Impact of the ST Reform and Program

The IFC worked with Confecámaras to support the introduction of the registry and facilitate its use by the organization. As shown in the reports²³ developed by Confecámaras, the federation of chambers of commerce in Colombia is now able to present the trends in the use of movable collateral by MSMEs to access loans and credit lines.

Beyond the VFF²⁴, looking at the monitoring of results in available documentation and after having discussed with many respondents, it seems there is a lack of detailed reporting on how the program progresses and to what extent results are being achieved. After the document review data collection phase, it was unclear how the alternative resolution mechanism or the e-billing system operated, how the program influenced the virtual arbitration approach in Colombia, and who participates in the Movable Collateral Implementation Committee (*Comité de Implementación de Garantías Mobiliarias*). The details around the work done to prepare the pilot projects with FIs was also not clear in the documents made available to the ET initially, although more information was shared during the analysis phase of the evaluation. There are now data available on the coordination of technical meetings and virtual diagnostics, as well as engagement document being signed with FIs. The ET is aware that IFC reports in a multi-program and regional context. Nevertheless, as external stakeholders, the ET felt it was important to mention that the initial document review did not allow for a holistic and detailed understanding of the different components of this complex and multi-stakeholder program.

3.3. Impact

3.3.1. Measuring Impact: Value of Financing Facilitated

3.3.1.1. Reviewing the VFF Approach and data

Value of Financing Facilitated (VFF) as a measure of the impact of the program: new estimate of the VFF and recommendations for improvement

As explained in the Terms of Reference for this impact evaluation, “during phase 2, the project has identified problems with data being reported in the registry for the Value of Financing

²³ Confecámaras, 2020. *Registro de Garantías Mobiliarias Informe Estadístico acumulado a diciembre de 2020*.

²⁴ See Annex X for an overall analysis of how IFC reports on VFF and how the approach can be used

Facilitated (VFF) indicator.”²⁵ In response to these problems, the ET has carried out an extensive data analysis for this specific indicator to identify and execute a methodology to arrive to a more accurate estimation for the VFF.

In this chapter, the ET provides the key findings of the data analysis, including a revised estimate of the VFF for the period 2015-2020, and a recommended approach going forward to improve measuring of the VFF for evaluation and performance reporting purposes, including the issue of data reliability.

The definition of VFF and existing impact indicators

There has been an ongoing discussion within the WBG on how to effectively measure the outcomes and impacts of Secured Transactions reforms. In 2010, the WBG published a Toolkit on Secured Transactions Systems and Collateral Registries.²⁶ This included a chapter on Monitoring & Evaluation, which included a set of outcome indicators for secured transactions and collateral registries projects. Guidance was provided through an extensive list of potential outcome indicators, including the following:²⁷

- Number of outstanding loans
- Value of outstanding loans
- Number of loans disbursed secured by movable collateral
- Value of loans disbursed secured by movable collateral
- Increase in percentage of loans guaranteed by movable collateral
- Increase in diversification of lending portfolio

The 2010 Toolkit also provided guidance on how to measure the impact of secured transactions and collateral registries projects. It clarified that: “for any project related to improving access to finance, including secured transactions and collateral registry projects, the correlation between the project outputs and outcomes and the project impact (economic growth, higher productivity, increased employment, etc.) is not easy to demonstrate. Therefore, while the project should aim at achieving development impact, the main objective should be to improve access to credit by establishing a new secured transactions legal framework and a collateral registry.” This seems to be a crucial methodological principle, clarifying that the most important way to measure the impact of an ST reform is to measure the improved access to credit. To measure increased financing as a result of the project, the following impact indicators were proposed:²⁸

- Value of financing facilitated by advisory services
- Value of financing to SMEs

²⁵ Impact Evaluation of the SECO-World Bank Group Secured Transactions Program in Colombia, Terms of Reference, May 2020, p. 8.

²⁶ World Bank Group, Toolkit on Secured Transactions Systems and Collateral Registries, 2010; <http://documents1.worldbank.org/curated/en/517431468344950619/pdf/94182-REVISED-PUBLIC-SecuredTransactionsGuideJan.pdf>

²⁷ World Bank Group, Toolkit on Secured Transactions Systems and Collateral Registries, 2010, Table 15

²⁸ World Bank Group, Toolkit on Secured Transactions Systems and Collateral Registries, 2010, Table 16

- Number of SMEs benefiting from new financing mechanisms

A revised definition and guidelines for 'Value of financing facilitated' (VFF) was active as of January 1, 2018 for all Advisory Services FIG product lines. According to this definition, the indicator will only track new investments catalyzed by a particular AS project and related to the area in which IFC has provided AS, and is only expected to be used by projects that have an explicit goal of facilitating investments. It is important to mention that this is the definition that was in force at the time of this project's approval.

Following internal discussions on how to strengthen the current impact measurement methodology, in 2020 the WBG developed a revised impact methodology for STABL (Secured Transactions & Asset Based Lending) related interventions, based on agreed criteria and definitions built from lessons learned and acknowledged challenges.²⁹ This was based on a series of discussions among a team of STABL and M&E specialists in consultation with the TTLs. In this WBG document, a number of existing overarching issues were identified. Also, an outline was provided of what data needs to be collected for the baseline and end line surveys. In this new guidance, the Value of Financing Facilitated (VFF) was defined by the WBG as the value of actual loans provided, secured with movable collateral.³⁰ VFF, as a proxy for access to finance, is the main impact indicator suggested by the WBG for Secured Transactions and Asset Based Lending (STABL) operations and engagements. Measuring and reporting on this indicator is a corporate and donor commitment of the WBG. Depending on the specific need, data disaggregation is possible by size (micro-enterprises and SMEs) and by gender.

The following impact indicators are proposed in the revised impact methodology:³¹

- Number of SMEs that were granted credit secured with movable property through the registry (disaggregated for all SMEs, women-owned SMEs, micro-enterprises, and women-owned micro-enterprises).
- Value of Financing Facilitated (US\$) to SMEs (disaggregated for all SMEs, women-owned SMEs, micro-enterprises, and women-owned micro-enterprises).
- Value of Financing Facilitated (US\$) to individuals (where possible, disaggregated by a) gender and b) purpose (for personal or household purposes OR for business purposes).

The methodology also provides a detailed calculation methodology for these indicators.³²

²⁹ World Bank Group, Secured Transactions & Asset Based Lending Impact Methodology, 2020.

³⁰ World Bank Group, Secured Transactions & Asset Based Lending Impact Methodology, 2020.

³¹ World Bank Group, Secured Transactions & Asset Based Lending Impact Methodology, 2020.

³² World Bank Group, Secured Transactions & Asset Based Lending Impact Methodology, 2020. p. 14

It should be noted that the proposed “impact indicators” are aligned with a Theory of Change that is presented in the revised impact methodology as a generic model to be used as a guidance tool, and that customized TOCs should be developed for specific projects.

Challenges to using the VFF as an effective impact performance indicator

- a. Based on literature review and interviews with WBG/IFC staff and other stakeholders, the following initial challenges were identified by the ET with regards to the use of VFF as an effective impact performance indicator in the Colombia project. A number of issues identified suggest that at present, the data provided by the registry and presented as the VFF indicator is not an accurate representation of the total amount in loans provided and secured with movable collateral; VFF is not clearly defined; rather, it is broadly defined and understood to mean the total value of financing that has been secured under Colombia’s new ST regime and registered by Confecámaras. The measurement definition does not specify which company loans are to be included (SMEs for example), or whether loans to be included in the VFF should be only amounts disbursed, vs. approved but not disbursed.
- b. When reviewing the program’s documentation, there appeared to be differences in the values reported for VFF in Colombia. The program staff were aware of this issue and contextualized the data in the later reports³³. The following data were extracted from the different progress reports, showing big differences in the values reported over the years:
 - According to one document, in the first 6 months of implementation of the Colombia project in 2016, more than 445,000 loans were registered for a value of more than US\$1 trillion.³⁴
 - The project proposal for the second phase, written in 2015, mentions that “since the collateral registry went live in May 2014, there have been more than 885,000 registrations for a total of roughly US \$69 billion.”³⁵
 - In the progress report of 2016, it was reported that “since the system was launched in March 2014, more than 1.3 million transactions have been registered, valued at over USD \$150 billion in financing.”³⁶

³³ The reports mentioned: For the LAC Financial Infrastructure Program, figures reflect data obtained by the Colombian collateral registry and are for discussion purposes only. Due to user data control limitations (value of registrations, exchange rate variations, large outliers), the value of financing facilitated indicator is currently not considered to be capturing a meaningful reflection of impact. The project team and Global M&E have identified potential methodologies to validate the user data inputs for the indicator of value of financing facilitated and have worked with the Colombia registry to identify a solution. By examining the pool of registrations of defaulted loans that have completed the enforcement process, which represents a subset of total registrations (including the original VFF and the actual amount of the settled loan, albeit at the lower, settled amount), the team developed a preliminary methodology to eliminate outliers and determine variance of VFF recorded by registering institution. For the Peru National Program, figures include results from the Business Inspections project only. EDGE Green Building results included in the table are for the voluntary project only.

³⁴ IFC, Secured Transactions/Asset Based Lending (STABL), PowerPoint presentation.

³⁵ World Bank Group, draft proposal for SECO-WBG Financial Infrastructure Development Partnership Program, 2015

³⁶ IFC, ST Program Colombia, Progress report January—June 2016

- In the final progress report of 2020, the reported VFF for Colombia per June 2020 was US\$593 billion.³⁷
- c. The ratio of the VFF against total GDP as reported by the registry is sometimes used as a proxy to show the progress made. According to some interviewees, in Colombia the reported VFF was many times higher than the country's GDP, which has led to some doubts on the accuracy of the value of the VFF. A lower VFF would be more in line with what can be reasonably expected.
- d. The baseline survey data cannot be compared to the present situation because the companies surveyed have not been followed throughout the duration of the project, and most of them appear to be no longer accessible.
- e. A number of additional challenges need to be addressed to improve the accuracy and reliability of the data collected from the registry, to ensure it matches the intended definition of the VFF indicator. These challenges include:
 - Reliability of the value of registrations (although needed for the proper legal operation of the ST framework, these elements hinder the program's ability to properly monitor the overall progress):
 - It was noted by respondents that the amount registered does not necessarily reflect the amount of the actual credit facilitated. This is sometimes due to the involvement of a revolving line of credit.
 - There can also be a difference between the original amount registered and the actual (lower) amount of the settled loan. The Colombian Secured Transactions Law allows the possibility to use the same "folio electrónico" to different credit operations. For example, the enterprise receives a loan to acquire machinery, pays the loan, and has consecutive loans from the same financial institution, with the same collateral, changing and updating the value. This leads to double counting of certain transactions.
 - Some loans that are intended for SMEs are taken as part of a personal loan or vice versa. It is therefore recommended that only personal loans that are used for business purposes be included.
 - In some cases, prior registrations have been entered and counted as new registrations under the new collateral registry, impacting the accuracy of data. In addition, some of the prior transactions were never registered anywhere, but just kept in a desk drawer.
 - Sometimes errors are made when entering the data in the registry.
 - Presence of large outliers: Outliers present a particular challenge for the measurement process, and thus it becomes essential to identify, understand and treat these values. This has been a major issue in Colombia, because of the registration of major transactions that raised the overall amount secured but which are not benefiting SMEs.³⁸

³⁷ IFC, ST Program Colombia, Progress report January—June 2020

³⁸ These transactions included collateral from the Mayor's Office of Bogota on an ST of over US\$1.7 billion, syndicated loans by national and foreign creditors totalling over US\$9 billion, international loans by foreign creditors to Colombian clients of over US\$7 billion and registries of over US\$24 trillion by foreign creditors such as Credit Suisse through their representative company in Colombia. IFC, ST Program Colombia, Progress report July—December 2018.

- Exchange rate variations: Conversion from Colombian pesos to US\$ should be done according to WBG's official criteria, but this may not have been done in every case.
- Translation issues: One of the problems is that the translated version of the VFF in Spanish is different from the English definition. The words "monto máximo de la obligación garantizada" is not accurate, and should be retranslated as "Valor del Prestamo/ de la financiación," referring to the loan instead of the collateral.

Key findings and revised estimate of the VFF

The current way of estimating the VFF for Colombia consists of an analysis based on the tiered registration and values provided by Confecámaras (see table below). In June/July 2020, it was decided by IFC that outliers will be taken out following a "tier approach". This consisted of selecting the ranges 1-11 in Colombian Pesos loans, and ranges 1-7 in USD and EUR loans. These ranges are defined in the table below by inferior and superior limits. In February 2021, for the calculation of the VFF for FY21H1 (July-Dec 2020), there was a change to this as more outliers were found. Ranges were adjusted without that decision having an impact on the number from the previous report. The change is that only ranges 1-6 are to be considered for USD and EUR loans. As can be seen, the outlier range eliminated for FY21H1 was as follows:

- All values over COP 500 billion³⁹
- All values over US\$ 1 billion

This led to a total VFF of US\$39.03 billion in FY20H2 and US\$29.08 billion in FY21H1.

TABLE3.: VFF CALCULATION METHOD USED BY IFC FOR FY21H1

Conversion to USD			COP to USD		USD		EUR to USD		TOTAL Registros	TOTAL USD	
Rango	Límite inferior (Millions COP)	Límite superior (Millions COP)	Registros	Valor	Registros	Valor	Registros	Valor			
1	-	1	-	-	122	26.037.625	7	1.403.457	129	27.441.082	
2	1	10	299	178.521	27	73.020.142	-	-	326	73.198.663	
3	10	50	709	6.546.295	18	359.574.625	1	54.303.773	728	420.424.693	
4	50	100	1.100	22.345.807	1	68.000.000	2	131.090.400	1.103	221.436.207	
5	100	500	1.886	112.523.878	31	7.617.130.000	-	-	1.917	7.729.653.878	
6	500	1.000	527	101.053.835	18	12.405.000.000	-	-	545	12.506.053.835	
7	1.000	5.000	999	557.132.411	-	-	-	-	999	557.132.411	
8	5.000	10.000	200	372.070.636	-	-	-	-	200	372.070.636	
9	10.000	50.000	250	1.514.706.476	-	-	-	-	250	1.514.706.476	
10	50.000	100.000	60	1.247.500.456	-	-	-	-	60	1.247.500.456	
11	100.000	500.000	61	4.406.233.071	-	-	-	-	61	4.406.233.071	
12	500.000	1.000.000	-	-	-	-	-	-	-	-	
13	1.000.000	5.000.000	-	-	-	-	-	-	-	-	
14	5.000.000	...	-	-	-	-	-	-	-	-	
									Total	6.318	29.075.851.407
									Crecimiento de registros	1,40	0,75
									IN BILLIONS		
											29,08

³⁹ I.e. billion = thousand million.

Based on discussions with Confecámaras and IFC staff, a revised methodology was developed for estimating VFF. The ET has tried to ensure that the identified problems (see above) are tackled as much as possible, so as to yield a more realistic estimate, while also offering a methodology to provide guidance for future estimates. One important addition to the existing method is that it is now possible to carry out an analysis on different subsets of the database, including, for instance, VFF per category of collateral or VFF for different company sizes. It is important to note that the secured guarantee is often less than the maximum amount that the collateral represents and is based on the need of the company for a particular loan value. This offers an important clarification to the issue of “loan value” vs. “collateral value”, and actually confirms that the Registry database provides an accurate indicator for the VFF.

The following steps have been followed:

Step 1: Providing an accurate dataset based on the Registry database

Confecámaras was requested to provide the complete set of registrations for 2014-2020. The following actions were carried out by Confecámaras:

- From an initial 2.3 million collateral records in the database, selection was made by cross-checking all records against the Unique Business and Social Registry (RUES) in order to identify both companies as well as natural persons who have accessed secured guarantees and who are also entrepreneurs. This led to a database of 435,000 records that apply to either companies or natural persons who most probably used the secured guarantees for the financing of their business⁴⁰.
- For these 435,000 records, the economic sectors (e.g., construction, agriculture, transport, etc.) and the company sizes (i.e., microenterprises, small, medium and large enterprises as reported in the RUES) were also added, to allow for further data analysis.
- Based on discussions with Confecámaras, it was concluded that the 'monto financiamiento' reflects the maximum value of the actual loan provided on the basis of the secured guarantee. The real value of the collateral can actually be higher, but the registry is only capturing the value of the actual loan provided.
- It appeared that a number of unique records for a particular secured guarantee were included in the database multiple times. Confecámaras clarified that this is due to a consortium financing by several banks, each of which registers the full amount in the Registry. To avoid this, all duplicate records (11,489 in total) were removed, leading to a total of 423,941 records.

Step 2: Further cleaning of the database

Based on the dataset provided by Confecámaras, the ET carried out the following steps to further clean up the database and analyze the data:

- All records that were entered in US\$ were recalculated into Colombian pesos to enable comparison and further analysis of the data.

⁴⁰ In Colombia, 74.8% MSMEs are considered as informal (lack of RUT). when differentiating by regions, it is clear that rural areas of Colombia are worst hit, with the percentage reaching up to 93.6%

- All records for the collateral category “vehicles” were excluded from the database. The reasoning is that the use of vehicles as movable collateral was already common practice before the ST reform and can therefore not be attributed to the ST reform. Out of the 423,941 records, 373,618 records (or 88.1%) represented vehicles. This led to a total of 50,323 relevant records.
- All outliers were excluded from the database, using a range of secured guarantees above COP 500 billion (or around US\$ 140 mi.). This is in line with the range applied by IFC in the current VFF calculations.⁴¹ This step resulted in a total number of 26,602 relevant records.
- It should be noted that this includes large companies as well as MSMEs. The ET decided to include large companies in the analysis, because it appeared that if these companies were to be excluded from the database, the VFF would be very small and would not be comparable to the earlier VFF estimate by IFC (which included large companies as well). It could be argued that the increased use of secured transactions by large companies can also be partly attributed to the ST reform and needs to be included for a proper representation of the VFF.

Step 3: In-depth data analysis to arrive at a reliable VFF estimate

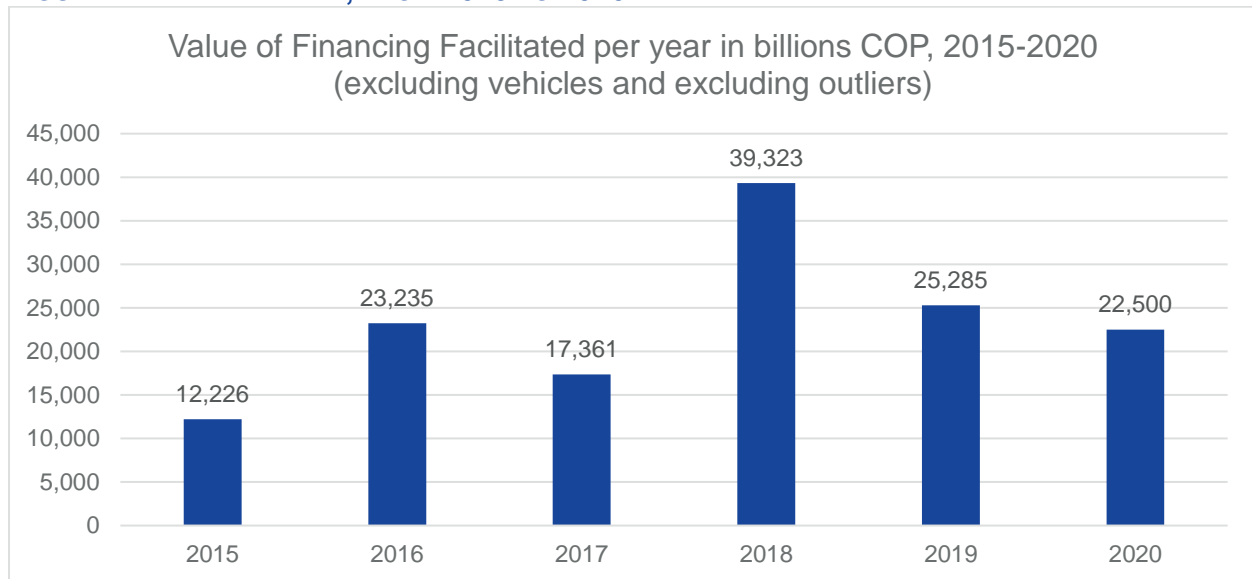
Using the database that resulted after these steps, further data analysis and calculations were applied in order to determine the VFF per year, as well as to obtain a more detailed analysis of the VFF for specific categories. The total VFF for the period 2014-2020 is estimated at COP 176,053 billion (= US\$64.5 billion). A more useful figure is the VFF for the period 2015-2020, because 2014 is based on records of all previous years that have been entered into the database after the Registry was set up. Therefore, the VFF for 2015-2020 is estimated at COP 139,931 billion (= US\$45.8 billion). Split per year, the VFF was as follows:

TABLE 4: VFF PER YEAR, FROM 2014 TO 2020.

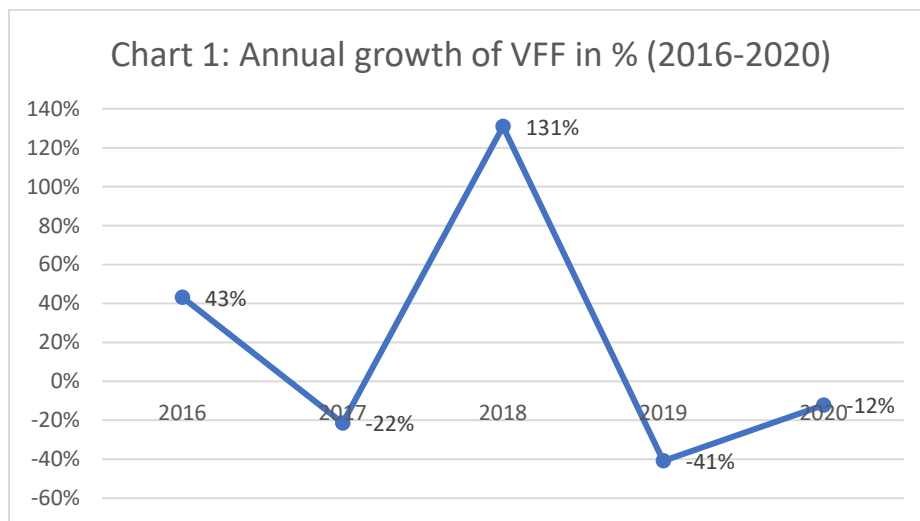
Year	in COP	In US\$
2014	36,122,185,402,224	18,725,860,758
2015	12,226,061,058,125	5,075,160,257
2016	23,235,491,158,881	7,263,360,787
2017	17,361,002,846,974	5,701,478,767
2018	39,322,823,789,623	13,164,654,767
2019	25,285,256,542,441	7,782,473,543
2020	22,500,497,483,808	6,834,902,030
Total VFF (2015-2020)	139,931,132,879,852	45,822,030,152

⁴¹ It might make sense for future calculations to apply a lower the cut-off value for outliers as it is still considered quite high at the moment, when looking at the average loan size for the different MSME company types (around US\$840,000 for medium-sized companies, US\$514,000 for small companies and US\$403,000 for micro-enterprises). For the purpose of this evaluation, it was decided by the ET to use the same outlier range as applied by IFC to obtain an estimate that is comparable to the VFF calculated by IFC.

FIGURE 2: VFF PER YEAR, FROM 2015 TO 2020⁴²



The cumulative growth between 2015 and 2020 has been 35%. The growth per year varied significantly, as can be seen in this chart:

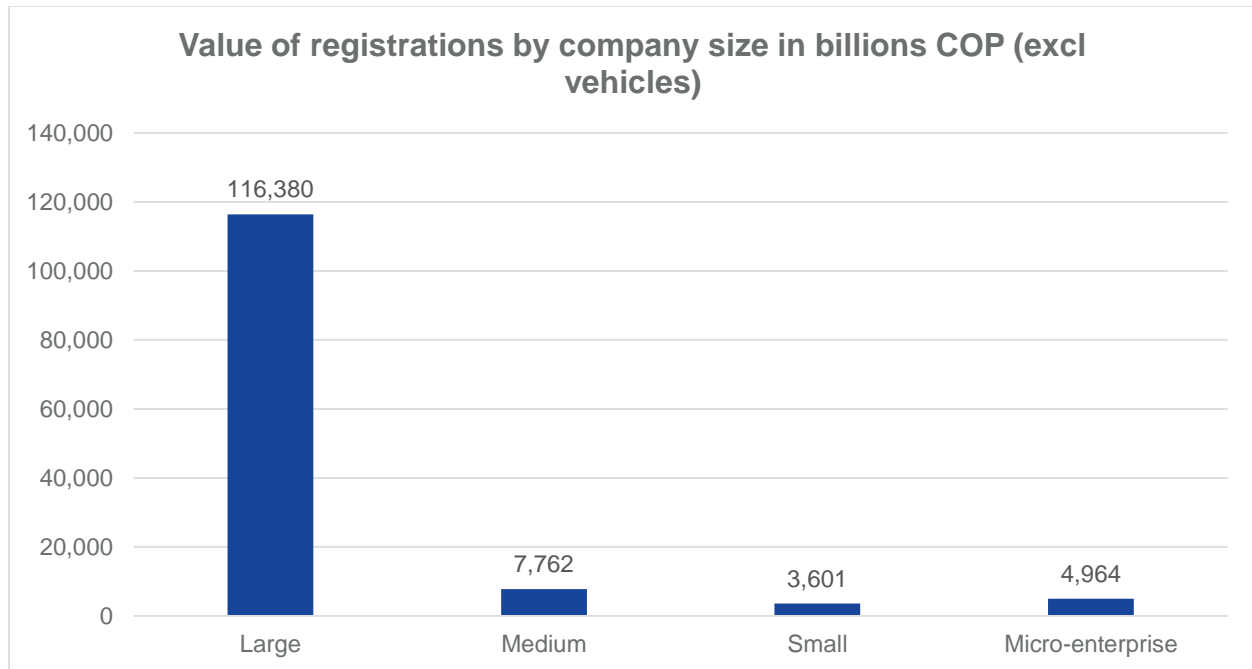


As explained above, this VFF estimate is based on all records in the Registry database, excluding duplicate values, excluding records for vehicles, and excluding outliers (all records of > COP500 billion or around US\$ 140 mi.).

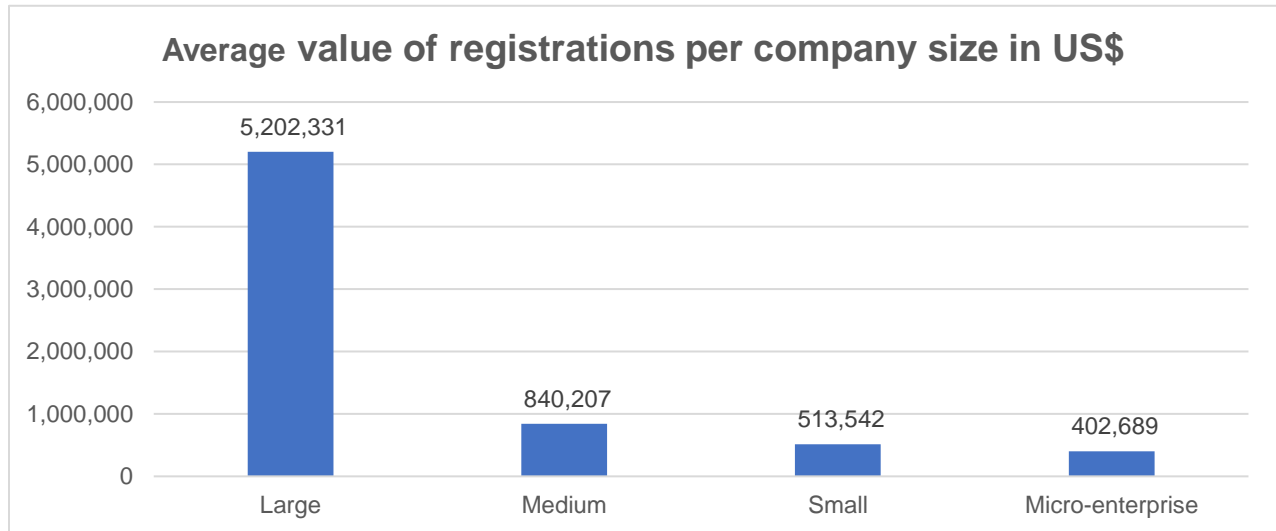
⁴² To compare on a year-to-year basis, the ET took out the 2014 data as it distorted the analysis.

The VFF divided over the different company size categories was quite skewed, with large companies representing 83% of total VFF, medium-sized companies 10%, micro-entrepreneurs 4% and small companies only 3%.

FIGURE 3: VALUE OF REGISTRATIONS BY COMPANY SIZE IN BILLIONS COP (EXCLUDING VEHICLES)



The average loan size was 6,619,541,220 COP (= 2,304,167 US\$). When looking at the company size, the average ranges from 402,689 US\$ for micro-enterprises to 5,202,331 US\$ for large companies (see figure below).

FIGURE 4: AVERAGE VALUE OF REGISTRATIONS PER COMPANY SIZE IN US\$

More detailed results of the VFF data analysis can be found in the evaluation report.

Recommendations for improved VFF measurement methodology

Based on the exercise carried out by the ET, it is recommended that the same method be used in the future, in order that the VFF should more accurately reflect the actual value of loans provided and secured with movable collateral. If the full registry data cannot be prepared and transferred to IFC for every reporting period because of data privacy restrictions, it will be important for Confecámaras to prepare anonymized data that will allow the same calculations to be conducted. If even this type of anonymized data cannot be transferred to IFC for the same reason, then it is recommended that Confecámaras prepare biannual VFF analysis similar to the one above. IFC and the ET could conduct a capacity building workshop with Confecámaras staff so that its' representatives are fully prepared to implement the recommendation. It would actually be useful for them and applicable in other contexts.

3.3.2. Impact Analysis

To what extent has the ST program helped to improve the MSME and FIs sectors?

From the data available, the ET notes an early uptake in terms of MSMEs getting access to credit through the use of movable assets. This finding is based broadly on the Registry data, as the ET phone survey data is not as conclusive.

The FIs are increasingly offering financial products that respond to MSME needs although the foreseen potential is not yet reached.

It is important to mention that, with the available data, it was impossible to assess the complete impact of the program on the informal sector. As mentioned above, a large portion of the Colombian economy is informal and it would be important that eventually, an in-depth study, assess this subject.

The Process Towards Impact

Reaching the impact level of the results chain, as demonstrated in the ToC reconstructed by the ET above for the ST Program, takes time as in any other project or program. There is a sequence that needs to take place. In the present case, this sequence can be summarized the following way:

- develop and present a policy rationale for the legal reform;
- provide orientation training and policy dialogue;
- support passing of Act in Parliament;
- provide training on ST laws of the judiciary and all institutional aspects; and then
- work with FIs and MSMEs to stimulate the use and expansion of the reform.

Overall, the program has followed this sequence, and having done so is one of its strengths. It is now reaching the last step of the sequence. Although continued support at the institutional level was planned from the very beginning, work with the FIs and MSMEs was also planned to take place during Phase II: “F&M will support a deepening of the reform implementation including: support to the Office of the Superintendent of Finance in modifying its current regulation to accommodate a broader set of admissible assets; support to local chambers and the Office of the Superintendent of Companies related to the enforcement regulation and extra-judicial process development; and *intensive FI training on new product development and risk management in collaboration with regional Financial Institutions Group Advisory and Investment Services, and the Global SME Finance teams*⁴³.” From data collected, support was provided to these two types of stakeholders but not in an “intensive” manner. As mentioned above, work has recently started more extensively with a reduced number of FIs. At the end of 2019, IFC signed an agreement with *Banca de Oportunidades* to support three FIs to help them determine the eligibility of movable

⁴³ IFC, approved in 2015. *Lat Am FI: Implementation Plan*. P. 2

assets as collateral in collaboration with *Superintendencia Financiera de Colombia*⁴⁴. Although work has started on that front and discussions with FIs are ongoing, the COVID-19 pandemic has slowed down the pace of the implementation of this agreement, and it is still in its early stages.

As demonstrated in the assessment of the VFF reporting approach (see sub-section 3.3.1 above for more details on this analysis), the impact of the program can be measured using data from the registry, although the loans received through the use of vehicles should be excluded. Indeed, the use of vehicles to obtain loans was already quite widespread before the ST reform. Hence, the use of other forms of movable assets should be more indicative of progress towards the expansion of the ST system as well as changes in ways of obtaining loans for MSMEs and, thus, greater access to finance. The below analysis demonstrates this point by comparing, in certain instances, the dataset with and without vehicles⁴⁵.

Following the evaluation's methodology and the ToC logic, the FIs' development of new ABL financial products adapted to the needs of potential new MSME borrowers is an important indicator to assess the program's progress towards impact. Indeed, the contribution of the Program to the actual use of movable assets to obtain loans is difficult to measure because of the lack of direct contact between the Program and MSMEs. Overall, it is still too early to really be able to determine the *contribution* of the program to impact level results, especially since the available data only dates back to the creation of the registry. Data variations are extensive on a yearly basis, and to clearly determine a trend the ET would need access to longer-term historical information. Still, the analysis below shows that there are signs that there is an uptake in the use of movable assets by MSMEs to obtain loans.

The VFF Data Trends

During the initial phases of the analysis of the VFF data⁴⁶ provided by Confecámaras to the ET, challenges were found with regards to providing a realistic estimate of the impact of the Program in Colombia:

- 1) There were multiple entries found for the same approved loan, registered by different FIs;
- 2) Registrations were made in different currencies which generated challenges in analyzing the data in the Registry database; and
- 3) Very large outliers were detected which heavily biased the data.

⁴⁴ IFC, November 2019. *Cooperation Agreement between Banca de Oportunidades and IFC*. P4 – 5.

⁴⁵ It should be noted though that secured lending for vehicles might have been improved by the reforms, which would have contributed to the increased and effective use of this type of collateral. In addition, since the reform focusses on commercial rather than consumer lending, the system would have contributed to greater use of vehicles as collateral for MSMEs who's operations use vehicles as equipment in their business.

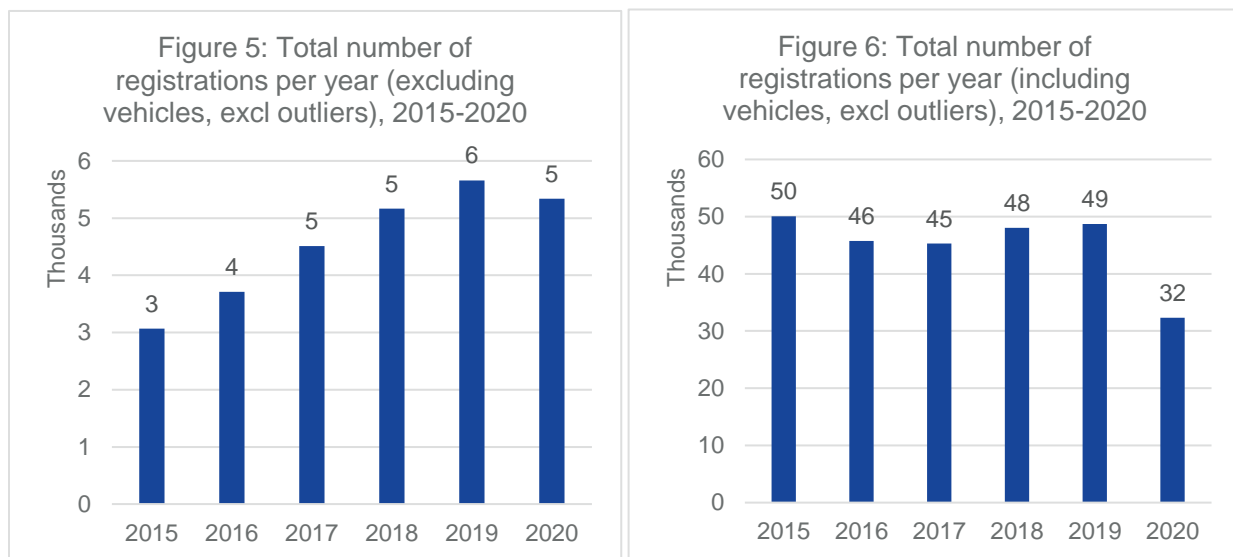
⁴⁶ The registry data for all companies as well as for individuals, were also registered in the RUES and it is assumed that they have used their secured transaction to obtain a business loan

In close collaboration with Confecámaras, these issues were, for the most part, settled. The process was the following:

1. The ET asked Confecámaras to provide a revised dataset, excluding registrations that were entered multiple times. The team also asked Confecámaras to add the currency type for each registration (which appeared to be in either COP or USD).
2. Next, the ET converted all USD registrations into COP amounts.
3. Finally, to exclude outliers, all registrations of >500 billion COP were excluded from the dataset (in line with the VFF calculation method of IFC).

Number of Registrations

Starting with the number of all registrations, including large companies, as demonstrated in figure 5 below on the left, there is a clear positive trend when vehicles are excluded. During five of the six years, from 2015 to 2020, the number of registrations has been increasing. The small decline in 2020 can be attributed to the COVID-19 Pandemic.



However, when vehicles *are* included, as shown in figure 6 to the right, the trend is almost reversed, or at least shows no clear positive inclination. This indicates that more and more of the other forms of movable assets (i.e., non-vehicles) are being used. As mentioned above, in the context of the present evaluation, this demonstrates that the ST reform is working and expanding.

In addition, the positive trend is apparent regardless of the size of the companies, as shown in figure 7 below. There are a few variations over the years but the ET considers these normal. The ET also describes how the different company sizes are determined in the box below.

The classification of companies according to their size; (micro, small and medium) was determined based on the Confecámaras methodology which is itself anchored in the Colombian law. In Colombia, the size of the companies has a referent derived from Decree 957 of 2019, based on the single criterion of income from annual ordinary activities. Annual ordinary activities ranges were set in three macro-sectors of the economy: manufacturing, services and commerce, services and commerce. (*UVT: Tax Value Unit, a Value certified by the Colombian National Tax and Customs Directorate (DIAN).

Microenterprise: revenues that are less than or equal to:

Manufacturing sector: (23,563 UVT).

Services sector: (32,988 UVT).

Commerce sector: (44,769 UVT).

Small business: income in this range:

Manufacturing sector: (+23,563 UVT up to 204,995 UVT).

Services sector: (+32,988 UVT up to 131,951 UVT).

Commerce sector: (+44,769 UVT up to 431,196 UVT).

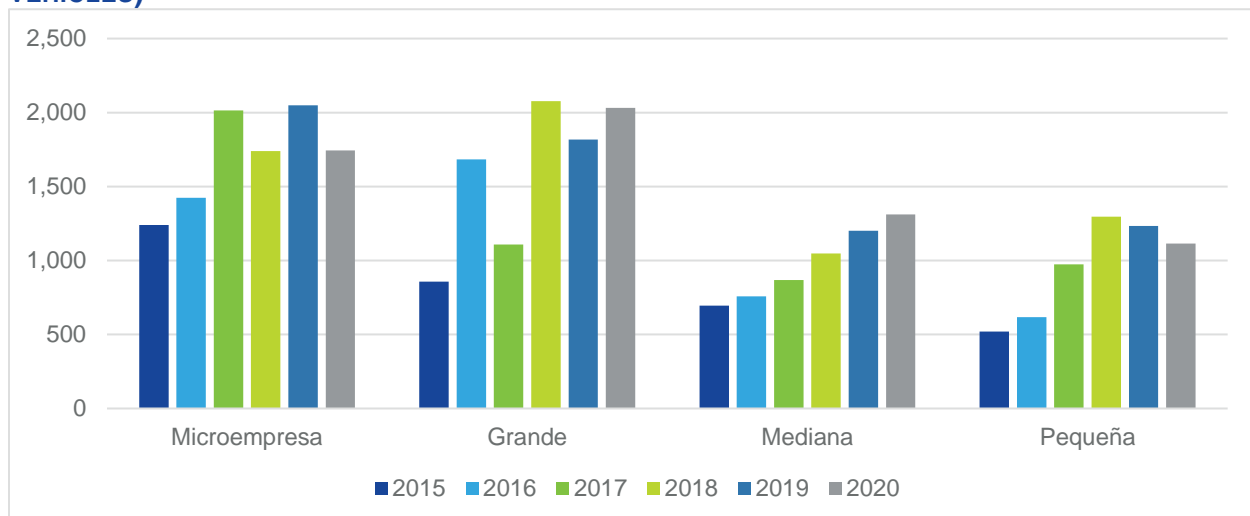
Medium-sized companies: income in this range:

Manufacturing sector: (+204.995 UVT up to 1'736.565 UVT).

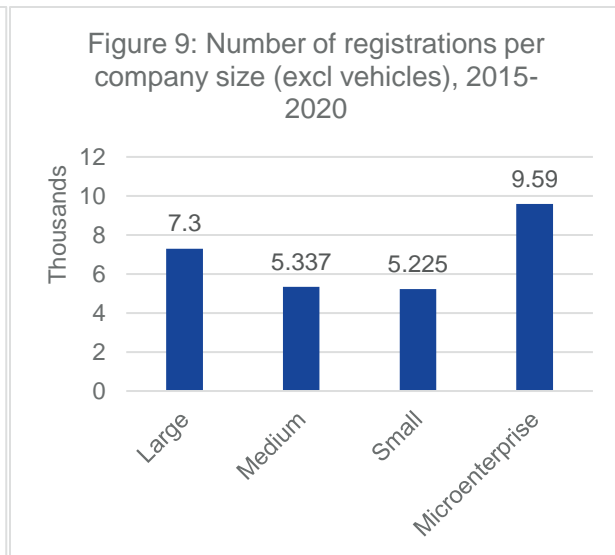
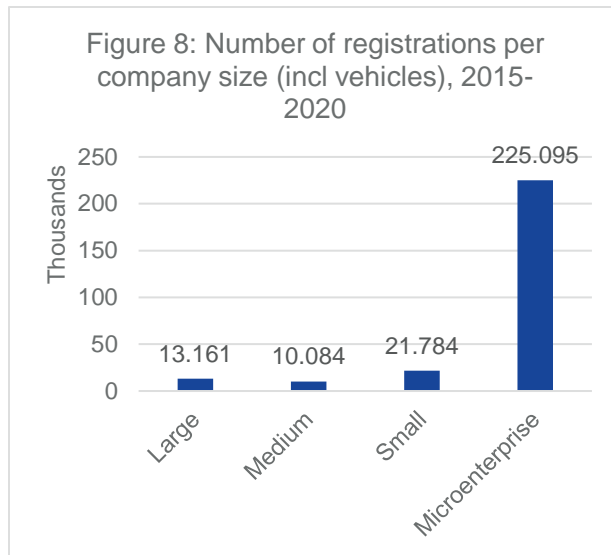
Services sector: (+131.951 UVT up to 483.034 UVT).

Commerce sector: (+431,196 UVT up to 2,160,692 UVT).

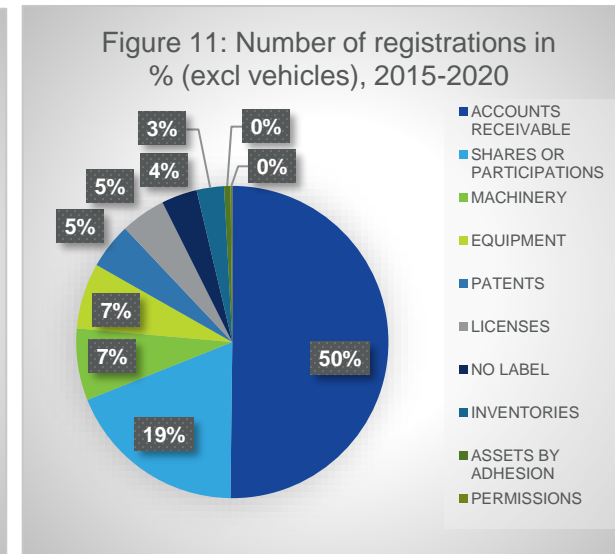
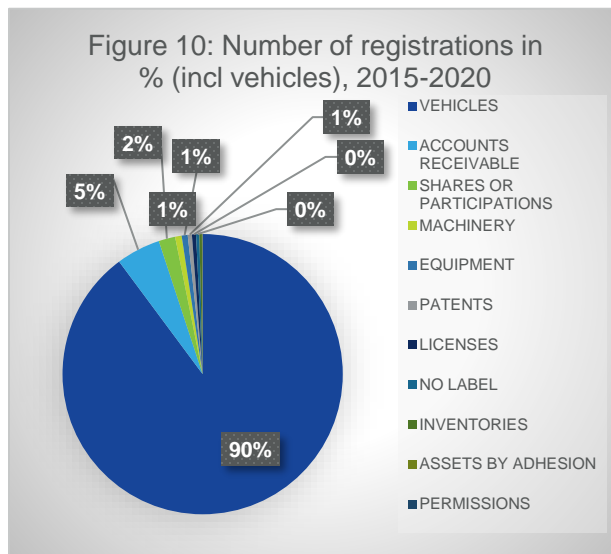
FIGURE 7: NUMBER OF REGISTRATIONS PER YEAR BY COMPANY SIZE (EXCL 2014 AND EXCL VEHICLES)



This data also exposes the fact that the number of registrations is higher for micro and large companies than for the medium and small companies (see figures 8 and 9 below). When including vehicles (figure 8), this is even clearer (i.e., microenterprises represent 83% of all registrations)



The most used movable assets in terms of number of registrations are very clearly still vehicles (see figure 10 below).



Once vehicles are excluded (see figure 11), the top three movable assets are:

- Accounts receivable.
- Shares or interests in capital; and
- Machinery and equipment.

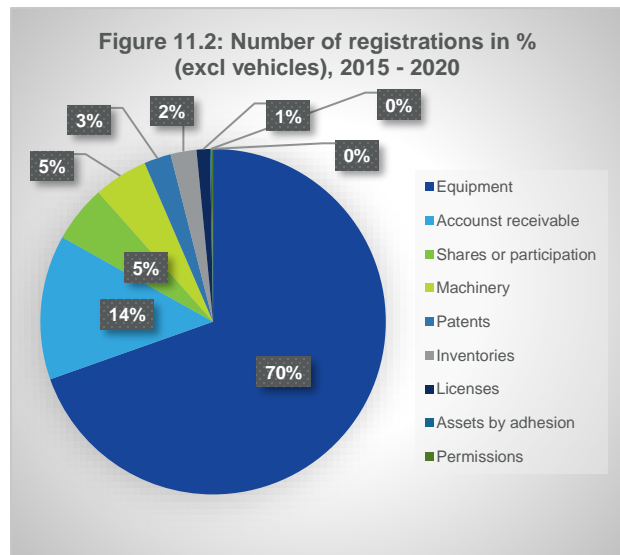
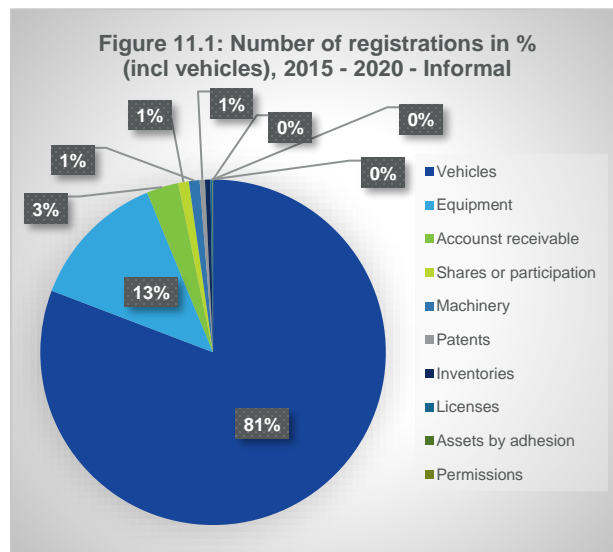
Number of Registrations from the Informal Sector

In addition to the analysis of the formal sector, the evaluation team worked on generating and structuring the existing data on the informal economy and its link to the use of movable assets to

obtain credit. Indeed, after discussions linked to the available registry data on the subject, Confecámaras was able to extract some useful datasets on this subject.

Initially, it was important to note what was meant in terms of the informal sector and how it related to the registry. What was agreed upon was the following: within the registry, information is available on both companies and individuals (translation from Spanish is “natural persons”.) The registry separates the individuals in two categories: traders and non-traders. The first category depicts an individual who is officially registered as having commercial activity and uses movable assets to obtain loans or credit. The second category is linked to an individual who is not officially registered as having commercial activity and uses movable assets to obtain loans or credit. From the analysis done in collaboration with Confecámaras, it was found that between 2014 and 2020, there was a total of 349,823 registrations in which the debtors were natural persons and the movable assets used as collateral was for commercial use. This information was crossed with the RUES data and it was found that of that total, 71% (249,173) were natural persons who were officially registered as traders and having commercial activity, and the rest (29%), the equivalent of 100,650, were natural persons who did not officially report having commercial activity. From this analysis, it was inferred that this number corresponds to natural persons who develop some informal commercial activity and generated a financing based on a movable collateral. In the registry form, there is an option which allows the users to specify if the movable assets to obtain a loan or credit, used by a natural person not officially registered as a trader, is for commercial or consumer use. The number of registrations aligned to this case is the 100,650.

Using the available data on these natural persons, the evaluation team was able to generate the following data:



The data linked to the number of registrations in the informal sector is similar to that of the formal sector: (see figure 11.1) the main type of movable assets used are vehicles, by far (81%), followed by equipment (13%) and accounts receivable (3%). Machinery represents 1% of the total number of registrations for the informal

economy and the other movable assets represent less than 1% each. Once vehicles are excluded (see figure 11.2), the top three movable assets are:

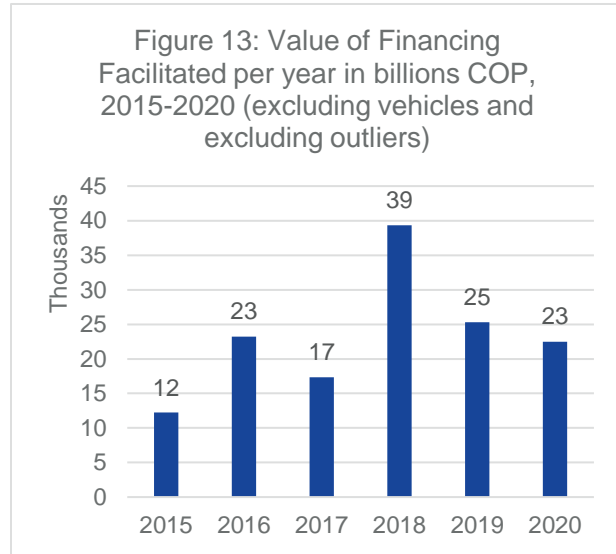
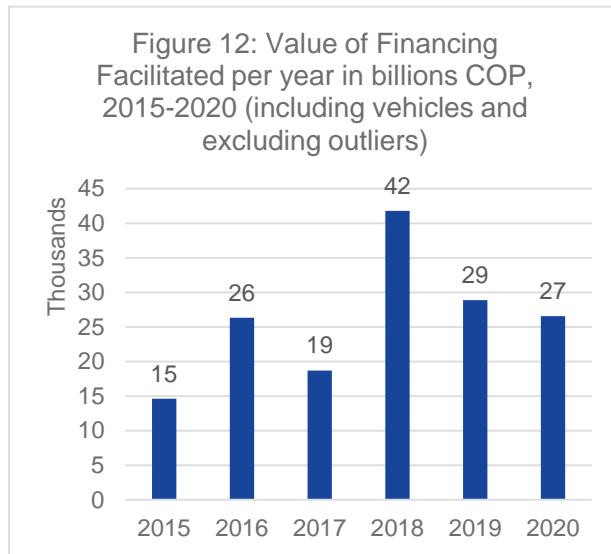
- Equipment (70%);
- Accounts receivable (14%); and
- Shares or participation (5%).

Value of Financing Facilitated

The ET's calculations using the registry data found that:

- total VFF is 176,053,318,282,076 COP (= 64,547,890,910 US\$). The VFF is based on all registrations, excluding vehicles and outliers (see Annex II for more details on the methodology used). This data includes large companies.
- The average registration value is 6,619,541,220 COP (= 2,304,167 US\$).
- When looking at the company size, the average ranges from 402,689 US\$ for micro-enterprises to 5,202,331 US\$ for large companies. Concerning the informal sector, the registry data points to average size loans obtained by natural persons of 60.4 million Colombian pesos (15,467.50 US\$). Multiplied by 100,650 natural persons, the total amount of loans and credit borrowed by natural persons in the informal economy is 6,079,260,000,000 COP (or 1,556,801,218 US\$).

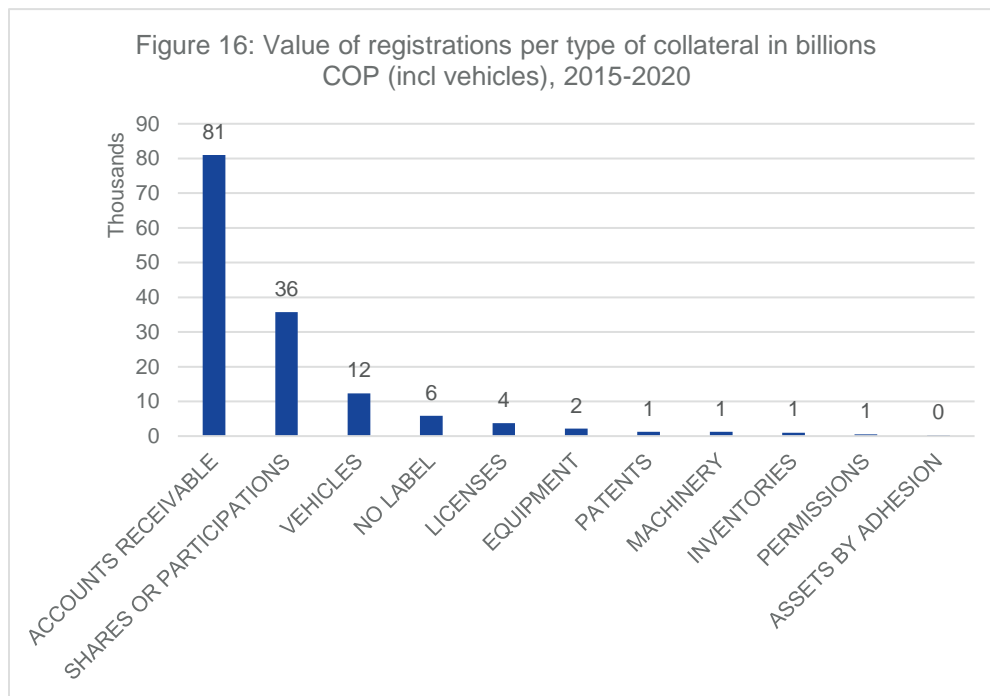
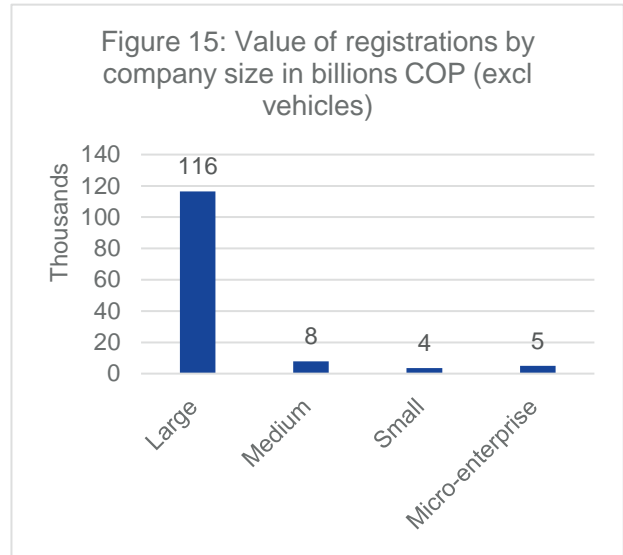
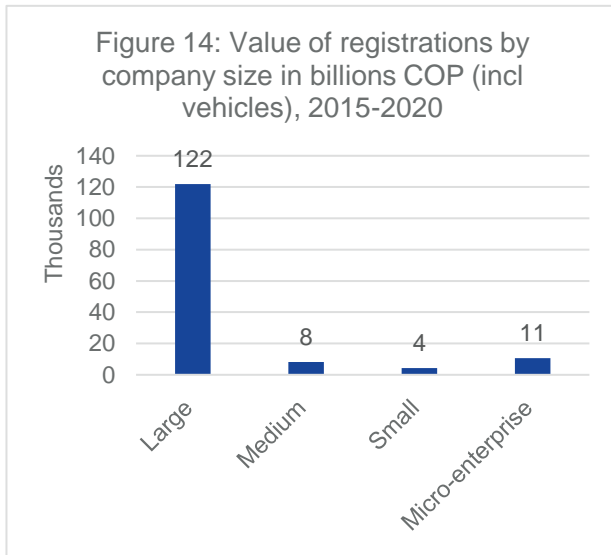
The two figures below (12 and 13) show that whether vehicles are included or not, the numbers are not systematically increasing every year; however, the figure does show an increasing tendency. Indeed, every yearly data point is higher than the 2015 input. With the exception of 2017 and 2020, every year is higher than 2016. 2018 demonstrated the highest point of the figure. As for the number of registrations, in terms of value of registrations, 2020 shows lower value without going below the 2015 floor.

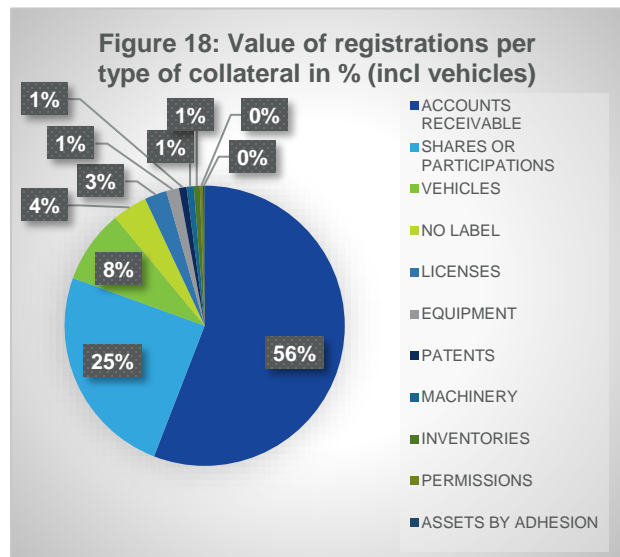
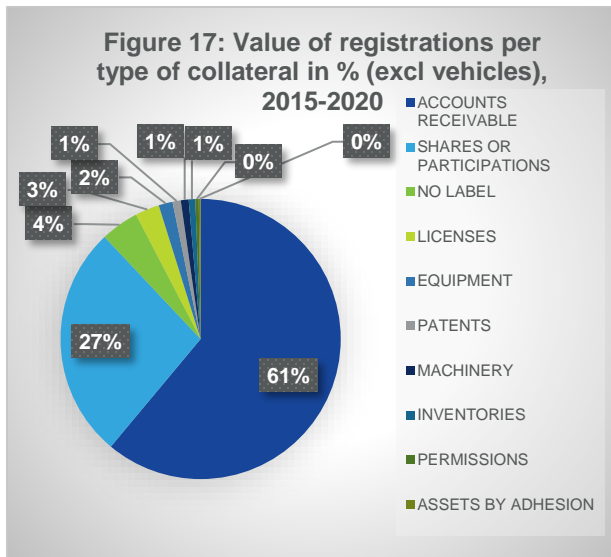


Figures 15 below clearly reveal that large companies take up most of the overall value of financing (87% when excluding vehicles), even when including vehicles (see figure 14, where 84% of the overall value are for large enterprises when including vehicles). Interestingly, the microenterprises come in second in this regard when vehicles are included (7%). When vehicles are excluded, medium size companies come in second (6%), followed by micro-enterprises (4%) and then small enterprises (3%). The latter systematically come in last whether in terms of number of registrations or value of registrations. Figures 16 then present the total value of the registrations by type of movable assets used for the years 2015-2020, including vehicles. Accounts receivable and shares or participations in capital are the most prominent, followed by vehicles. As mentioned, and shown in figure 10 above, in terms of the number of registrations, vehicles are, by far, the most important type of movable asset. The other types of movable assets are less prominent, both in terms of value and number of registrations. This contrast is important: by number of registrations, vehicles are, by far, the most used movable assets; in terms of value, they come in third. **Coupled with the fact that in terms of value, large companies are first place by far, it is clear that:**

1. **Micro-enterprises use vehicles extensively, as well as other movable assets, for smaller amounts and large companies use accounts receivable and shares or participations extensively for large amounts.**

From the opinion of some respondents, an important type of movable assets that the FIs are still struggling with when it comes to MSMEs is linked to *future* goods and cash flows. In these cases, the movable assets are less “tangible” and lending against non-existent goods is a risk FIs seems not to want to take for now when it comes to smaller companies (i.e., compared to large companies). The valuation methodology is expected to be used when the asset exists, not when the asset is to be produced.

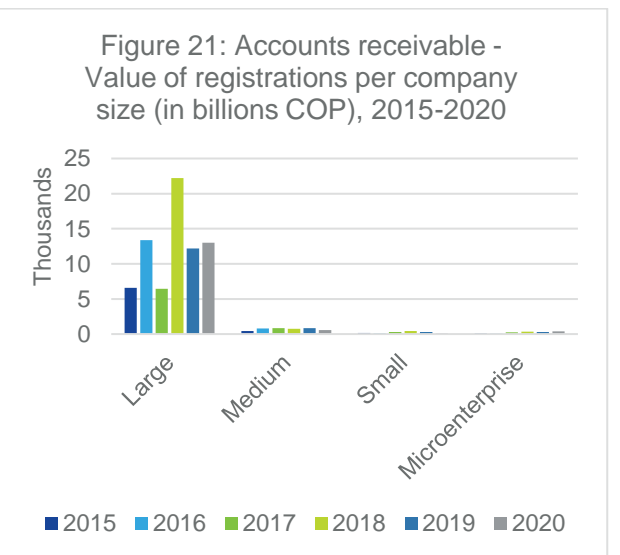
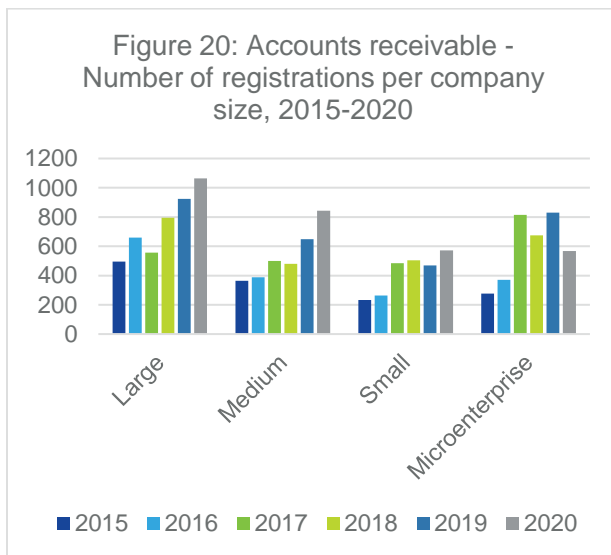




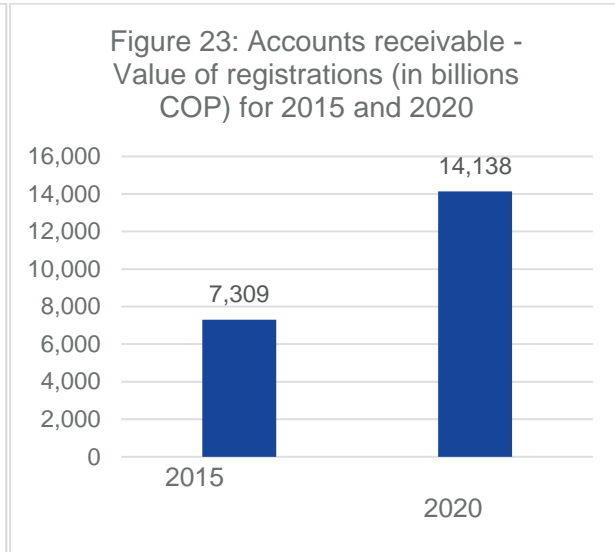
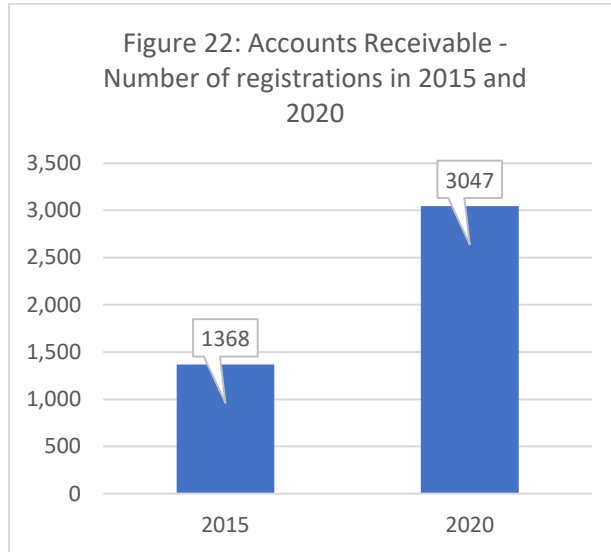
In-depth analysis for the top three categories of movable assets

1. Accounts receivable

In terms of accounts receivable, there is an overall positive trend in terms of its use as movable assets (see figures 22 and 23). In terms of number of registrations (see figure 20), all company sizes are using it more and more. As for value (see figure 21 above), the trends also seem positive but less clearly⁴⁷.

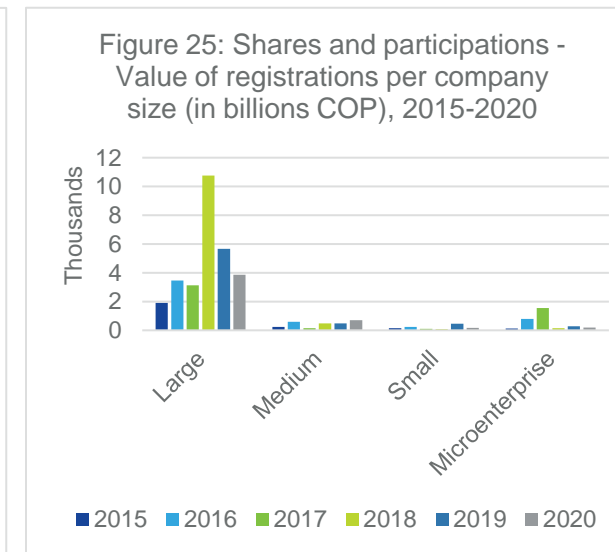
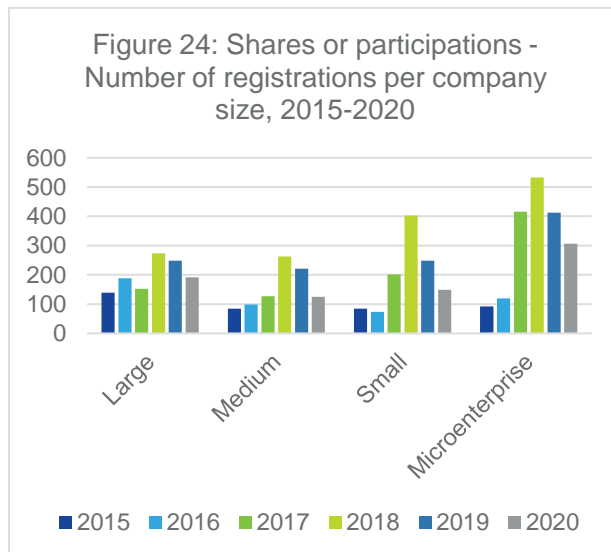


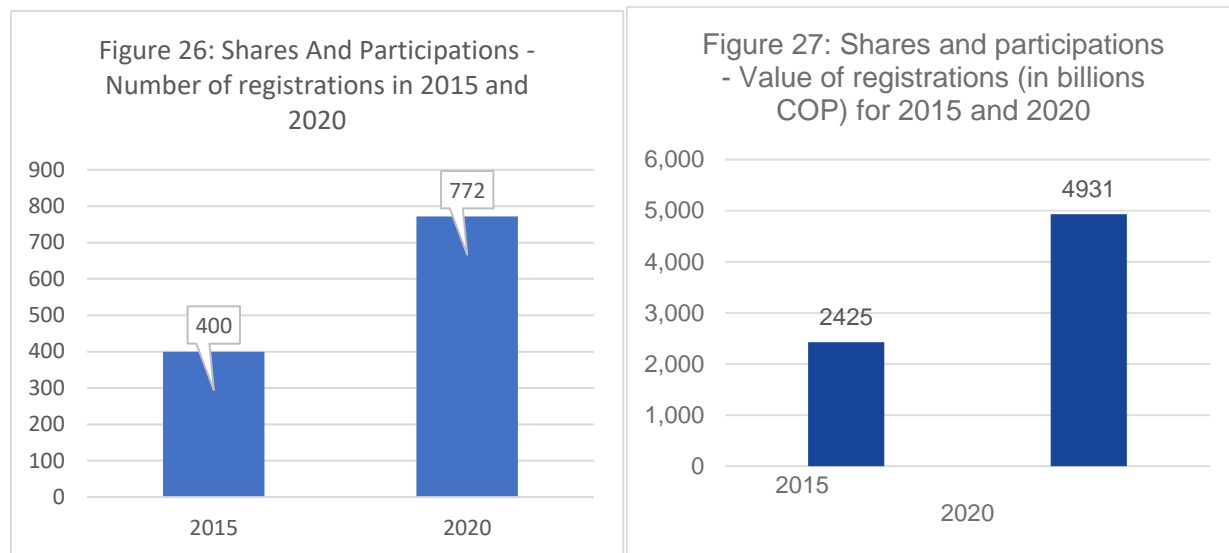
⁴⁷ It is to be noted that it is possible that some accounts receivable by large firms can be owed by small firms and, although not quantifiable for M&E purposes, have the potential to have an impact on access to credit to MSMEs. This cannot be confirmed by the ET.



2. Shares or participations in the capital

For shares or participations, again, a positive trend is noted (see figures 26 and 27 above). In terms of number of registrations, as companies are smaller, generally speaking, more of them use this movable asset (see figure 24 above). In terms of value (see figure 25 above), however, large companies are dominant. Compared to accounts receivable, the value for medium, small or micro enterprises is a bit higher and growing.





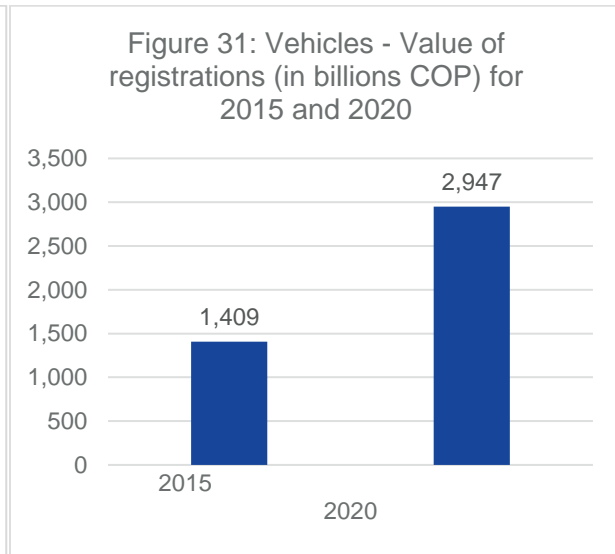
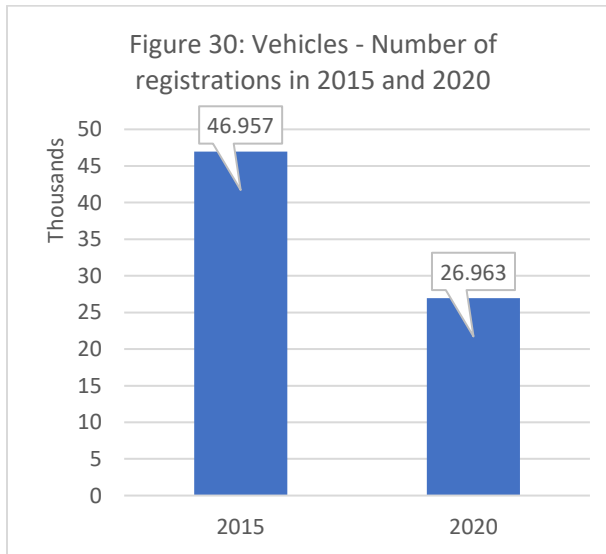
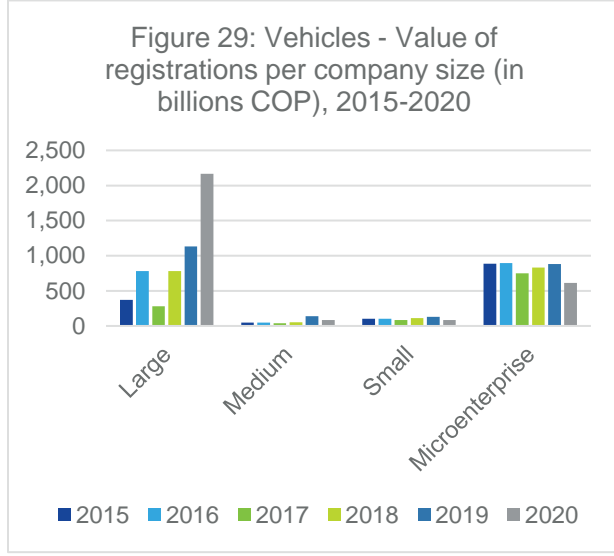
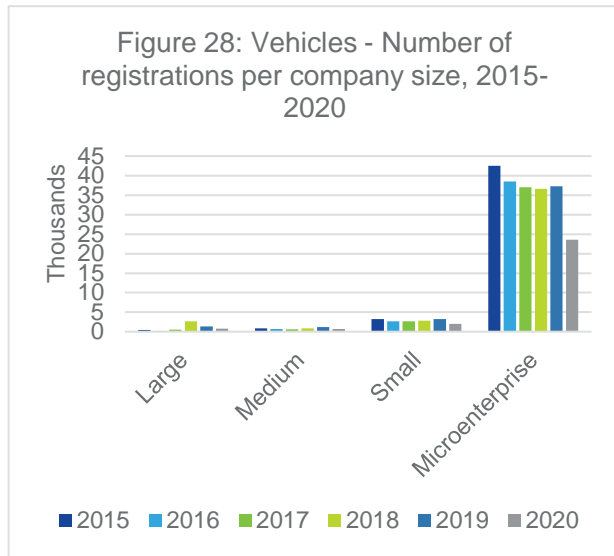
3. Vehicles

The in-depth analysis of the vehicle use as movable asset is very representative. It is clear that overall, in terms of number of registrations, micro-enterprises are those that use the most vehicles as movable asset (see figure 28 above). However, over the years, there is a decline in the use of vehicles by micros compared to other movable collateral (see analysis above). A similar trend applies to the value of the vehicles as movable assets for micros (see figure 29 above). The trend seems inverted for large companies where there is an increase in terms of the number of registrations of vehicles as movable assets as well as their overall value. Figure 30 and 31 show that overall, the number of registrations for vehicles have diminished but that the value has increased.

Thus, for the three top categories of movable assets used, large companies take up the majority proportion of the value of the registrations in the registry. In terms of number of registrations, micro-enterprises are dominant, except for accounts receivable, which is more equally distributed among the company sizes, with large companies taking a greater and greater proportion of the total.

As mentioned above, all this data demonstrate that things are changing for the better in terms of the use of movable assets by the private sector, including MSMEs, to obtain credit and loans. Through the analysis provided in the above sections, it is clear that the program has contributed to this progress. However, other elements are obviously affecting the trend, and potentially in certain circumstances, in the short term, negatively. Some examples can include:

- the national, regional and international political contexts;
- the national, regional and international economic and financial contexts;
- (In)security issues;
- Large scale infrastructure projects requiring large investments, among many others.



Survey Data

As discussed in section 2, the data collected from the first source by the ET has been compared to the data generated in 2013/2014 collected during the baseline study. The aim is to analyze the differences and identify trends in these differences as to isolate, as much as possible, the impact of the program.

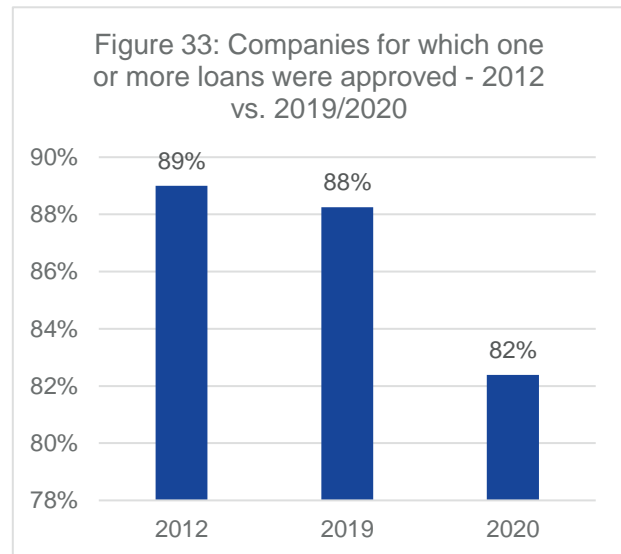
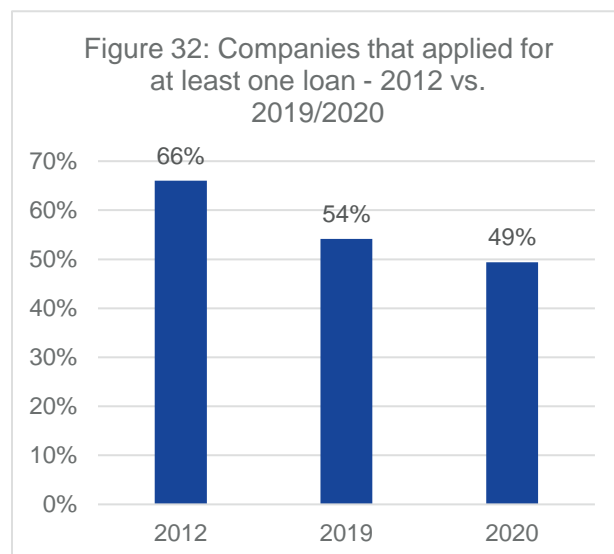
In the light of the low response rate, caused by the context described in annex II, a sampling method was adapted. The ET used the registry database to generate a random sample of MSMEs, out of which 253 were interviewed.

It should be noted that the dataset of the sample size of the survey by E-valuar consists of around 23% of the sample size of the IPA survey. Therefore, the comparison between the results of the IPA survey and the E-valuar survey only provides an indication of the impact but should not be seen as conclusive evidence of the trends.

Comparing the results from the IPA survey in 2013/2014 with the E-valuar survey in 2021

The IPA survey covered 1,125 SMEs that were surveyed between late 2013 and early 2014 (before the reform came into place). In 2012, 66% of these firms applied for at least one loan. Out of these, 89% of the firms were granted at least one loan application. In 2019, based on a sample of 253 MSMEs, it appears that 54% of companies applied for at least one loan. In 2020, 49% of these companies applied for at least one loan.

For the companies surveyed, in 2012, 89% of the companies that applied for one or more loans were approved by the banks. The approval rate for loans was 88% in 2019 and 82% in 2020 (see figures 32 and 33 below).



Comparing the types of movable assets used leads to some interesting findings (see figures 34 and 35 below). In 2012, the most widely used type of collateral was vehicles (used by 39% of surveyed companies), followed by machinery (19%), furniture (17%), guarantees (i.e. FNG) (15%), assets of owner (7%) and accounts receivable (5%).

FIGURE 34: TYPE OF MOVABLE COLLATERAL USED TO SECURE THE MOST RECENT LOAN, % OF FIRMS - 2012 (IPA SURVEY); NOTE: MORE THAN ONE RESPONSE COULD BE PROVIDED BY RESPONDENTS WHICH RENDERS THE COMPARISON OF THE IPA SURVEY WITH THE E-VALUAR SURVEY A LESS PRECISE.

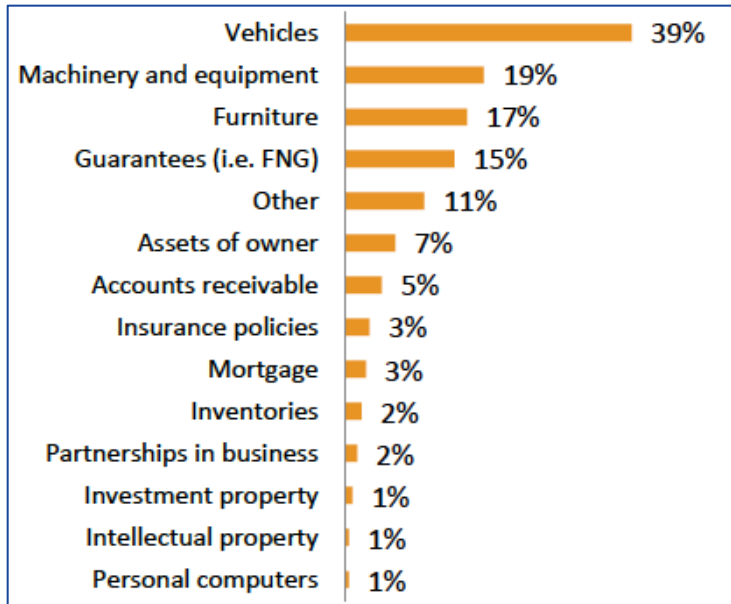
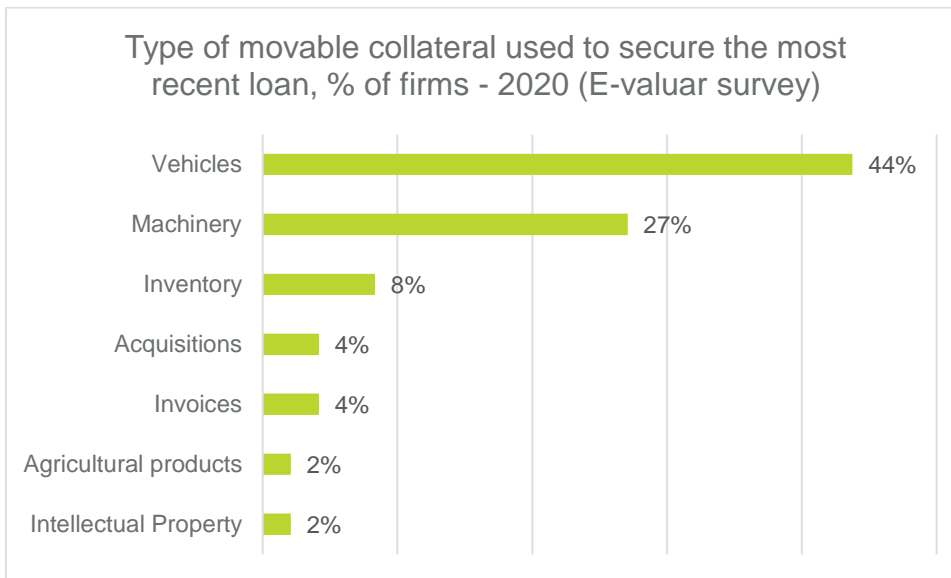


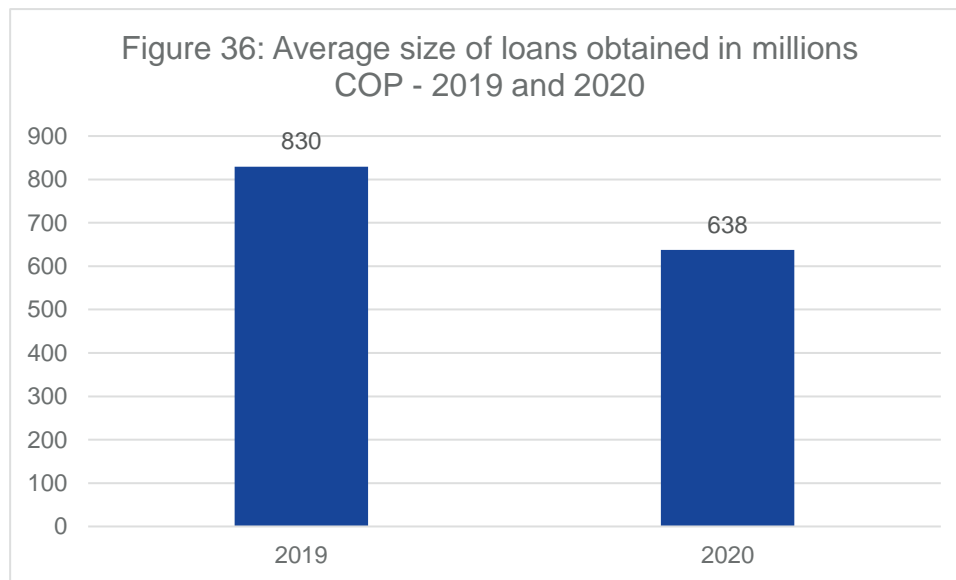
FIGURE 35: TYPE OF MOVABLE COLLATERAL USED TO SECURE THE MOST RECENT LOAN, % OF FIRMS - 2020 (E-VALUAR SURVEY); NOTE: MORE THAN ONE RESPONSE COULD BE PROVIDED BY RESPONDENTS WHICH RENDERS THE COMPARISON OF THE IPA SURVEY WITH THE E-VALUAR SURVEY A LESS PRECISE.



In 2020, the most widely used type of collateral was vehicles (44%), followed by machinery (27%), inventory (8%), acquisitions (4%), invoices (4%), agricultural products (2%) and IP (2%). With some minor variations, this data shows that although the percentage of vehicles used as movable assets has increased a bit proportionally, other types of movable assets used have increased more, such as machinery and inventories.

Standalone Results of the 2021 Survey

The average loan size obtained was COP 1,022,732,731 in 2019, ranging between COP 7,000,000 and COP 16,000,000,000. In 2020, the average loan size was COP 899,118,194, or around 12% lower than the previous year (see figure below). The loan size ranged between COP 19,500,000 and COP 9,300,000,000. This decrease in average loan size is probably related to the COVID-19 pandemic and the resulting economic downturn although another sign for the lower average loan size could be an increase in lending to smaller firms. The data in figure 36 does show that the number of loans to smaller enterprises are on the rise although those to larger ones also.



Interestingly, only 6% of respondent companies had been informed of the ST reform one way or another. Half of these companies had received information through public information, and one company through capacity building/training/conferences. Only a small minority of these companies indicated that they had received sufficient information about the reform. Another interesting finding is that 26% of surveyed companies had obtained a secured loan based on movable assets since 2014. All the surveyed FIs mentioned they had been informed of the ST reform.

With regards to the FIs involved in providing the loans based on movable assets as collateral, the receiving companies responded that they obtained the loan with the same FI.

With regards to the main challenges in obtaining a loan based on movable assets, 40% of the surveyed companies mentioned a lack of information, while 19% mentioned unfavourable conditions such as the Covid-19 pandemic and economic difficulties.

3.4. Sustainability

To what extent did the ST program help build sustainable institutional capacity? To what extent has the ST program initiated appropriate strategies to ensure the sustainability of benefits and results?

From the data presented above, throughout the report, it is clear that one of the Program's most successful areas of work was the development of institutional capacity. This is an important component of partly ensuring the reform's sustainability.

The main sustainability elements were anchored in the program's approach. As mentioned above, IFC positioned itself in such a way as to attract relevant players and foster their interaction to create an enabling institutional context for the ST reform to expand. During many of the interviews conducted with these institutional partners, it was clear to the ET that they had acquired a large share of independence with regards to IFC support and that they were managing, implementing, improving and interacting with the ST system on their own. The institutional capacity is in place and the coordination between the relevant institutions has been strengthened. However, it is clear that, in the last two years, the intensity of the institutions' activities has weakened somewhat, specifically in terms of capacity building with FIs and government institutions and ministries. In addition, the ET found that there was no clear Program exit strategy nor any kind of sustainability strategy in place.

The regional component of the program has clearly been a factor promoting sustainability. The exchanges of best practices and the links made at the regional level have stimulated interest in the ST system and even created some level of competition among countries as to which is best positioned to foster MSME access to finance. Although this phenomenon is a sustainability factor, in the face of the effects of the COVID-19 pandemic and the lack of regular, in-person events and interactions in the last year, the overall positive impact on sustainability of slowly fading. Nonetheless, the program continued efforts to bring stakeholders together through online events.

The registry of collateral being fully deployed and auto-sustainable in the national institutional setting is itself an important factor that should at minimum lead to the continuation of the results of the last eight or nine years through the medium term. The same applies to the online courses for MSMEs and judges which would remain available for these stakeholders even if there were no follow-up phase, though obviously these will require updates eventually. Finally, the existence of the movable asset committee is also a sustainability element that was put into place with support from the Program.

All this points to a strong context in which the ST system has the possibility to expand. Nonetheless, as long as ABL is not adopted and used to its full extent by the two main stakeholder groups (i.e. FIs and MSMEs), even in a very favourable institutional context, the whole process has little chance of being sustainable over time. If ST services offered by the chambers of commerce are not used, they will stop offering them. If the skills acquired by the judges are not required, they will be lost.

4. CASE STUDIES (MSMES)

4.1. First

The context

The ST Reform has opened up new business opportunities for the credit sector and the company presented in this case study was created in the context of the reform, with the objective to finance the purchase of capital goods by SMEs through financial instruments adapted to their needs.

Nowadays, *Company Y* offers loans and lines of credit to companies and independent entrepreneurs to finance the purchase of industrial machines. Among its objectives, the company is striving to support SME's financial inclusion in various sectors of the economy, with partners with more than 15 years of experience in managing loans.

The Company

Company Y was founded in 2014 and its original activity was to sell machinery to its clients across diverse industrial sectors, from pharmaceuticals to industrial activities. During the first four years of its existence, *Company Y* provided a few credits to its clients using the ST reform as a base to use movable assets as collateral, but it quickly recognized that its expertise did not match the requirements for a large-scale expansion. In this context, in 2018, the company opened its capital to new partners with expertise in the financial and investment sectors.

From that point on, *Company Y's* loan activities expanded at a sustained pace, addressing mainly clients with a proven trajectory and limited access to traditional financing. It has been growing fast since its creation, with a net increase of 70% of its income in 2020 and a net margin increase of close to 70% the same year. In 2020, it granted around 130 loans to mainly medium-sized companies for a total value of close to USD 4 million. It employs nine persons and has its headquarters in Bogota.

The success of *Company Y* can largely be linked to the reform. While the initial phase convinced its owners of the business opportunity, the opening to new partners in 2018 effectively allowed it to take full benefit of the market niche. *Company Y's* management knocked on several doors (Confecámaras, IFC, other multilateral institutions) to seek information and financial support to fund its loan operations, without success in the latter case. It also 'piloted' an operation in which it exercised its right to recover the guarantee, gathering important lessons and knowledge along the way.

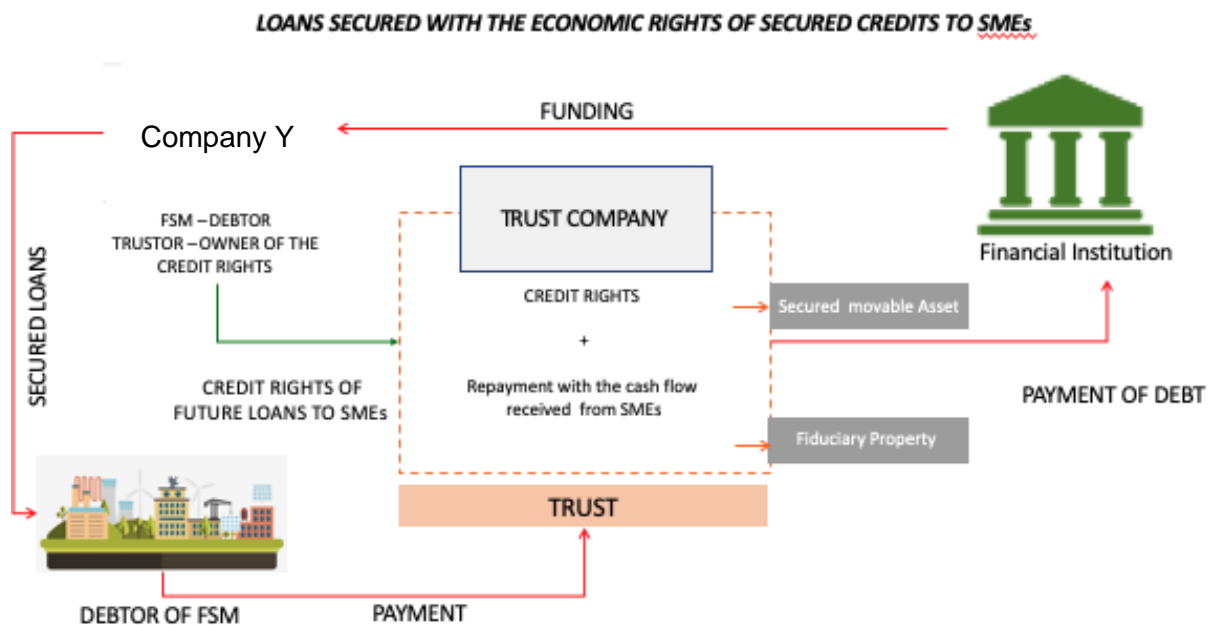
One of the biggest barriers that *Company Y* faced in applying the reform was the issue of enforcing the guarantee ('ejecución'). If a lending company refuses to deliver the good in guarantee, the police force did not have the required tools and protocols to seize the good, once they receive the order from the judges (who are generally familiar with the reform). This issue seems not to have been anticipated by the law and *Company Y* contracted a lawyer –

recommended by IFC - to review the contracts and train the police on the conditions at which a guarantee can be seized. Now the process is more fluid, and, in a few cases, the police can act with the presentation of an order signed by a judge. On the other hand, the capacity of the Chamber of Commerce to send an email to the defaulting loanee to advise it that the good in guarantees would be seized in case of non-compliance has had a positive impact on loans' repayments' behavior.

Ability to Obtain and Provide Loans

Company Y has been both a borrower and a creditor, using the ST reform in both instances. Its financing comes from three main sources - private funds, funds from its partners, and loans. These loans come from financial institutions and are themselves guaranteed with the economic rights from contracts that the company signs with its creditors. The primary source of repayment is the cash flow generated by the borrower's lending activities through the payment of loans from SMEs into a trust used as a guarantee for its lenders.

FIGURE 37: STRUCTURE OF THE OPERATION



On the other side of the market, *Company Y* is providing loans to SMEs, using collateral such as, in many cases, the recently acquired machine as a guarantee, but also vehicles, inventories, or accounts receivable and invoices. The value of the loans is generally set at 70% of the value of the guarantee, assessed by the distributor of the good. This proportion is considered to be an incentive for the loan to be reimbursed, since the loanee otherwise has to pay 30% of the value of the purchased good. Also, *Company Y* considers taking professional machinery as guarantees to be the safest way to ensure reimbursement, since the machine is generally the core of the

business of the borrower. As a result, most companies reimburse their loan on time (92% in less than 30 days), with 5% having filed for bankruptcy.

The role of the registry is perceived positively by *Company Y* - easy to access and use, and instrumental in identifying the particular good used as a guarantee, something that distinguishes the registry from past practices, and provides reassurance to the creditor as to the precise nature and value of the good.

The Impact and Lessons Learned

Company Y is now a fast-growing company, with promising financial results and the potential to grow further. It is still in contact with several actors related to the reform and has made concrete proposals to make the market grow further and attract more investments, since it considers its potential far from fulfilled. Its experience with the reform is extensive and it takes the view that money should be invested to 'test' the rollout of the reform under real circumstances, and diffuse lessons learned in order to inform and reassure the conservative market for credits to SMEs.

As a lending company, *Company Y* has not benefited from any particular treatment or received support from IFC or multilateral institutions. They believe that the reform would benefit the credit markets and SMEs if companies with a strong willingness to make the system work but reduced financing capacity could receive loans to apply the reform and later serve as examples ('first movers') for the whole market. In that vein, the company has, for instance, offered to serve as an intermediary for large banks that want to gain access to the market for loans to SMEs, but do not have the capacity, knowledge, or incentives to do so.

4.2. Second

Company X is a limited liability SME established in 1995 and based in Medellín, with clients from all over the country. Over its 26 years of existence, it has moved from the digital impression sector to lithography, and most of its activities now have to do with high-quality printing of books, magazines, catalogs, stickers, and more recently packaging and bags.

The company used to finance itself through commercial loans, without providing any type of collateral, but got interested in loans backed with movable assets in 2015 due to the favorable credit conditions: even if they vary, interest rates tend to be lower when credits are backed with movable assets and the managers considered their situation would allow obtaining lower interest rates in this context.

The company was able to obtain loans in 2019 and 2020 and it used this credit as working capital, guaranteed by printing machines. One was a commercial loan of about 150 million COP – or USD 40,078 that offered a 3.2% interest rate with a three-month grace period. These favorable factors led the company to decide to continue using loans through movable assets. The other credit

alternatives, through the National Guarantee Fund,⁴⁸ or without guarantees, had higher interest rates and lower loan amounts, with similar conditions for repayment.

However, the company's experience using these types of loans has been mixed so far. According to the company's owner, the greatest difficulty has been the many conditions that the commercial bank applied to the loan. The company had to pay for the services of a specialist, recommended by the bank itself, to assess the value of its movable assets (with a cost of approx. 500k COP or USD 133) and for insurance on the machinery used as a guarantee.

Also, still according to the company's owner, the handling of the whole process by the bank that granted the loan was questionable. Indeed, the respondent mentioned that there were important customer service deficiencies. During the pandemic, grace periods were given to all SMEs by the government. However, in the company X's case, instalments continued to appear as past due well after the government's announcement. It has been difficult to receive the account statements that would allow the company owner's understanding of what the new payment conditions of these obligations actually were. By contrast, loans obtained from another commercial bank, which did not require any guarantee, have been obtained much easier and with more flexibility in the context of the pandemic. If this episode was not directly related to the features of the loan, it testifies the difficulties that company X faced in handling the loan backed with movable collateral.

The banks granting the loans are always in charge of fixing the conditions applied to loan: the borrowers have no means of deciding if they can get financing with or without movable assets. When financing is sought by a company, the banks assess and decide on whether it is guaranteed by the National Guarantee Fund or if movable assets can be used as guarantees. It seems that many times, the first option is to use the National Guarantee Fund, which is expensive for entrepreneurs: the company in the present case mentioned the interest rate was of 3.8% (compared to the 3.2% mentioned above using movable assets).

The greatest difficulty to obtain loans using movable assets is that the banks take time to make their decision: it can take up to more than two months between the time the company builds a file to obtain a loan and its disbursement, when normally, for companies with land or infrastructure in guarantees, the delay is of around a week. Also, the owner insisted on the difficulties Colombian businesses faced due to the impact of the pandemic, which was mainly to challenges in maintaining the necessary cash flows required to repay the loans.

In conclusion, it can be said that it is the need for credit that motivates SMEs to use their movable assets as a guarantee to receive loans or credit lines. These SMEs are in a situation where they have no other choice than to use this approach or their growth will be hindered. However, according to the company's owner, 'the funding should be granted according to the capacity of

⁴⁸ The National Guarantee Fund (*Fondo Nacional de Garantías*) is the entity through which the Colombian Government seeks to facilitate access to credit for MSMEs, through the granting of movable collateral for up to 50% of the value of the loan. The conditions it offers for credit are better than the private credit market and the fund is widely used, but it has a limited lending capacity and only covers a few economic sectors, such as the agribusiness sector.

the companies to repay, and not on guarantees, real or personal (signature of the legal representatives)'.

4.3. Third

Covid-19 Impact on the Colombian SME MABL Credit Market

When the Covid 19 pandemic broke out in March 2020 in Colombia (first case confirmed on March 6, 2020), its expected initial and obvious effects as a health emergency quickly spread to the country's economy and directly affected the credit market. In fact, the quarantine measures, and restrictions⁴⁹ applied to contain the effects of the Covid 19 impacted business overall and specifically MSMEs, as well as the financial sector, the credit market and ABL. The following case study is a non-exhaustive summary of the above-mentioned impacts with a specific focus on Colombia. It also points to a potential opportunity and momentum for ABL expansion within the context of the Covid-19 pandemic.

*Impact on Financial Sector*⁵⁰

The financial sector has taken a hit across the LAC region, including Colombia, from the Covid-19 pandemic. Declines in loan demand and individual incomes are resulting in financial system shocks, including insolvency filings and unnecessary liquidations. It seems the overall loss of income is increasing bad debts, reducing capital ratios, putting pressure on secondary mortgage markets in housing finance (to which the Colombian government reacted in January 2021 through the new Colombian Housing and Habitat Law⁵¹) and create liquidity challenges. As capital markets are heavily impacted by Covid-19-induced global systemic shock, MSMEs and firms with significant debt in foreign currencies are becoming highly vulnerable.

Impact on the Credit Market

Due to the Covid-19, most FIs operated at a lower business pace than usual, with lower loan collection and disbursement levels. The figure below, based on the Colombian Central Bank data, demonstrates this in different credit markets⁵². Much of the data presented in the present report, in the Impact sub-section, also points the same situation during the pandemic.

This is mainly due to:

⁴⁹ Land and sea border closures, restrictions on movement, nonessential business closures, among others.

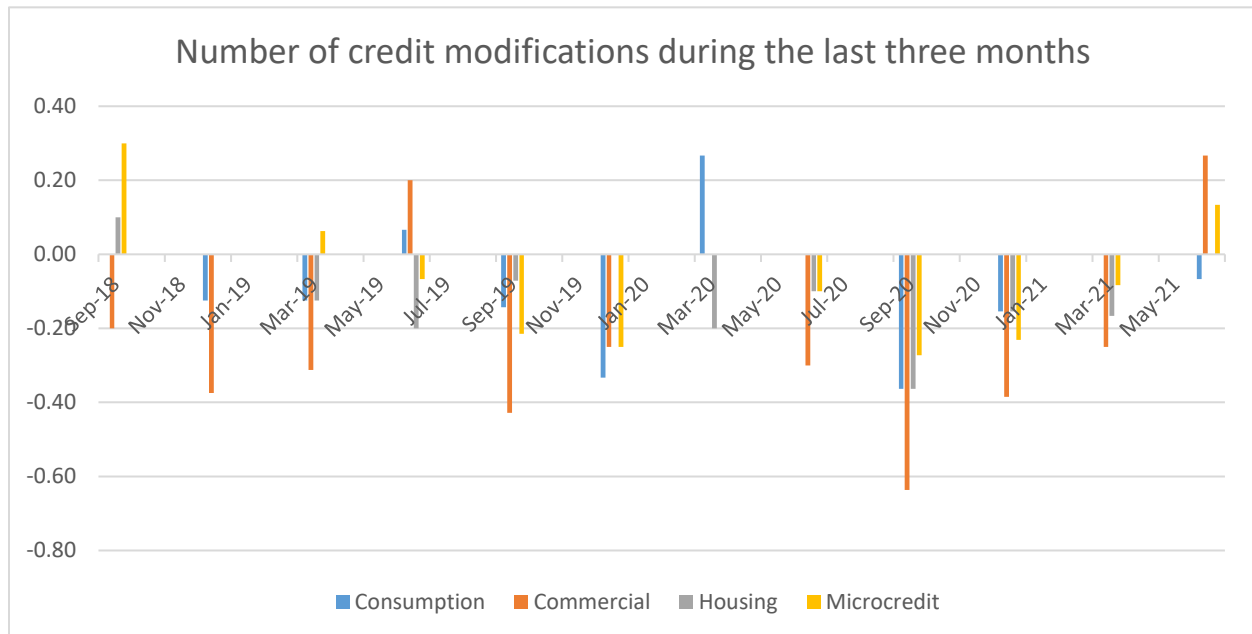
⁵⁰https://reliefweb.int/sites/reliefweb.int/files/resources/EMCompass_Note%2093-COVID%20and%20FCS_Nov2020.pdf

⁵¹ <https://www.fitchratings.com/research/structured-finance/new-colombia-housing-law-could-boost-mortgage-rmbs-activity-22-01-2021>

⁵² <https://www.banrep.gov.co/es/reporte-de-la-situacion-del-credito-en-colombia> Generally speaking, a credit modification points to credit rating "deterioration". Source: <https://www.lawinsider.com/dictionary/credit-modification>.

—Governments, including the Colombian government's, moratoria on repayment and extension of past-due dates as described below; and

—Voluntary deferrals.



As a result, FIs started to register significant increases in non-performing assets and the institutions had to manage their liquidity accordingly, notably thanks to increased access to credit enhancement which helped them support their lending operations. According to IFC, the operations averaged 80 percent of pre-crisis levels by the end of 2020, consistently across all regions. The impact was largest for loans and credit lines with MSMEs and retail segments. Microfinance institutions (MFIs) and NBFIs were also significantly impacted and were disbursing just over three quarters of pre-crisis loan volumes at the end of 2020.

Impact on Asset-Based Lending (ABL)⁵³

There seems to be a trend in the United States of America (US) in which financial hardship resulting from the Covid-19 pandemic is driving some companies to convert their revolving credit facilities from secured cash-flow-based to asset-based lines of credit. This situation is applicable to businesses in retail, wholesale (such as equipment-rental and food-and-beverage companies), and general distribution, where large quantities of inventory are more common.

As in Colombia, ABL did not always have the best of reputations among those available for credit lines in the US. This is no longer the case. The flexibility of the products developed recently allow FIs to react quicker than other market segment, becoming an option of choice for many borrowers.

⁵³ <https://www.sfnet.com/home/industry-data-publications/the-secured-lender/magazine/tsl-article-detail/covid-19-is-popularizing-asset-based-lending-here-s-why>

ABL has become more mainstream because of its accommodative structures. The corona virus has only fuelled its popularity amid the uncertainty afflicting the business sector right now. Two reasons explain current conversions to ABL:

—The first is the fear of not respecting agreements and conventions. When a company's earnings and capital drop below a certain level, it risks violating the terms of its cash-flow-based revolving line of credit. Companies take a proactive approach by converting to asset-based lending revolvers upfront rather than waiting until they are close to breaching their covenants.

—The second reason, which is linked to the first, is that in times of crisis like this one, companies need liquidity. ABL facilities commonly provide access to greater liquidity because borrowing limits are based upon available, movable collateral values rather than traditional financial metrics (such as multiples of Earnings Before Interest, Taxes, Depreciation and Amortization [EBITDA] or leverage ratios), which are only used in the case of ABL to determine creditworthiness—not borrowing limits.

These ABL enabling, strong and positive market reactions to the Pandemic just might be the needed financial trend that would allow for Colombia, its banks, and by association, IFC's Secured Transaction program need to help expand the use of ABL by MSMEs. Indeed, in this context, if banks take advantage of the momentum to set-up new ABL financial products, the context might spur demand for such loans and credit lines.

Measures Adopted⁵⁴

In Colombia, the government guarantees, and risk-sharing facilities have allowed to maintain high levels of liquidity within the financial sector and limit the drop in collection rates. The Central Bank has cut the policy rate and has implemented several measures to boost liquidity in both domestic and foreign currency. These include: (i) an expansion of their liquidity overnight and term facilities in terms of amounts, applicable securities and eligible counterparts (ii) purchase of debt issued by credit institutions, and (iii) purchases in the secondary market. The Central Bank also lowered the reserve requirement applicable to savings and checking accounts from 11 to 8 percent and the one applicable to fixed-term savings accounts (less than 18 months) from 4.5 to 3.5 percent.

Superintendencia Financiera de Colombia has allowed supervised entities to review all loans that were less than 30 days overdue and add-in flexibility in the loans' terms. These new provisions can include grace periods or extended deadlines and the Program to Support Debtors (PAD) to support viable borrowers has recently been extended. The PAD prohibits banks from increasing interest rates on loans, charge interest on interest, or report entities to credit registries for availing themselves of any forbearance measures. It was born as an initiative to help people and MSMEs

⁵⁴ <https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19#C>

that have difficulties in their financial obligations due to the Covid-19 pandemic by allowing reliefs and grace periods⁵⁵.

Conclusions

Hence, the Covid-19 pandemic and its restrictions have had hard, significant, negative impacts on the overall financial sector and credit market. The Colombian situation is dire and people and MSMEs are struggling. However, the US example of how the private sector reacted to this context by finding solutions in ABL could, if it materializes in Colombia, provide an interesting momentum for the program.

While credit demand from MSMEs was expected to recover through 2021, FIs raised significant concerns about the increased risks for this segment. From the elements presented above, it seems there is an interesting opportunity to find adequate solutions on both the demand and supply sides, using ABL. In the context of the relaxed policies on the credit market for Colombian companies, and a potential momentum for ABL expansion within the specific context of the Covid-19 pandemic, the upcoming new phase of the IFC ST program seems strategically positioned to support a new push towards an increased impact of its work in Colombia.

⁵⁵ <https://today.in-24.com/News/294439.html>

5. CASE STUDIES (FINANCIAL INSTITUTIONS)

5.1. First

Context

This first case study is based on an FI that is involved in ABL but only to a limited extent compared to its overall lending portfolio. They are interested in increasing their participation in the ABL market.

Impact of the ST Reform and IFC's Support

Although the FI representatives consulted consider that the ST reform has indeed fostered an enhanced and enabling environment to facilitate the expansion of ABL, the effects and impacts of these results really take time to materialize. It is a long process. They are still assessing their own situation. They are reviewing the financial data on recovery processes from before and after the reform and it is not clear yet for them if the situation has indeed proportionally changed for their FI. Yet overall, they do not have major doubts concerning the ABL institutional context which they consider as appropriate and sufficiently strengthened to operate in.

The FI has little knowledge of the Phase II support provided by the IFC. They are more aware of the initial work the program has done concerning the deployment of the law. They also participated in "a few events". There was also the diagnostic that was developed for them but from their own admittance, there was a lack of interest in moving forward more aggressively *at that time*. This resulted in a lack of dedicated financial and human resources to the matter. Nonetheless, it did "plant a seed for them" which is now leading them to reconsider the situation from a more positive angle.

Next steps

The agriculture sector is the market that is most attractive to this FI for ABL expansion. Their plan is to start developing adapted financial products for borrowers in the agribusiness like the use of agricultural assets (livestock, crops, orchards, etc.). The same applies to the "inventory" movable asset although to a lesser extent. They are still a bit hesitant because the inventory valuation mechanisms still need to be improved from their perspective.

The objective is to increase the volumes linked to ABL. The use of control accounts (*cuenta control*) is also something they would like to use more extensively.

It is difficult for them to assess the risks as there are a few examples. They are not clear on the profitability of certain ABL practices like those linked to the agribusiness sector. These risks seem even more present when it comes to lending to MSMEs. Overall, in terms of number of loans the FI lends quite a lot to SMEs (54%) but less in terms of amounts lent (21.3%). However, in number of loans, ABL to SMEs compared to the overall SME lending is only 6.6%. With the data in hand, it was not possible to compare SMEs amounts of ABL loans with those of large companies but it

is clear it is only a fraction considering the above mentioned proportions. It is easier to lend to larger companies. It is to be noted that the FI does lend to companies owned by independent persons, without financial statements.

5.2. Second

Context

This second case study concerns an FI that is undergoing some restructuring during which ABL has been *temporarily* halted. The restructuring is actually part off a larger strategy to enter with more volume the ABL market.

Impact of the ST Reform and IFC's Support

Before this transition, they had a lot of activity in ABL proportionally to their overall lending portfolio. They worked partly with the *Fondo Agropecuario de Garantías* [FAG]⁵⁶.

Generally speaking, they were quite involved in ABL through:

1) Inventories: The FI had a financial product that used the borrower's inventory as movable collateral, and they had a good product that reached the MSMEs. To mitigate the risk of the lack of maintenance of this inventory, they worked towards making the owners more accountable for its existence and movement. They also worked with legal representatives of the borrower to ensure proper monitoring and reporting on the state of the inventory. The company was responsible of periodically generating a certificate for the FI indicating the changes to the inventory's state (including in terms of quantity). It worked very well in the hardware sector. The responsibility and the ability to certify the inventory was given to the debtor himself through the legal representative. This periodic reporting has been very effective, considering that these small companies cannot afford to pay for the services of a third-party auditor to do so. The product has worked very well, and they have not had any losses.

2) Purchase option in a leasing contract: The right to acquire the leased asset, called the "purchase option", was also used by the FI as collateral. Financial leasing for the acquisition of machinery and equipment was actually a core business, and they used the economic right to the transfer of the leased asset to provide more financing to that customer, owner of the leasing contract. The leasing contracts allows them to attend the MSMEs' needs.

3) Factoring on invoice flows were also used. This financial product enabled the borrowers to used unpaid invoices (accounts receivable) as a guarantee to obtain loans from the FI (acting as a factoring FI). The respondents mentioned this product worked well; they never were in a position where they had to collect the unpaid invoices.

⁵⁶ Please see relevance section for more details on the FAG.

This FI worked directly with IFC. However, it was not fully clear that the objective of the proposed support was aligned with the strategic direction they wanted to take. The alliance did not materialize. Still, they liked the fact that the IFC facilitated international experience sharing. This allowed them to learn new and innovative valuation mechanism for movable collateral in different sectors. Initially, IFC also allowed them to better understand the ST reform and the tools that were available to them.

Overall, they consider an institutional change is taking place that will foster the expansion of the ST system in Colombia, but they attribute this to IFC's work only to a limited extent. The law exists because the needs became more and more present. The law has driven the development of the overall system. The conditions are in place to grow, the task is now for the banks to grow and offer financial products adapted to ABL.

Next steps

To continue in the expansion of the three financial products described above, there is a need to learn how to better monitor the state of the movable collateral used in ABL. It will also be important to improve their valuation mechanisms. They believe that the financial products adapted to movable assets are “winning products” for them and MSMEs. But there is still some uncertainty, and they need to convince the FI's board of directors that ABL should be as a strategic avenue for them.

For the short term, they are aiming for a renewed approach with the FAG, as they feel it is a good partner and they are a good promoter its advantages. Colombia has reached excellent results with the Fund.

5.3. Third

Context

Since 2014, they have tried to better understand the movable collateral market by participating in talks, seminars, training, etc, including one from the IFC. They already had some specific financial products for ABL. Their most important corresponds to an approach where the loan is reimbursed by the enterprise directly through the payments they receive from their clients. The FI receives its money directly through the borrowers' sales. Once the credit payment to the FI is paid or amortized, the surplus of the collection is released for use by the debtor.

Impact of the Reform and IFC's Support

This FI did not yet receive direct support from IFC. They have been approached by IFC's team, but nothing led to direct work with them for now. They were not aware of the existence of an IFC “program” in movable collateral per se. They have just recently started talks with Banca de Oportunidades in an effort to improve the FI's financial products, in which IFC is involved. However, these talks are only at the preliminary phases.

The law produced an important change in the use of the Registry. The FI now uses the Registry and it is clear that it plays an important role in the FI preferential rights obtained when it comes to the use of movable assets for loans. The Registry gives them the peace needed to fully participate in the ABL market. Once the law came into force, they started registering the operations mentioned above in the Register. They found that for it to take effect, it was necessary to use a control account category which was not perfectly aligned with their own product. In this context, they believe there is still some detailed adaptations needed, although generally speaking, they are satisfied.

For them, there is no uncertainties concerning the law, how it works and how the Registry is operated. However, they do feel there is still some ambiguity in relation to the enforcement of guarantees. They are waiting for the chambers of commerce and notaries to enhance their capacities in that sense. Although they have noted recent progress, they are under the impression that the system of special enforcement procedures from the chambers of commerce is not yet “complete”.

When it comes to smaller enterprises (they do not work with individuals that are not registered in the chambers of commerce as companies), they mainly use the FAG. The MSMEs normally manage their credit through multiple FIs, not just one. This does complicate things a bit in terms of ABL use by MSME. These MSMEs will opt for a combination with the FAG as it increases coverage. The FI also uses the leasing approach with MSMEs, still in combination with the FAG. To expand their financial services to MSMEs, they need improved special enforcement procedures as this market is riskier.

Next Steps

Their main objective is to continue their work with the product described above and expand it as much as possible. In practice, the product has generated some inconveniences that they hope to improve through the work they will be doing with Baca de Oportunidades and IFC. Some of the inconveniences they have noticed in the use of this product materialize when the debtor is in difficulties. The FI ensures the collection through the card code system, but in a few cases, based on the information reported by the FI representative, and even though the law does provide a priority right to the FI, it seems the debtor can change the code or can sell in cash, avoiding the collection by the bank. They consider that the ST law, they should be able to find solutions to this issue. There is a need for a better legal structure in which the situation can be improved for them to have access to all the sales and not just those that are conducted using credit or debit cards.

They are aware that much of this work will be slowed down by the repercussions of the Covid-19 pandemic, but they hope that the context will improve so that they can continue to extend more financial products to the smallest enterprises. They also want the *clients* to be more knowledgeable about the ST law and Reform. For the moment, it seems that the odds additional smaller companies will enter the movable assets market are relatively slim.

6. CONCLUSIONS

The conclusions presented below are derived from the analysis of the main evaluation findings presented above. They highlight the most significant insights about the program established by the ET with regards to the evaluation criteria and key questions.

- ◆ As demonstrated above, the evaluation shows that the ST reform is working and expanding. The ET concludes that overall, there is a trend towards an increase in the use of movable assets, other than vehicles (i.e., Accounts receivable, Shares or interests in capital, and Machinery and equipment, as well as others although to a lesser extent), by all types of enterprises, including MSMEs to obtain loans and credit. Indeed, the data shows that although the percentage of vehicles used as movable assets has increased a bit proportionally, other types of movable assets used have increased more.
 - Overall, large companies take up the majority proportion of the *value* of the registrations while in terms of number of registrations, micro-enterprises are dominant, except for accounts receivable, which is more equally distributed among the company sizes.
- ◆ The program has contributed to this trend by creating a favourable environment for this change to occur, through, for example, the creation of the institutional machinery that fosters a more effective and efficient ST system. This is the result of many program components and much work by IFC, through much collaboration with many stakeholders. The MSME sector is hence stronger than before and although indirectly, has benefitted from this program. It is difficult for the ET to really speak about attributable evidence linking this impact directly to IFC work. As mentioned above, other factors are affecting the situation, and in the short term, sometimes negatively, such as the political context, the economy, and large infrastructure projects requiring large investments, among others. In addition, there is still a lot of room for the system's expansion (i.e., having FIs offer more adapted and better-known financial products and more importantly, having MSMEs use more extensively these products) and the potential for further impact is great.
- ◆ The central role IFC played during the early beginnings of the program, as a driver for the other stakeholders, has shown its effectiveness. This is one of IFC's strengths: its capacity to attract attention to and engagement in important reforms and pivotal changes that need to take place to ensure an overall improvement in the context for those involved. IFC's internationally renowned expertise is recognized by all stakeholders and is desired to foster the transition to and expansion of the ST system. The paradigm changes intended by the IFC management team take time, and there is still work to be done to ensure that stakeholders remain involved in reaching the set objectives.
- ◆ In recent years, the program has had somewhat less contact with many stakeholders involved in implementing and scaling the ST reform such as FIs, and some government stakeholders (although there are still some links with some of these, including judges and

chambers of commerce). As mentioned, there have been no direct links with MSMEs. At the moment, the institutional system is already partially facilitating the use of movable assets by MSMEs. Yet there is still a role by IFC to ensure the right institutions pay attention to the right issues and helps expand the system. There is still an expectation that the program should achieve direct outcome effectiveness results in the form of the actual usage of the institutional reforms.

- In addition to changes in the overall national, political context, in different spheres of the Colombian society, including in the government institutional side, there has been a gap recently in terms of IFC's presence in some broader activities with some actors. This is the result of a deliberate shift in program focus which was purposeful as the legal/reg reform was mature. The idea behind this shift is to ensure that the system and stakeholders take greater ownership without the presence of IFC
 - As a result, and again, within a changing political context, the national inter-institutional/ministerial coordination has slowed. Indeed, collective institutional actions to push the ST agenda are less frequent. Coupled with the fact that the pilot projects with FIs are only beginning now, the pace of the reform's *scaling* has lost some momentum. The institutional capacity developed during the earlier period of the program's timeline (e.g., awareness raising, ABL advisory) as well as the capacity building conducted with the judiciary and governmental counterparts, is not being used to its full potential. As institutional actors turn their attention to other issues, there is a risk that their know-how gets lost over time.
 - The pilot projects with the FIs, to help them develop ABL adapted financial products, are an important and relevant next step for the program to regain momentum. Indeed, as mentioned above, the FIs need to be exposed to clear success stories demonstrating the business model for ABL and that there is a profitable market opportunity. These examples will help to illustrate the challenges FIs may face engaging in ABL, as well as solutions that can be devised at the pilot stage to mitigate the challenges and enable FIs' success. Such stories demonstrating the fact that FIs can profit from ABL have not yet been generated through the support of the program.
- ◆ Respondents really appreciated the IFC's ability to attract expertise, knowledge and best practices, including from the regional and international scenes. There is still a need for such support, training and capacity building within this context. It will also be important to reach more people, more institutions, more FIs, Fintechs more MSMEs, and conduct more training sessions in more regions of the country. The existence of the ST system and its successes need to be publicized. Below are the recommendations that derive from the findings and conclusions.

7. RECOMMENDATIONS

There is a need to build on eventual examples of FIs that are able to use less traditionally/ commonly used forms of movable assets (e.g. not vehicles, equipment, inventory, etc.) so that the FIs understand the potential new market for them.

1. Even as the ST Program needs to continue acting as a driver to bring together institutional actors, it is clear that it needs to turn its attention to and focus on the FIs, Fintechs and MSMEs.

- In its work to continue supporting institutional strengthening, the Program should ensure that the government takes its place in convincing actors to join the reform and scale it. This sustainability component will help foster buy-in from all stakeholders.
- Much work remains to be done in terms of diminishing the impacts of the COVID-19 pandemic on the financial system and specifically on the movable assets loans, the MSMEs' capacity to repay them, and FIs' ability to cope with the losses (credit deterioration). In this context, ABL can provide an alternative to unsecured loans affected during the pandemic and recovery.
- The ST Program needs to foster success stories to provide examples to other FIs and Fintechs to convince them to "pick-up" ABL. The whole approach to persuading the FIs to get on board has to be simplified. Although the process for preparing FIs to introduce ABL requires a complex set of operational, business, valuation, risk, legal, technological and HR issues, the main objective for the program is really **to show that it works**, and that it generates profit. From that point, FIs will engage in this set of complex issues themselves and actually will not need support to do so. It is also necessary to **show that tools that the program helped develop can simplify and render more efficient different processes linked to ABL** such as the extra-judiciary mechanism which helps reduce delivery delays. It is important to show stakeholders that they should consider all available settlement options the reform made available, as some have already done. In other words, there needs to be proof that the ABL sector is not as risky as the FIs still considers it. The IFC program needs to help demonstrate the success it has generated within the now more favorable institutional environment. This can be done by helping FIs understand that some of the lending activities they are currently involved-in is actually ABL. Once this is better understood, the FIs will be less reluctant to move into more innovative forms of ABL. Also, as planned, more personalized, one-on-one ABL advisory pilot projects with banks and Fintechs have the potential of generating winning examples to showcase. As demonstrated above, this will also have an attraction force so that other FIs will join in.

- Furthermore, IFC's interventions need to build the FIs' ST-based lending capacity. The training needs are not simply about awareness raising, or having the products, or understanding how the ST collateral works. One of the big factors is that FIs do not have the lending wherewithal yet or basic good lending skills to make cash flow-based loans. IFC can **help in enhancing the valuation procedures for example** or better understand specific sectors in which they could adapt specific financial products. The format of the one-one-one technical support is logical in terms of an efficient approach to IFC work. Again, once the FIs will be convinced the process works, they will find ways to learn by themselves, using their own resources.
 - IFC's future interventions really need to acknowledge this in how they design their future training interventions for FIs. It's not enough just to help banks see the "business model" of profitability (although this is important) or do awareness campaigns, or legal education. **Interventions to create demonstration effects may require market building through de-risking solutions to 'lead the way'** and / or partner with other companies that are successfully using the ST reforms in their lending practices.
 - In the face of the reluctance of more traditional FIs to fully get on board, the program **could work more specifically with second and third-tier banks and Fintechs, as they are more flexible** (i.e., they can adapt to new circumstances quickly, effectively and efficiently) and could more easily adapt to new markets such as ABL *with support*. **These banks are usually more risk averse**—because a wrong move would mean greater negative impact for them than mainstream, commercial banks), so support would be important. Still, their flexibility, compared to other banks, coupled with support could be the answer to generating interesting examples for others to see. Traditional/larger incumbent banks need to merge some of their present lending practices and business models with ABL. Challenger banks and Fintechs tend to be more innovative and less burdened by legacy business issues. They also tend to be more innovative in ways to acquire market share. In this send, IFC could focus on the latter banks moving forward to potentially create interest by competitors from the larger banks.
2. To start working with the MSMEs, it is recommended that the IFC work with sector associations and ACOPI. This would be effective, and all the more in collaboration with the chambers of commerce. From the ET's perspective, and analysis of evidence available, working only through the chambers of commerce will not be sufficient. It is also recommended that relatively large-scale awareness-raising campaigns be put together. This could be achieved via FI marketing outreach and IFC could first convince the FIs there is a business model to support such outreach efforts. This would also result from better FI training around capacity building, which would include market assessment and marketing, on top of building basic lending capacity. The MSMEs need to *be aware* that they can, by law, use their movable assets to obtain credits and loans. As shown by the

ET's survey, very few of the MSMEs reached are aware that they can. It is understood that the IFC does not normally engage much directly with MSMEs. However, an awareness-raising campaign could make a difference, all the more in combination with work through the ACOPI association.

In addition, the e-invoicing component of the ST system is the most promising and fast-moving factor that has the potential of supporting progress in the scaling of the reform. The Program should place e-invoicing high on its priority list. Finally, considering the impacts of COVID-19, the program should support all stakeholders in keeping defaults to the lowest levels possible through renegotiation and use of the efficient tools it was able to support.

3. The program should endeavour to regain a bit more presence and visibility among the stakeholders involved, including at the regional level, to leverage its reputational comparative advantage. IFC played an important role in catalysing the attention of relevant institutions. As demonstrated above, there has been a slower pace of the ST reform's expansion because of a lack of institutional coordination and attention to the subject. IFC is well positioned to bring back the right stakeholders at the "discussion table" to give new impetus to the reform. In the context where the IFC is starting the implementation of its exit strategy, the idea is not for it to become the driving force of the future change but rather to ensure that the right national institutional actors be present to maneuver that change. There could be a role for IFC to participate in a financial risk-sharing model in ST loan portfolios to help demonstrate viability and create demonstration effects for FIs to thereafter assume the risks of ST lending programs on their own. Minimally, more time and support is required through IFC interventions to address the need to build capacity of all types of FIs to be able and willing to utilize the new ST infrastructure. It is also necessary to sustain political interest in the ST reform and generate more political buy-in and support to further push the expansion of the ST system. Political support to the reform creates incentives for the financial system to start working within the ABL sector.

4. As already known by the IFC, the use of the VFF as the major indicator for impact of the ST reform needs to be revisited⁵⁷ to ensure its definition is 'fit for purpose' and incorporates best practice features (eg. SMART characteristics); other indicators should be used such as the number of MSMEs making use of movable assets to obtain loans, the number of FIs that provides loans based on movable assets and most importantly in the short term, the number of new financial products not only offered, but used.

- It is also recommended that the registry data be used in a mixed approach with different databases for the impact analysis (RUES and Superintendent of Corporations, which can request information directly from SMEs).

⁵⁷ See the full analysis on how the VFF reporting could be improved in Annex X.

- The ST Program should help Confecamaras publish raw, consolidated data from the Registry in periodical reports for FI self-control on data. This would have the potential of increasing the accuracy of the Registry data. Indeed, the FIs would be able to review the Registry data and ensure it is accurate and aligned with their own internal data bases. This recommendation is also linked to the VFF sub-section 3.3.1 recommendation (see above).
- As mentioned above, it would also be important to potentially fund an impact study on how the ST reform is playing out on the informal sector. In the light of the present evaluation process, it will be important to ensure all data is available for analysis and at this point in time, this is not fully clear to the ET. Notwithstanding this fact, the importance of conducting the study outweighs the foreseen challenges.

ANNEX I: EVALUATION MATRIX

Evaluation questions	Sub-Question	Indicators	Data collection method	Data sources
EFFECTIVENESS				
1.To what extent were the outcomes achieved / are likely to be achieved, including any differential results across groups of beneficiaries with attribution to the ST Program (based on the ToC)?	1.1 What were the key outcomes and related output targets?	- Based on program proposal	- Document Review - Key Informant Interviews	- Program Documents - Interviews with IFC and SECO
	1.2 Were all expected outcomes and output targets met?	- Evidence of expected results - Progress towards targets	- Document Review - Key Informant Interviews	- Program Documents - Interviews with IFC and SECO
	1.3 Is there evidence that delivered outputs led to intended outcomes and impact? What are the main achievements (differentiated across groups) that can be attributed to the ST Program?	- Number of recommended laws/regulations/policies that were improved - Number of entities reached by the program that implemented recommended changes and improved practices	- Document Review - Key Informant Interviews	- Program Documents - Interviews with IFC and SECO
2.What unintended results (positive and negative) have occurred that can be attributed to the ST Program?	2.1 Were there any unintended results (positive or negative)?	- Examples of unintended results (positive or negative)	- Key Informant Interviews	- Interviews with IFC and SECO - Interview with National Stakeholders
	2.2 How did the ST Program contribute to these unintended results?	- Evidence of ST program contribution to these unintended results	- Key Informant Interviews	- Interviews with IFC and SECO - Interview with National Stakeholders

Evaluation questions	Sub-Question	Indicators	Data collection method	Data sources
3.To what extent did IFC and its partners provide assistance and direction that yielded greater results than would have been the case without IFC involvement?	How else was assistance and support provided? How do the different approaches compare?	- Extent to which IFC provided assistance and direction that yielded greater results	- Key Informant Interviews	- Interviews with IFC and SECO - Interview with National Stakeholders
4.To what extent were the Program's processes and tools effective to measure the outcome and impact of the ST Program?	4.1 Was there a clear and sound results' management framework for the ST Program? Was it well articulated within the results framework of the global SECO-WBG Financial Infrastructure Development Partnership Program?	- Evidence of articulation between the results management framework and the wider results framework of the global SECO-WBG Financial Infrastructure Development Partnership Program	- Key Informant Interviews	- Interviews with IFC and SECO
	4.2 Was there an efficient and effective system in place for the planning, monitoring and evaluation of ST Program implementation and results? For the reporting of results?	- Evidence of M&E system in place	- Key Informant Interviews	- Interviews with IFC and SECO
	4.3 Are ST Program outcomes and outputs well documented through credible methods and tools? Were there appropriate tools in place to measure ST Program outcomes and outputs? Are these tools users-friendly and adding value?	- Evidence of M&E system in place - Perceptions of ST Program team and Program beneficiaries	- Key Informant Interviews	- Interviews with IFC and SECO
5.How have data for the indicator "Value of	What is the revised, proposed data value for this indicator?	- Registration data for "Value of	- Data Review	- Interviews with IFC and SECO

Evaluation questions	Sub-Question	Indicators	Data collection method	Data sources
Financing/Monto Garantizado” been reported in the registry, what is a value more accurately reflected for the indicator and how can this registration be improved?		Financing/Monto Garantizado”	- Key Informant Interviews	- Collateral Registries
IMPACT				
6.To what extent has the ST program helped to improve the MSME and FIs sectors??		- Extent to which the ST program helped to improve the regulatory framework - Stakeholders satisfaction	- Document Review - Key Informant Interviews	- Regulatory framework - Interviews with FIs - Interviews with MSMEs - Interviews with national stakeholders
7.To what extent did the ST Program produce positive or negative, intended or unintended, higher-level impacts ?		-Evidence that the intervention produced the intended impacts		-
8.What has happened as a result of the ST Program? What real difference has the intervention made to the beneficiaries?	a. Why the MSMEs applied for a loan or not? What did MSMEs use as collateral? How many times did MSMEs apply for loans and what were the reasons to deny a loan?	- Example of ST Program results (effectiveness) - Stakeholders’ satisfaction (including MSMEs) - Number of new registrations in the collateral registry	- Document Review - Surveys - Key Informant Interviews	- Interviews with FIs - Interviews with MSMEs - MSMEs E-Survey - Collateral Registry

Evaluation questions	Sub-Question	Indicators	Data collection method	Data sources
		<ul style="list-style-type: none"> - Number of times MSMEs have applied for loans and credits - Number of times that MSMEs have use movable collateral to apply for loans and credits 		
9.To what extent can the changes observed at the FI and SME level be attributed to the ST Program?	9.1 To what extent have FIs increased their use of secured transactions?	<ul style="list-style-type: none"> - Number of loans and credit products obtained by MSMEs through FIs and NBFIs - Number of MSMEs obtaining loans and credit products from FIs and NBFIs. 	<ul style="list-style-type: none"> - Surveys - Key Informant Interviews 	<ul style="list-style-type: none"> - FI E-Survey - Interviews with FIs - Interviews with National stakeholders
	9.2 What changes can be observed in the lending behavior of FIs?	<ul style="list-style-type: none"> - Number of loans and credit products obtained by MSMEs through FIs and NBFIs - Number of MSMEs obtaining loans and credit products from FIs and NBFIs. 	<ul style="list-style-type: none"> - Surveys - Key Informant Interviews 	<ul style="list-style-type: none"> - FI E-Survey - MSMEs E-Survey - Interviews with FIs - Interviews with National stakeholders
	9.3 What has changed in the characteristics of the clients that the banks are serving?	<ul style="list-style-type: none"> - Stakeholders satisfaction (including MSMEs) 	<ul style="list-style-type: none"> - Surveys - Key Informant Interviews 	<ul style="list-style-type: none"> - FI E-Survey - Interviews with FIs - Interviews with National stakeholders

Evaluation questions	Sub-Question	Indicators	Data collection method	Data sources
	9.4 What are ongoing challenges/barriers that FIs face to introducing ST lending?	- Stakeholders satisfaction (including MSMEs)	- Surveys - Key Informant Interviews	- FI E-Survey - Interviews with FIs - Interviews with National stakeholders
	9.5 What are contributing factors to the behavioral change?	- Stakeholders satisfaction (including MSMEs)	- Surveys - Key Informant Interviews	- FI E-Survey - MSMEs surveys - Interviews with FIs - Interviews with MSMEs
RELEVANCE				
10.	To what extent was the ST program relevant to the country context, policies, priorities and needs of the beneficiaries at the time of program design and in today's context?	- Stakeholders satisfaction (including MSMEs)	- Key Informant Interviews	- Interviews with MSMEs - Interviews with FI - Interviews with National Stakeholders - Interviews with IFC and SECO
11.	What has been the degree of 'buy-in', participation, ownership and contributions by the different stakeholders?	- Stakeholders satisfaction (including MSMEs)	- Key Informant Interviews	- Interviews with MSMEs - Interviews with FIs - Interviews with National Stakeholders - Interviews with IFC and SECO
SUSTAINABILITY				
12.	To what extent did the ST program help build sustainable national, regional and local institutional capacity?	- Stakeholders satisfaction (including MSMEs)	- Key Informant Interviews	- Interviews with MSMEs - Interviews with FIs - Interviews with National Stakeholders

Evaluation questions	Sub-Question	Indicators	Data collection method	Data sources
				- Interviews with IFC and SECO
13. To what extent has the ST program initiated appropriate strategies to ensure the sustainability of benefits and results?		- Stakeholders satisfaction (including MSMEs)	- Key Informant Interviews	- Interviews with MSMEs - Interviews with FIs

ANNEX II: ADDITIONAL METHODOLOGICAL DETAILS

Evaluation Object and Scope

As explained in the ToR, the overall objective of this assignment is to conduct an independent evaluation of the impact of the activities of the STCR Program on the MSME sector in Colombia, as well as other key beneficiaries and stakeholders.

This evaluation was to build upon the activities and process initiated by IPA in 2014 and sought to understand whether the changes observed at the FI and MSME levels could be attributed to the Secured Transactions Reform.

The initial intention was for this approach to be implemented based on counterfactual causal inference. The evaluation was to isolate the effects of the intervention from any other changes that might have affected Colombian MSMEs at the moment of the reform. Variables included in the baseline and end-line surveys of FIs that would have allowed for a rigorous comparison included:

2. Extent to which FIs use secured transactions;
3. Changes in the lending behaviour of FIs;
4. Characteristics of the clients the banks would be reaching;
5. Ongoing challenges / barriers that FIs face to introducing secured transactions lending;
6. Contributing factors to the behavioural change.

In addition, during phase II, the Program has identified problems with data being reported in the registry for the indicator, Value of Financing Facilitated/*Monto Garantizado* (VFF). Hence, the ToR identified as a special objective of the evaluation to analyze the data for this specific indicator to identify and execute a methodology to arrive to a more accurate estimation for this specific indicator. The objective was to assess *the data* generated and collected through this indicator for accuracy. The evaluation report, based on the assessment, is presenting an estimated accurate value. The ET provides below recommendations on how to better capture data for this indicator.

Evaluation Scope of Work

Although the scope of work was centred on the evaluation of phase II of the Colombia ST Program, focusing on the impact, in order to do so, the inter-relatedness of the activities of Phase I and Phase II was recognized and reflected in the overall results framework for the Program against which this evaluation was conducted. The scope of work also integrated an analysis of the strengths, weaknesses and the lessons learned from the Program. An important component of the evaluation consisted of a phone survey process with both MSMEs and FIs, complemented by a limited number of in-depth interviews with each type of overall stakeholders and partners and with a subset of three MSMEs and three FIs. Hence, the evaluation was centred on the period between 2015 and early 2021.

Evaluation approach and Methodology

Based on the *Scope of Work* defined in the ToR, on the presentation of the ToC and on initial discussion with IFC teams and other partners, the ET has prepared and presented in the IR an approach, a

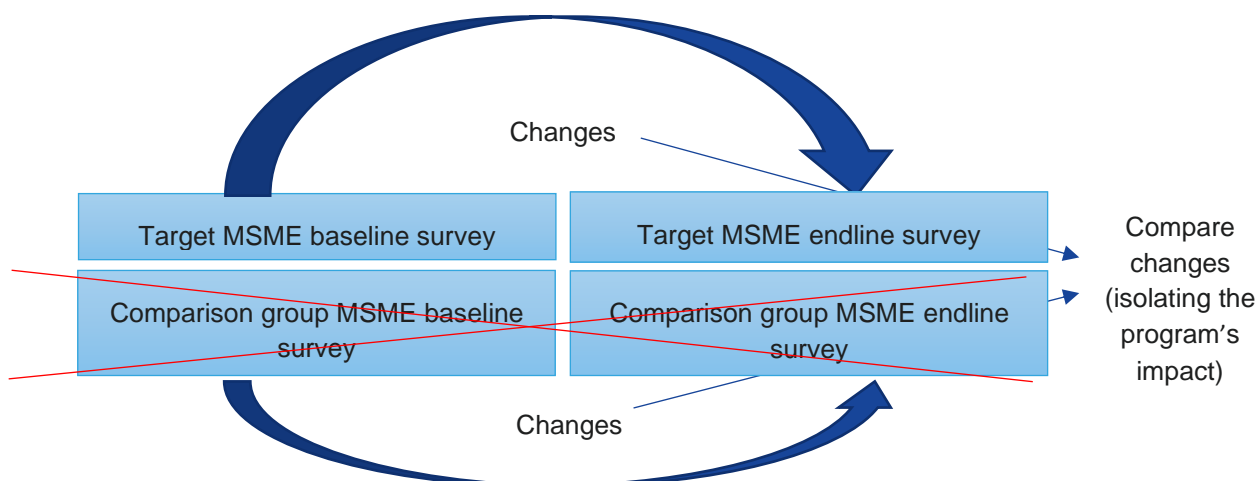
methodology and sampling models that differed from the initial plan to conduct an RCT, fully using the 1,126 MSME baseline study dataset.

The main reason for this change was that the training and awareness-raising efforts that were planned to take place with half the companies of the IPA baseline dataset (the other half being the comparison group) did not take place, meaning that all the companies of the dataset were equally susceptible to have received the same level of exposition.

Also, in its second phase, IFC was to focus its action on the credit supply side, working with the FIs. More work was also needed with other stakeholders such as judges and Chambers of commerce to ensure the institutional context would allow for more use of the ST system by both FIs and MSMEs. The reasoning behind this decision was that if demand started increasing before the FIs had developed movable assets financial products adapted to MSMEs' needs, there was a risk that MSMEs' confidence in the reform would be negatively affected. As a response, the evaluation refocused its approach towards assessing the extent to which the overall institutional and regulatory context was sufficiently prepared and solid to allow the ST system's expansion in the country. In addition, the evaluation set-out to understand the changes on the supply side of the ToC (financial institutions), the extent to which the awareness raising work with the FIs generated results. Finally, the evaluation team looked into the results achieved concerning the FI's development of asset-based lending products. In this context, the evaluative process put less emphasis on the demand side of the ToC (i.e. the use of the system by MSMEs in obtaining credit).

Applying an RTC would have allowed attributing the changes observed at MSME level to the Program. However, as there is no comparison group, the full attribution of the observed changes to the Program would have been difficult. The figure below depicts the logic behind the RCT approach and the fact that one portion of this logic is missing to allow for the process to fully work.

Figure 2: RCT Impact Evaluation Approach and Challenges in the Present Context



As in all such evaluations, an important aspect of the methodology is determining the impact variable. In other words, the ET needed to define the impact that the program is trying to reach so it can be measured.

In the present case, as demonstrated in ToC above, the program's evaluated impacts are "stronger MSMEs and FIs' sectors." The project intended on achieving these impacts by increasing the chances of the MSMEs of obtaining loans and credit. This was what the ET proposed to assess: "the number of MSMEs obtaining loans and credit products from FIs and NBFIs." Using this indicator—and obviously others, related to "lower" levels of the logic model outcomes for contextualization and understanding of the process—the ET compared the differences between datasets from the present evaluation's survey and from the baseline study. The differences observed in terms of access to loans and credit, which would need to not have been obtained through the use of movable collateral, was analyzed through both the MSME and FIs' responses to the surveys and interviews as well as through the use of the Registry data. The analysis, compared to a more traditional RCT impact evaluation methodology, looked more broadly at the context in which the changes took place.

To ensure the evaluative analysis had more depth, the ET also suggested adding other indicators, which created a new evaluation design scenario. To go beyond the dichotomic analysis of the MSMEs using movable collateral and those that have not and compare differences, the ET also used the following indicators: "the number of times MSMEs have applied for loans and credits," "the number of loans and credit products obtained by MSMEs through FIs and NBFIs" and "the number of times that an MSME have used movable collateral." This brought a continuity to the analysis where the effect of the use of the movable collateral was tested overtime. This was also a way of bypassing the Covid-19 situation as the analysis spanned further in time (i.e. 2019) when the pandemic was not yet present. Finally, the idea was to look into differentiating between MSME that "applied" to loans and MSME that "obtained" the loans. This means that the ET was to be able to investigate if there is an impact over the "applied" variable, even if the one over the "obtained" variable is not observed. The baseline study has included these two variables.

Initially, to further nuance the analysis, the ET had thought of trying to link the MSMEs dataset with the FIs where they have applied for loans and cross-check, to the extent possible, if these FIs were part of the more extensive IFC training work conducted recently or not. This was thought of as a potential attribution analysis route although with the exception of the earlier, 2016 work with FIs, the more hands-on IFC support with these partners has only just recently begun.

To set an evaluation framework, the ET proposed the following categories to facilitate the estimation of the impact based on the data available in the baseline data:

T1: MSMEs who have never applied for loans.

T2: MSMEs who have applied for loans but did not obtain one.

T3: MSMEs who have applied for loans and obtained one or more without using movable collateral.

T4: MSMEs who have applied for loans and obtained one or more using movable collateral.

The ET assessed the Program's differentiated success on the different groups.

At a technical level, in the absence of the RCT option, the ET used the ToC to assess, link by link, the potential contribution of the program to the observed impact. In other words, as there is no comparison group which would allow to isolate the contribution of the program's actions to the impact, the ET used the logic behind the ToC and tested it using real-world data collected during the evaluative process. An

additional component of the approach is linked to the ET's capacity to compare, to a certain extent, the present evaluation's data with that collected during the baseline study.

In this context, the ET used an evaluation design that sought to compare the data collected through a phone survey with a sub-sample of the 1,125 MSMEs involved in the baseline study (i.e., 200 MSMEs), with the data from the study. The ET initially suggested the reduced sample for 2 reasons:

- Reaching potential respondents through a phone survey process is in normal circumstances not an easy task. In the present case, many of those involved in the baseline study have been even harder to reach for a variety of reasons, including the fact that some have gone bankrupt, others disappeared and/or that the contact information of these MSMEs have changed. Additionally, much of the contact information is linked to offices; in the context of the pandemic, much of the workers are at home and thus the response rate has shown to be really low. It is to be noted that reaching FI representatives has proven to be as difficult or even harder; and
- As the bulk of the work accomplished through the program has been directed towards other-than-MSMEs stakeholders, the ET considers collecting more data and information on institutional partners and FIs through KIIs and the phone survey allowed for the evaluation to distill more valuable information.

The COVID-19 pandemic has deeply influenced the methodology presented in the IR, with no field mission possible, and all data collection processes taken place remotely. This remote approach has generally been successful, with no particular issue regarding the planning and conduction of KII with IFC and its partners. The national team member played a key role in contacting and setting meetings, as well as supporting all processes related to data collection.

The Covid-19 pandemic also influenced the overall approach to data collection and analysis—and more specifically the impact assessment segment of the assignment—because, as an unprecedented external shock to the economy, it has and continues to distort the program targeted FIs' (economic and financial) situations as well as those of the MSMEs. Through normal impact evaluation methodologies, evaluation teams always need to single out the effect of a program or a project on the changes observed from all other variables that can influence these changes. However, in the present case, doing so with the Covid-19 variable, which has a more-than-usual impact intensity on the evaluated object, the ET had to refine its analysis methods. The subsections below present details on how the team did so. Overall, the main approach will be to compare the data over time, including the Registry data, which has proven to be very useful and important, and the present survey data with that of the 2015 baseline surveyed MSMEs.⁵⁸

Limitations and Modified Evaluation Approach

This section explains the approach developed by the ET, slightly modified with regards to the initial plan. The ET considers that this approach allowed to make the best estimate of the extent to which the STCR Program has produced the intended changes at the FI and MSME levels, considering the limitations the evaluation faced. In addition, the approach helped identify the factors that positively or negatively influenced the magnitude and direction of the outcomes and impacts.

- On the phone survey questionnaire

⁵⁸ Please see subsection 3.2 below for more details.

The ET, with the support E-Valuar, the Colombian company hired to carry out the phone survey, designed a phone survey directed towards MSMEs, aiming at collecting information on practices related to loans and barriers related to guaranteed credit transactions. The MSME questionnaire had an approximate duration of 40 minutes.

The initial approach has quickly presented unexpected inconveniences that have forced the ET to work on a modified approach.

- First phase of the phone survey

The E-valuar team of data collectors were trained on February 12th, while the pilot phase of the survey started on February 15th. As early as the first week, E-valuar informed the rest of the team that results were disappointing in terms of response rate.

The limitations encountered were mainly related to the contact information list of MSMEs provided by IPA. E-valuar faced a high number of failures or rejections in their attempts to reach the MSMEs present on the list. Of the 1,126 MSMEs contacted that participated in the baseline study in 2014, only 54 agreed or were available to participate in the survey, corresponding to 5% of the dataset, while 329 (representing 29% of the total) were contacted but did not take the survey. The rest (743-66%) could not be reached at all due to wrong contact numbers or the absence of response.

Table 1. Result of baseline database management.

		TOTAL	%
1	Effective Surveys	54	5%
2	Contacted	329	29%
3	Not Contacted	743	66%
	Total	1126	100%

The main reasons for not reaching the companies were linked to phone numbers not functioning, the impossibility to find the right person of the company to answer the survey and the lack of time available to respond the survey. Some respondents, even if they had been using credits with movable assets, were not familiar with the concepts and did not want to take the risk of answering the survey and to share sensitive financial information. Many of the companies reached-out to (225) have filed for bankruptcy.

On March 23rd, the ET received from Confecámaras a full set of data from the Registry linked to 26 variables, including contact information. In order to compensate for the low number of responses from the IPA dataset, the ET decided to use the register to find more MSMEs to respond to the phone survey. In other words, the population of MSMEs to which the ET had access was expanded beyond the IPA baseline study contact list.

In order to proceed with this new sampling, it was decided to exclude from the sampled companies those categorized as 'large' and those who relied on vehicles as a guarantee. After such exclusion, a total of 1,352 MSMEs were selected for the second phase of the phone survey with MSMEs.

- The final sample

As a result of the very lengthy process, phone surveys were carried out from February 15th to May 7th – and the low response rate, the decision was taken to include a random selection of surveys from the 1,352 registry MSMEs, in order to complete the initial sample.

Indeed, the fact that all MSMEs in the three targeted cities (Bogota, Cali and Medellin), and even at the national level for that matter, have been exposed to the same level of information concerning the enactment of the new ST system makes the approach of using outside IPA baseline datasets contact information possible. In addition, none of the MSMEs have received specific training from IFC on ST systemwide procedures linked to the reform and new lending practices of the FIs.

- **Case Studies**

The ET has prepared 6 case studies to complement and illustrate the information contained in the report and provide an in-depth vision of how interested organizations have gone through the process of adapting their ways of working as a result of the ST reform. Companies' selection for the case studies aims at reflecting the diversity of situations and was validated by IFC. Three FIs were selected according to their relevant participation in the project. Three MSMEs were randomly selected among the 62 companies surveyed during the first phase of the phone survey⁵⁹. Since they appear in the registry, all have benefited from the ABL.

On March 23rd 2021, the ET received a full set of data from the registry linked to 26 variables, including contact information of MSMEs, from Confecámaras. In order to compensate for the low number of responses from the IPA dataset, the ET, in consultations with IFC, decided to use the registry to find more MSMEs to respond to the phone survey. In other words, the population of MSMEs to which the ET had access was expanded beyond the IPA baseline study contact list.

Methodology

Although the evaluation methodology focused, as requested, on the impact level, in the context described above, the data-gathering methods (other than the phone survey) also addressed immediate and intermediate outcomes.

Data Collection Strategy (Data Gathering Methods) and sources

The ET undertook a thorough review of the STCR program's reports⁶⁰, articles and publications about the program. In addition, an important part of the document review was oriented towards analyzing the data within the registry database. IFC requested Confecámaras to provide access to the raw data within this database which allowed to go beyond the information contained in the registry reports. Indeed, by using the raw data, more evidence became available to address some of the impact indicators mentioned above in addition to other possibilities its analysis generated to triangulate findings at all other levels. The information gathered through document review was completed with input from the implementers'

⁵⁹ The stratified sampling for the selection was made in such a way to guarantee diversity in terms of locations (one company in each of the three main cities), sector (manufacture, commerce, services), coverage (local, regional, international), and size (micro, small and medium-sized company).

⁶⁰ Mainly the Project Supervision Report (PSRs) as well as the Semi-Annual Progress Reports to SECO on the IFC Advisory Programs in Latin America and the Caribbean.

program teams, partners and beneficiaries through interviews to increase the thoroughness, credibility and validity of the information collected.

Document Review

Literature searches provided background material on issues such as relevant Colombian MSMEs' and FIs' development contexts and key issues and challenges for strengthening the financial sector and enhancing access to credit for the private sector.

Document reviews of relevant available IFC and SECO reports provided a historical perspective on STCR and helped identify key issues to be assessed.

Key Informants Interviews (KIIs).

In addition to interviewing IFC and SECO representatives, the ET carried out in-depth interviews for a smaller subset of MSMEs and FIs (identified and agreed upon with IFC). The interviews with FIs were conducted with the financial expert from the ET present. These interviews were evenly distributed between Bogota, Cali and Medellín. These interviews were used as inputs to the six-case studies of project partners (3 SMEs and 3 FIs) that have benefited from the project. The selection of the case studies was conducted in close consultation with IFC.

Furthermore, interviews were conducted with each of the institutional stakeholders identified in subsection 1.2.1 above where a stakeholder mapping is presented.

Phone Survey

The ET, through its collaboration with E-Valuar, conducted the phone survey with a sample of MSMEs and with FIs as demonstrated above.

Process



1) Inception phase

Step 1: Start-up meetings and preliminary document and literature review

An official meeting to kick off the evaluation process took place on October 2nd. In addition to allowing for all parties to present themselves, the start-up meeting helped the ET better understand the evaluation object and scope; set the work plan, timeline and next steps; and refine the details around roles and responsibilities. These clarifications have been taken into consideration during the development of the IR and throughout the evaluative process. In addition, further discussions have been held with representatives from Confecámaras as well as IPA to understand the full process that took place during the baseline study as well as during implementation. Two additional discussions took place with the IFC team to agree on the scope and details of the methodology to be used. IFC also supported the coordination of communications and the process to gain access to additional information, including the baseline data, full report, methodology and eventually, the baseline 1,125 MSMEs and 19 FIs contact information and registry database. IFC also helped the ET in trying to generate higher response rate from the FIs in the phone survey.

The purpose of the document review was to familiarize the ET with the project, main stakeholders and partners, beneficiaries and results achieved to date.

Step 2: IR and Development of Data Collection Tools

The IR provided a detailed presentation of the approach the ET used to evaluate the STCR Program and the extent to which it has impacted MSMEs and FIs. It guided the evaluation and outlined the methodology in detail.

Based on the methodology, data gathering tools have been developed: i) a document review data collection matrix (an internal document used by the ET); ii) draft interview protocols, iii) phone survey questionnaires. The tools were used to *standardize* the data collection processes, all the more for the phone survey process, during which the strict use of the questionnaires was fundamental to allow for full-fledged statistical analysis. However, the content of the interview protocols was only indicative, as depending on the respondents, ad hoc questions and downstream discussions arose during interview sessions.

The IR was submitted for validation of its content by IFC. This was intended to facilitate the participation of relevant stakeholders in the evaluation process and created an opportunity to collectively question the logic and the viability of the process.

IFC's comments on the draft IR allowed the ET to adjust, finalize, fine-tune, and polish the evaluation process, leading to the final version of the document.



2) Data Collection Phase

Step 3: In-depth desk review

The in-depth desk review allowed for data to be collected prior to the implementation of the other lines of enquiry. As mentioned above, the analysis of the registry database was central to step three's processes which took place throughout phase two.

Step 4: Interviews with key stakeholders and beneficiaries

The ET relied heavily on the support of IFC, as well as IPA and Confecámaras, for support in reaching out to all selected potential respondents for KIIs and potentially for further support in terms of the phone surveys.

Step 5: Phone surveys

The surveys have been designed and used to obtain quantitative data to evaluate the impact of the program. The E-valor Colombian consulting firm conducted a total of 200+ phone surveys. Details about the process can be found in annex X below as well as in subsection 2.1.

Data Analysis

The impact evaluation portion of the assignment was mainly conducted through the analysis of the phone survey and registry data. This phone survey data was compared to the data generated in 2015 during

the baseline study and the differences will be analyzed through different means. This analysis helped identify the trends in these differences, hence determining the existence of program impact of the program.

The rest of the analysis and the contextualization explaining the impact was derived from the triangulation of data and information from all sources. The present section 3 describes how the ET has designed an approach that integrated complexity-responsive evaluation methodologies. The ET constructed ToC (See subsection 1.2.1 above), once discussed, adapted and finalized in cooperation with IFC, was used by comparing how the intervention was expected to bring about the changes and results (impact) to the reality observed (the data collected). The results chain (or logic model) helped uncover key assumptions and enabling factors which allowed to examine what factors were important in the program's effectiveness and impact. The ToC approach, obviously coupled with the impact evaluation approach and calculations, allowed for a systematic cause and effect analysis to be conducted in order to make credible claims about results achieved by the STCR program support. Information collected during the interviews with key stakeholders and beneficiaries served to complete the set of data about the intervention and how it worked, as well as allowed for cross-checking data from multiple standpoint (triangulation).

Table 2—Triangulation Matrix

Criteria, Questions/Sub- questions and Indicators	Data and Findings from Different Lines of Evidence			Findings
	Document Review	Interviews	Phone surveys/OLS	
<i>2. Impact</i>				
Question 1—"n"				
Indicator 1—"n"				
<i>Impact Conclusions</i>				
<i>3. Effectiveness</i>				
Question 1—"n"				
...				

As mentioned in the ToRs, the ET submitted the following deliverables (all reviewed and approved by IFC).

- (1) A work plan with defined milestones and activities associated with each milestone.
- (2) Data collection tools, including survey questionnaires and interview protocols, etc. developed for carrying out activities.
- (3) The IR, containing the impact evaluation approach, methodology, indicators and variables for the assessments of results (outcome, impact, and cost effectiveness), survey sample estimates, work plan and logistics.
- (4) Final clean survey datasets including data code book/dictionary.
- (5) Draft report of preliminary findings, for review by the secured transactions and M&E program teams. On the basis of the analysis described above, a draft evaluation report was developed through which the ET shared the initial findings—backed by evidence—conclusions, recommendations, and lessons learned with IFC relevant representatives (as well as who IFC

chooses to share it with) for feedback. The qualitative information supported, nuanced, explained, and exemplified the impact and outcomes observed (or not). The qualitative information collected as supporting evidence to the findings was presented using a simple, straightforward, and efficient benchmark:

- All respondents said ...;
 - The majority of respondents said ... (~ more than 75%);
 - Many respondents said ... (~ more than 50%),
 - Some respondents said ... (~between 25 and 50%),
 - A few said ... (~ less than 25%); and
 - One respondent said... (This will probably not be used because if only one person mentioned the information, it cannot be considered as evidence, unless it is fully triangulated with other sources of data.)
- (6) Final report (incorporating comments from IFC teams), which will include the following:
- Executive summary⁶¹
 - Detailed findings on the impact of phase II of the Colombia secured transactions program.
 - Detailed findings on the strengths and weaknesses of the Colombia secured transactions project.
 - Case studies for MSMEs and FIs. These are presented in annexes and references to them are made in the main text of the report.
 - The selection of the case studies was done in close consultation with IFC:
 - Three short case studies of specific MSMEs.
 - Three short case studies of benefits to FIs to capture the impact of the project on these institutions.
 - Each case study includes, at least, the following information:
 - A description of the FI/MSME and its regular activities (context);
 - How the FI/MSME has participated in the project, received support and information from the IFC and other organizations;
 - What have been the main results in terms of new products, credit/loans, new clients;
 - The barriers and challenges that were faced in the application of the policy;
 - The impact of the ST regulations and related activities on its loan/credit activities and behaviour;
 - Key lessons learned and the way forward; and
 - Interviews and quotes (if relevant).

⁶¹ As per the IFC Access to Information Policy, IFC has requested a version of the Executive Summary that is eligible for public disclosure (redacted for any client sensitive or confidential information).

- Detailed results from the triangulation of document review, survey, and interview processes with clients and beneficiaries, WBG staff, technical partners and implementing consultants.
- Detailed findings on the strengths and weaknesses of IFC's overall secured transactions program.
- Concrete recommendations for adjustments to the STCR Program in the future with a focus on replication of the Colombian reform in LAC and other regions.
- Annexes with lists of people interviewed, list of documentation and literature reviewed for the evaluation, results of surveys/interviews, official data collected, tools/survey instruments, or other technical information to support the evaluation.

Before the delivery of the draft report, the consultant/s made a presentation to summarize the preliminary findings, conclusions and recommendations, with a focus on the key impact of the project.

Quality Assurance

The team leader was in charge of providing oversight and reviewing the evaluation process and all tools and reports, ensuring the validity, consistency, and accuracy of data throughout analysis and reporting phases. The quality of deliverables was further supported by the services of a dedicated QA advisor, in addition to the core team members.

The ET quality assurance, in the form of all deliverables review processes by Ms. Marta Becker, hired for this specific purpose, ensured that findings, conclusions and recommendations were based on sound and robust evidence. In addition, the team followed at all times recognized best practices and standards in conducting the evaluation. The UNEG "Norms and Standards for Evaluation" guided the team's work throughout the evaluation. During the process, the following principles and quality criteria, which are in keeping with the OECD-DAC, shaped the team's approach: independence, credibility, participation, transparency, utility. After the draft report was submitted, IFC provided feedback, comments, and questions. The ET integrated relevant feedback and submit the final evaluation report, supplemented by an audit trail and an executive summary.

Limitations to the Evaluation Process

Overall, the evaluative process was successful. Based on a thorough review of the documents and consultations with IFC, key project data was available, reliable, and of good quality. These documents allowed the ET to understand the changes that were made to the program's structure and logic. The evaluation relied on data contained in program reporting and the ET considered them useful.

- The Need to Reconstruct the STCR Performance Framework

To ensure the impact evaluation moved forward in an effective manner, utilizing best-practice methods, the ET established and articulated a performance framework for the full STCR Program (the ToC presented above). This is because effective evaluations are guided by evaluation methodology that is based upon clear performance indicators for the initiative being evaluated.

The ToC refers to a logical and sequential mapping of a 'result chain' showing the relationship between activities of an intervention, or program, such as the STCR (upon investment of resources), and the consequential set of expected results over time—in the near term (outputs), which enable the

accomplishment of medium-term strategic results (outcomes), and ultimately, longer-term ‘impact’ results aligned with the program’s higher level strategic objectives, such as the strengthening of the financial and MSME sectors in Colombia and regionally.

An important feature of mapping this result chain (also called a ‘logic model’) is the ability to select and articulate specific sets of performance indicators for each link along the results chain, for tracking and monitoring purposes. This is especially important to build the case of plausible attribution between near-term activities and long-term impacts. Building this case is critical because long-term impact is the most challenging result to measure scientifically, in isolation; and yet, this impact is of paramount interest to funders and stakeholders alike, as it reflects the core *raison d’être* for the program itself and is the objective of this assignment.

Based upon the STCR program information provided, the ET had to develop a high-level Theory of Change (ToC – see section 1.2.1), or results chain, with a selection of relevant performance indicators to ensure a strong methodological approach. The ToC was used to guide the ET’s evaluation methodology and key evaluation questions (KEQs) developed for each evaluation criteria.

A further evaluability challenge for this assignment was the fact that certain Program activities had not yet been completed with respect to some training and awareness initiatives aimed at the FIs to promote the STCR Program.

More generally, the evaluation progressed well although some delays have affected the overall assignment’s timeline. Unfortunately, two of the team’s senior evaluators were tested positive for Covid-19. This hindered the team from moving forward at the planned pace. Nevertheless, the ET continued working on the data collection and analysis processes. In addition, longer delays still have affected the coordination of the methodology as getting access to baseline study and registry data took time.

In terms of availability of documentation and potential respondents for KIIs, overall, everything went smoothly. However, as discussed through email exchanges and remote discussions with IFC, getting the 2014 evaluation data on the methodology and the questionnaires took more than a month and a half and most importantly, the ET still do not have access to the contact information of 1,125 MSMEs and FIs’ involved in the baseline study.

Phone survey process details

- a) **Provided detailed feedback** on the survey design. E-VALUAR will review the MSMEs and FIs questionnaires designed by Baastel, identifying potential bias and suggesting adjustments to wording and length among other elements.
- b) **Design the survey template.** Once approved by IFC, the Word version of the questionnaire will be standardized by E-VALUAR using an online survey platform, Google form. This will be the format filled out by interviewers.
- c) **Elaborate data collection protocols.** E-VALUAR will design protocols to contact surveyed MSMEs, differentiating two moments: scheduling and application of the survey.
- d) **Recruit and train data collection staff.** E-VALUAR will hire interviewers with experience in conducting similar surveys, the majority of which will be personnel who have worked on previous E-VALUAR projects. Training will consist of a one-day workshop with an agenda that includes:

presentation of the STCR Program and the impact evaluation, survey review, practice exercises, review of data collection protocols and administrative issues.

- e) **Conduct the telephone surveys.** Interviewers will be responsible for scheduling and conducting the telephone surveys. Whenever possible, interviewers will try to conduct the interview on the first call, otherwise they will reschedule the appointment chosen by the MSME and FI representatives. The interviewers will have an updated directory with the selected businesses and a sample of replacements in case after eight calls of ineffective contact is not achieved. The ET is waiting for the database which contains the contact information of the baseline MSME and FIs participants to develop the samples. Once the ET has this data, it will coordinate with knowledgeable representatives to reach the right potential respondents for the survey and interviews. Once received, this information will also be used to contact the selected sample of MSMEs and FIs. Each operator will be assigned a subset of the sample which will ensure that the same companies will not be contacted twice. This will in addition allow a more hands-on control of the work done, as the information will be under the full responsibility of the assigned operator.
- f) **Quality control.** Different quality control strategies will be implemented. Surveys will be recorded, and a supervisor will join in a random sample of calls. Following the survey, a supervisor will call a random sample of MSMEs and FIs to inquire about satisfaction with the survey and collect recommendations. Based on recommendations, an improvement plan will be designed and implemented. If necessary, additional training will be given to the interviewers or the staff initially recruited will be replaced.
- g) **Clean the data.** The consistency of the database will be analyzed, identifying errors such as missing data, contradictions in responses and duplicate data.
- h) **Elaborate the statistical tables.** The descriptive statistics of each question of the survey will be tabulated for Baastel's use, in addition to sharing with the evaluators the raw dataset.

ANNEX III: LIST OF DOCUMENTS CONSULTED

- Confecámaras, *Informe Estadístico*. Septiembre 2020.
- Jennifer Barsky, Lat Am FI Colombia (Latin America and the Caribbean) Chile ID: 600865 (Child – Active). AS Implementation Plan.
- IFC, Advisory Services Programs in LAC, Semi-Annual Progress Report, July 1-December 31, 2016
- IFC, Advisory Services Programs in LAC, Semi-Annual Progress Report, January-June 2017
- IFC, Advisory Services Programs in LAC, Semi-Annual Progress Report, July 1-December 31, 2017
- IFC, Advisory Services Programs in LAC, Semi-Annual Progress Report, January 1-June 30, 2018
- IFC, Advisory Services Programs in LAC, Semi-Annual Progress Report, July 1-December 31, 2018
- IFC, Advisory Services Programs in LAC, Semi-Annual Progress Report, January 1-June 30, 2019
- IFC, Advisory Services Programs in LAC, Semi-Annual Progress Report, July 1-December 31, 2019
- IFC, SECO Global reports: FY16, Fy17, FY18, FY19
- IPA, Baseline Study Methodology, Questionnaire and Report.
- SECO-WBG Financial Infrastructure Development Partnership Program

ANNEX IV:

A. Interview Protocol

Evaluation questions	Sub-Question	Indicators
EFFECTIVENESS		
1. To what extent did IFC and its partners provide assistance and direction that yielded greater results than would have been the case without IFC involvement?	What type of support was provided? What satisfied with the support provided? How else was assistance and support provided? How do the different approaches compare?	All respondents
2. What has changed because of the implementation of the program?	Have there been program results that were not anticipated, whether positive or negative? What has changed in the characteristics of the clients your institution serves?	All respondents
3. How have data for the indicator "Value of Financing/Monto Garantizado" been reported in the registry?	Does the data captured in the registry for the indicator allow to accurately reflect the reality?	IFC, SECO and - Confecamaras
4. How is the program reporting on its progress?	Do you consider this M&E process to be adequate and useful? How could this be improved?	All respondents using program progress data and information.
IMPACT		
To what extent has the ST program helped to improve the regulatory framework?	In what ways? Please provide examples.	-National institutional partners (ministries, academic) -IFC, SECO and -Confecamaras
To what extent did the ST Program produce positive or negative, intended or unintended, higher-level impacts in the short, medium and long term?	Do you consider that MSMEs now have better access to credit and loans because they use more frequently movable assets? Is this because of the system reform?	-All respondents.
What has happened as a result of the ST Program? What real difference has the intervention made to the beneficiaries?	Do you consider FIs now offer more and better movable assets related loans and credit products?	- All respondents.

Evaluation questions	Sub-Question	Indicators
To what extent can the changes observed at the FI and SME level be attributed to the ST Program?	What changes can be observed in the lending behaviour of FIs?	- All respondents.
	What has changed in the characteristics of the clients that the banks are serving?	
	What are ongoing challenges/barriers that FIs face to introducing ST lending?	
	What are contributing factors to the behavioral change?	
RELEVANCE		
To what extent was the ST program relevant to the country context, policies, priorities and needs of the beneficiaries at the time of program design and in today's context?	Specifically, for you and your organization, is the program relevant? With what needs and priorities does it align specifically?	All respondents
What has been the degree of 'buy-in', participation, ownership and contributions by the different stakeholders?	What made you specifically decide to get involved in the program?	All respondents
SUSTAINABILITY		
To what extent did the ST program help build sustainable national, regional and local institutional capacity?	What would happen if the program were to end now and no phase III would follow? What would remain? What would be lost?	All respondents
To what extent has the ST program initiated appropriate strategies to ensure the sustainability of benefits and results?		- National institutional partners FIs IFC & SECO

B. Survey Questionnaire

Encuesta dirigida a micro, pequeñas y medianas empresas

Agradecemos su participación en la evaluación del Programa Operaciones garantizadas y registros de garantías. La duración de la encuesta es de 15 minutos en promedio.

Sus respuestas son confidenciales y serán analizadas a nivel global con fines estadísticos, respetando y

aplicando el marco legal colombiano de la Ley 1581 de 2012 (Habeas Data), por lo cual no revelaremos su información personal de ninguna forma sin su autorización explícita.

Si tiene alguna duda, comuníquese al teléfono del Gerente del proyecto, Hugo Navarro en E-VALUAR SAS: 316-447-7779.

A. Encuestador: ¿Qué tipo de encuesta es? *

Marca solo un óvalo.

Encuesta con cita previa Encuesta con única

llamada

1. ¿Acepta participar en esta encuesta? *

Marca solo un óvalo.

Sí Ir a la pregunta 3

No Ir a la pregunta 42

2. Para efectos de supervisión de la encuesta, ¿Acepta que esta llamada se grabada? *

Marca solo un óvalo.

Sí

No

Identificación de la empresa

101. Nombre de la empresa

102. NIT de la empresa

103. Matrícula mercantil de la empresa

No diligenciar

104. Ciudad donde está localizada la sede principal de la empresa *

105. Nombre y apellido del/de la encuestado/a *

106. Cargo que ocupa dentro de la empresa *

Marca solo un óvalo.

Representante legal Gerente general

Gerente financiero

Responsable financiero o contador Otros:

2. Descripción de las actividades de la empresa

201. ¿Cuál de las siguientes opciones describe mejor la actividad principal de la empresa? *

Validar con el archivo en excel o leer todas las opciones

Marca solo un óvalo.

1. Industrias manufactureras

2. Construcción

3. Comercio al por mayor y al por menor; reparación de vehículos automotores y motocicletas

4. Transporte y almacenamiento

5. Alojamiento y servicios de comida

6. Información y comunicaciones

7. Agricultura, ganadería, caza, silvicultura y pesca

8. Minas y canteras

9. Otros servicios

202. A 31 de diciembre de 2020, la empresa tenía presencia: *

Opción múltiple

Selecciona todas las opciones que correspondan.

10. Internacional

11. Nacional

12. Regional

13. Local

203. En qué segmento de tamaño empresarial está clasificada su empresa. *

Marca solo un óvalo.

14. Microempresa

15. Empresa pequeña

16. Empresa mediana

17. Gran empresa

204. ¿A cuál de los siguientes rangos correspondía el valor total de los ACTIVOS de la empresa a 31 de diciembre de 2020? *

Pesos colombianos

Marca solo un óvalo.

18. Menos de \$45.000.000 (cuarenta y cinco millones de pesos)

19. Entre \$45.000.000 (cuarenta y cinco millones de pesos) y \$30.000'000.000 (treintamil millones de pesos)

20. Más de \$30.000'000.000 (treinta mil millones de pesos)

205. ¿A cuál de los siguientes rangos correspondía el valor total de las OBLIGACIONES financieras de su empresa a 31 de diciembre de 2020? *

Pesos colombianos

Marca solo un óvalo.

21. Menos de \$45.000.000 (cuarenta y cinco millones de pesos)

22. Entre \$45.000.000 (cuarenta y cinco millones de pesos) y \$30.000'000.000 (treintamil millones de pesos)

23. Más de \$30.000'000.000 (treinta mil millones de pesos)

206. ¿Esta empresa hace parte de un grupo empresarial? *

Marca solo un óvalo.

Sí

No *Ir a la pregunta 17*

207. ¿Cuál es el nombre de ese grupo empresarial? *

Acceso a crédito en 2019

301. ¿En 2019, su empresa solicitó un préstamo o una línea de crédito a una entidad financiadora? *

Marca solo un óvalo.

Sí

No *Ir a la pregunta 23*

302. ¿En 2019, cuántas veces solicitó su empresa préstamos o líneas de crédito? *

Número de veces

303. ¿En 2019, cuántos préstamos o líneas de crédito fueron aprobados a su empresa? *

Este número debe ser menor o igual al número referido en la pregunta anterior

Marca solo un óvalo.

0 *Ir a la pregunta 23*

Otros:

304. ¿En 2019, qué tipo de préstamos o líneas de crédito solicitó su empresa a una entidad financiadora? *

Selecciona todas las opciones que correspondan.

24. Tarjeta de crédito
25. Sobregiros
26. Otras formas de crédito de bancos comerciales y entidades de microfinanzas, financieras no bancarias, como compañías de financiamiento, cooperativas de crédito y ahorro o empresas de financiación y otras organizaciones financieras
27. Ninguna de las anteriores

305. ¿En 2019, cuál fue el valor total de estos préstamos o líneas de crédito aprobados a su empresa? *

Pesos colombianos. Utilice punto (.) para separar miles. Si la respuesta a la pregunta 303 fue mayor a 1, debe sumar todos los créditos.

306. ¿En 2019, qué porcentaje del valor de los préstamos o líneas de crédito recibidos por su empresa fueron otorgados con garantías mobiliarias? *

Marca solo un óvalo.

1 - 20%

21 - 40%

41 - 60%

61 - 80%

81 - 100%

No aplica

4. Acceso a crédito en 2020

401. ¿En 2020, su empresa solicitó un préstamo o una línea de crédito a una entidad financiadora?

*

Marca solo un óvalo.

Sí

No *Ir a la pregunta 29*

402. ¿En 2020, cuántas veces solicitó su empresa préstamos o líneas de crédito? *

Número de veces

403. ¿En 2020, cuántos préstamos o líneas de crédito fueron aprobados a su empresa? *

Este número debe ser menor o igual al número referido en la pregunta anterior

Marca solo un óvalo.

0 *Ir a la pregunta 29*

Otros: _____

404. ¿En 2020, qué tipo de préstamos o líneas de crédito solicitó su empresa a una entidad financiadora? *

Selecciona todas las opciones que correspondan.

28. Tarjeta de crédito
29. Sobregiros
30. Otras formas de crédito de bancos comerciales y entidades de microfinanzas, financieras no bancarias, como compañías de financiamiento, cooperativas de crédito y ahorro o empresas de financiación y otras organizaciones financieras
31. Ninguna de las anteriores

405. ¿En 2020, cuál fue el valor total de estos préstamos o líneas de crédito aprobados a su empresa? *

Pesos colombianos. Utilice punto (.) para separar miles. Si la respuesta a la pregunta 303 fue mayor a 1, debe sumar todos los créditos.

406. ¿En 2020, qué porcentaje del valor de los préstamos o líneas de crédito recibidos por su empresa fueron otorgados con garantías mobiliarias? *

Marca solo un óvalo.

1 - 20%

21 - 40%

41 - 60%

61 - 80%

81 - 100%

No aplica

Uso de garantías mobiliarias por parte de las micro, pequeñas y medianas empresas

501. ¿Usted o alguien de la empresa han sido informados sobre la reforma de garantías mobiliarias, en vigor desde 2013 en Colombia? *

Marca solo un óvalo.

Sí

No *Ir a la pregunta 34*

502. ¿A través de qué medios usted o alguien de su empresa han sido informados sobre la reforma de garantías mobiliarias? *

Selecciona todas las opciones que correspondan.

32. Información Pública

33. Capacitaciones, cursos, conferencias o seminarios organizado por entidades como: Ministerio de Comercio, Bancoldex, confecámaras, cámaras de comercio, fiducoldex, programa de transformación productiva, superintendencia de sociedades, banca de las oportunidades, etc.

Otros:

503. ¿La información que usted o alguien de su empresa recibió sobre la reforma de garantías mobiliarias por esos medios, fue suficiente para tomar decisiones en relación con la o las solicitudes de préstamos o líneas de crédito? *

Marca solo un óvalo.

Sí No

504. ¿Usted o alguien de la empresa ha recibido alguna capacitación relacionada con la reforma de garantías mobiliarias? *

Marca solo un óvalo.

Sí

No Ir a la pregunta 34

505. ¿Fue útil esa capacitación? *

Marca solo un óvalo.

Sí No

506. ¿Desde febrero de 2014, la empresa ha solicitado un préstamo o una línea de crédito con garantías mobiliarias a una entidad financiera? *

Marca solo un óvalo.

34. Sí, una sola vez

35. Sí, entre 2 y 10 veces

36. Sí, más de 10 veces

37. No, nunca Ir a la pregunta 40

507. ¿A la empresa le otorgaron los préstamos o líneas de crédito solicitados con garantías mobiliarias? *

Marca solo un óvalo.

38. Sí, todos los préstamos o líneas de crédito fueron otorgados

39. Sí, algunos de los préstamos o líneas de crédito fueron otorgados

40. No, ninguno de los préstamos o líneas de crédito fueron otorgados

Ir a la pregunta 40

508. ¿Cuáles son los activos mobiliarios que con mayor frecuencia utiliza la empresa como garantía mobiliaria para solicitar un préstamo? *

Leer opciones y marcar máximo 5 activos más usados

Selecciona todas las opciones que correspondan.

41. Vehículos automotores
42. Facturas
43. Adquirencias o flujos futuros
44. Maquinaria y equipo
45. Productos agrícolas, cultivos/plantaciones, ganado, cosecha de peces, etc.
46. Recursos naturales y materia prima (por ejemplo, cobre, minas)
47. Inversiones financieras (acciones y títulos financieros, opciones de acciones y futuros, derivados, etc.)
48. Propiedad intelectual (derechos de patente, marcas registradas)
49. Inventario (por ejemplo, bienes para la venta)
- Otros: _____

509. En general, el valor registrado en el campo “monto máximo de obligaciones garantizadas” del Registro de Garantía Mobiliaria corresponde a: *

Marca solo un óvalo.

50. El valor del préstamo
51. El valor del bien mueble dada en garantía
52. No sabe

510. En general, el valor del préstamo otorgado con garantía mobiliaria a su empresa, en relación con el valor del bien dado en garantía es: *

Marca solo un óvalo.

53. Igual
54. Superior
55. Inferior entre un 75% y menos del 100%

56. Inferior al 75%
57. No sabe

511. Los activos mobiliarios de su empresa se han utilizado como garantía *

Marca solo un óvalo.

58. En un solo préstamo con un único acreedor
59. En varios préstamos con un único acreedor

512. ¿En su experiencia, cuáles de los siguientes desafíos enfrenta su empresa para que le sea otorgado un préstamo con una garantía mobiliaria? *

Selecciona todas las opciones que correspondan.

60. La falta de información sobre los créditos con garantías mobiliarias
61. Las condiciones del crédito que no son favorables
62. Ninguna de las anteriores

513. En una frase, ¿Qué recomienda para que la reforma de garantías mobiliarias produzca mejores resultados? *

Encuesta dirigida a entidades financieras

Agradecemos su participación en la evaluación del Programa Operaciones garantizadas y registros de garantías. La duración de la encuesta es de 15 minutos en promedio.

Sus respuestas son confidenciales y serán analizadas a nivel global con fines estadísticos, respetando y aplicando el marco legal colombiano de la Ley 1581 de 2012 (Habeas Data), por lo cual no revelaremos su información personal de ninguna forma sin su autorización explícita.

Si tiene alguna duda, comuníquese al teléfono del Gerente del proyecto, Hugo Navarro en E-VALUAR SAS: 316-447-7779.

1. ¿Acepta participar en esta encuesta? *

Marca solo un óvalo.

Sí

No Ir a la pregunta 36

Identificación de la entidad

101. Nombre de la entidad

102. NIT de la entidad

103. Matrícula mercantil de la entidad

104. Ciudad donde está localizada la sede principal de la entidad

105. Nombre y apellido de quien responde la encuesta *

106. Cargo que ocupa dentro de la entidad *

Marca solo un óvalo.

1. Responsable de crédito

2. Responsable del área comercial

Otros: _____

107. Tipo de entidad: *

Marca solo un óvalo.

3. Sector Bancario: banco internacional, banco nacional, establecimientos de crédito, compañías de financiamiento comercial.

4. Sector no bancario: cooperativas de crédito y ahorro, fondos de empleados.

5. Sector Real: empresas dedicadas al “factoring” o a “financiación” de maquinaria, supply chain finance, los concesionarios de vehículos

6. Sector de los financiadores gubernamentales: fondos del Ministerio de Hacienda o que hacen acuerdos de pago garantizados como las Superintendencias o la Dirección de impuestos y aduanas nacionales, el Servicio Nacional de Aprendizaje SENA.

Otros: _____

Descripción del portafolio de préstamos

201. ¿En 2020, la entidad otorgó préstamos o líneas de crédito a empresas Mipymes y grandes empresas? * Microempresas, Empresas Pequeñas, Empresas Medianas y Grandes Empresas

Marca solo un óvalo.

Sí

No

Ir a la pregunta 23

202. ¿En 2020, cuántos préstamos o líneas de crédito otorgó su entidad a Mipymes y grandes empresas? *

Número total de préstamos o líneas de crédito

203. En 2020, cuántos préstamos o líneas de crédito otorgó su entidad a los siguientes tipos de empresa:

Número de préstamos o líneas de crédito

203a. Microempresas *

203b. Empresas pequeñas *

203c. Empresas medianas *

203d. Grandes empresas *

204. ¿En 2020, cuál es el VALOR TOTAL de los préstamos o líneas de crédito otorgados por su entidad a Mipymes y Grandes empresas? *

Valor total en pesos colombianos

205. En 2020, cuánto fue el VALOR TOTAL de los préstamos o líneas de crédito otorgados por su entidad a los siguientes tipos de empresa:

Valor total en pesos colombianos

205a. Microempresas *

205b. Empresas pequeñas *

205c. Empresas medianas *

205d. Grandes empresas *

206. ¿En 2020, la totalidad de los préstamos o líneas de crédito otorgados por su entidad a Mipymes y Grandes empresas fueron con garantías mobiliarias? *

Marca solo un óvalo.

Sí Ir a la pregunta 23

No

207. ¿En 2020, cuántos préstamos o líneas de crédito con garantía mobiliaria fueron otorgados por su entidad a Mipymes? *

Número de préstamos o líneas de crédito

208. ¿En 2020, cuánto fue el valor total de los préstamos o líneas de crédito con garantías mobiliarias otorgados por su entidad a Mipymes? *

Valor total en pesos colombianos

3. Productos ofertados a las Mipymes a partir de la reforma de garantías mobiliarias

301. ¿Usted o alguien de la entidad han sido informados sobre la reforma de garantías mobiliarias, en vigor desde 2013 en Colombia? *

Marca solo un óvalo.

Sí

No Ir a la pregunta 31

302. ¿A través de qué medios usted o alguien de la entidad han sido informados sobre la reforma de garantías mobiliarias? *

Selecciona todas las opciones que correspondan.

1. Información Pública

2. Capacitaciones, cursos, conferencias o seminarios organizado por entidades como: Ministerio de Comercio, Bancoldex, confecámaras, cámaras de comercio, fiducoldex, programa de transformación productiva, superintendencia de sociedades, banca de las oportunidades, etc.

Otros: _____

303. La información que usted o alguien de su entidad recibió sobre la reforma de garantías mobiliarias por esos medios, fue suficiente para:

303a. ¿Tomar decisiones en relación con las solicitudes de préstamos? *

Marca solo un óvalo.

Sí No

303b. ¿El desarrollo de productos de crédito basados en garantías mobiliarias? *

Marca solo un óvalo.

Sí No

304. ¿El equipo de préstamo de la entidad ha recibido alguna capacitación relacionada con la gestión de riesgos y la estructuración de préstamos para operaciones garantizadas? *

Agregar comentarios en Otros

Marca solo un óvalo.

Sí No

305. ¿Fue útil esa capacitación? *

Marca solo un óvalo.

Sí No

306. ¿Entre 2013 y 2020, qué efecto ha tenido la reforma de garantías mobiliarias sobre el NÚMERO de préstamos o líneas de crédito otorgados por su entidad con garantías mobiliarias a los siguientes tipos de empresa: *

Marca solo un óvalo por fila.

	Ha aumentado mucho	Ha aumentado poco	No ha cambiado	Ha disminuido poco	Ha disminuido mucho
306a..	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Microempresas	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>
306b.. Empresas pequeñas	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
306c.. Empresas medianas	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

307. ¿Entre 2013 y 2020, qué efecto ha tenido la reforma de garantías mobiliarias sobre el VALOR PROMEDIO de los préstamos o líneas de crédito con garantías mobiliarias otorgados por su entidad a los siguientes tipos de empresa: *

Marca solo un óvalo por fila.

	Ha aumentado mucho	Ha aumentado poco	No ha cambiado	Ha disminuido poco	Ha disminuido mucho
	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>
	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

307a..

Miicroempresas

307b.. Empresas
pequeñas

307c.. Empresas
mediianas

308. ¿Desde febrero de 2014, la entidad ha otorgado a Mipymes préstamos olíneas de crédito con garantías mobiliarias? *

Marca solo un óvalo.

1. Si, una sola vez
2. Si, entre 2 y 10 veces
3. Si, más de 10 veces
4. No, nunca *Ir a la pregunta 33*

309. ¿Cuáles son los activos mobiliarios que con mayor frecuencia acepta su entidad como garantía mobiliaria? *

Leer opciones y marcar máximo 5 activos más usados

Selecciona todas las opciones que correspondan.

5. Vehículos automotores
6. Facturas
7. Adquirencias o flujos futuros
8. Maquinaria y equipo
9. Productos agrícolas, cultivos/plantaciones, ganado, cosecha de peces, etc.
10. Recursos naturales y materia prima (por ejemplo, cobre, minas)
11. Inversiones financieras (acciones y títulos financieros, opciones de acciones y futuros, derivados, etc.)
12. Propiedad intelectual (derechos de patente, marcas registradas)
13. Inventario (por ejemplo, bienes para la venta) Otros: _____

310. ¿En su experiencia, cuáles de los siguientes desafíos enfrenta su entidad para introducir nuevos productos financieros o de crédito con garantías mobiliarias a Mipymes? *

Selecciona todas las opciones que correspondan.

- 14. La falta de información acerca de las alternativas de nuevos productos financieros o de créditos de los préstamos
- 15. La falta de clientes interesados por productos financieros o de crédito con garantías mobiliarias distintos a los que ya se ofrecen
- 16. La falta de interés comercial en la entidad (tasas de interés poco competitivas, costos excesivos, etc)
- 17. Ninguna de las anteriores

311. En una frase, ¿Cuál ha sido el principal efecto de la reforma de garantías mobiliarias sobre las prácticas financieras de la entidad? *

312. En una frase, ¿Qué recomienda para que la reforma de garantías mobiliarias produzca mejores resultados? *

401. Observaciones



Baastel

30 Years Promoting
Sustainable Development

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