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Fakultät HW  
Bereich Empirische Humanwissenschaften

**PUBLIC POLICY AND IMPACT EVALUATION OF MICRO-ENTERPRISES  
IN COSTA RICA:**

**The case of the National Program of Support  
to Small and Medium Enterprises (PRONAMYPE).**

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## Abstract

This thesis makes an in-depth evaluation of National Program of Support to Small and Medium Enterprises (PRONAMYPE. Since 1992, this program is attached to the Ministry of Labor and Social Security of Costa Rica and it has been the most important state investment fund aimed at financing micro enterprises, hence, it is currently integrated on the axis of social welfare of the National Development Plan (NDP).

The research problem is “to what extent PRONAMYPE, as an instrument of public employment policy, fulfills its objective of promoting employability and human capital of the workforce of micro and small enterprises of population in vulnerability and poverty?”.

The methodological strategy is based on a mixed sequential explanatory method, where the dominant core was a quasi-experiment complemented by a strong qualitative component. Social Network Analysis was used for the evaluation of the context of the program.

The empirical results are structured according to the theoretical-methodological logic of the CEval approach. Thus, the first part analyzes the external and internal context of the Program, while the second part focuses on the impact assessment according to the indicators of the statistical model and related qualitative data.

In the External-Institutional Subsystem, the research found coherence between the objectives of the Program and those expressed by sectoral policy, nevertheless, PRONAMYPE’s place in the microfinance ecosystem is marginal, which reduces its incidence within microcredit sector and target population.

Regarding the Internal Process Subsystem, the intervention was characterized by a complex execution and interannual inconsistent management. At the level of the Dimension Behaviour, the program achieved contradictory and statistically not significant impacts in the attended entrepreneurs, but qualitatively relevant effects in relation with the socio and familiar sphere and its basic needs.

Overall evidence leads to affirm that the intervention does not fulfill the purpose of reducing inequality and promoting upward social mobility, which emphasizes the need for the program to achieve a comprehensive understanding of its intervention problem. Likewise, it is concluded that the public policy to promote microfinance for poverty reduction, it is not a matter that should be related solely to the existence of income distribution mechanisms (interventions) but is determined by quality of policy design and the need for a better execution under an inter-institutional care approach.

Since public policy is an element of public scrutiny, the interventions and the stakeholders involved require greater analysis, support and control over their implementation. Structurally, the reflection on public policies and their essential role in social welfare, it is related to the (re) structuring of the State and its loss of capacity to meet the demands and needs of the population of the first and second quintile of national income.

Therefore, this research represents a contribution to the understanding of the current opacity of the analyzed public action, because provides scientific information based on evidence to support the discussion oriented towards that necessary change of model and implementation of the NDP.

**Key words:** Sociology, impact evaluation, mixed method, welfare state, public policy, labor market, poverty, informal economy, microfinances.

## Ausführliche Zusammenfassung<sup>1</sup>

PRONAMYPE ist ein staatliches Programm, das auf die Verringerung von Armut und die Steigerung sozialer Mobilität abzielt und damit zu den strategischen Maßnahmen des Nationalen Entwicklungsplans von Costa Rica in den Bereichen soziale Wohlfahrt und Verbesserung der Beschäftigungsfähigkeit zählt. Die Intervention wurde 1992 ins Leben gerufen und ist seitdem der wichtigste staatliche Investmentfonds zur Finanzierung von produktivem Unternehmertum und Kleinstunternehmen im formellen oder informellen Wirtschaftssektor. Als Programm ist es dem Ministerium für Arbeit und Soziale Sicherheit von Costa Rica angeschlossen.

Kapitel 1 (I) erläutert die wissenschaftlichen Gründe und die Auswahlkriterien für die Entscheidung, eine Wirkungsevaluation im Bereich der Politikgestaltung<sup>2</sup> durchzuführen, sowie die Relevanz und Zweckmäßigkeit von PRONAMYPE als Fallstudie.

Das zweite Kapitel (II) vertieft das Verständnis über die Intervention und bietet eine vollständige analytische Rekonstruktion des Programms. Der erste Teil beinhaltet eine umfassende Analyse der Interventionsproblematik in Bezug auf die Segmentierung des Arbeitsmarktes und die Prekarität der Arbeitsbedingungen in Costa Rica und wurde auf drei Ebenen realisiert: 1) eine sozio-historische Analyse des Zeitraums zwischen 1980 und 1990, der für die Entwicklung und Initiierung des Programms PRONAMYPE im Jahr 1992 maßgeblich ist; 2) eine Rekonstruktion der Armutsentwicklung in Costa Rica auf Basis der Armutsgrenze und des Gini-Koeffizienten; und schließlich 3) eine Kausalanalyse hinsichtlich der Segmentierung des Arbeitsmarktes und der Veränderungen in der Beschäftigungsdynamik. Der zweite Teil beschreibt die Rekonstruktion der Programmtheorie von PRONAMYPE und erläutert die intendierte Wirkungsweise des Programms.

In dieser Handlungslinie lautet die Untersuchungsfrage dieser Arbeit: „Inwiefern erfüllt PRONAMYPE als Instrument der öffentlichen Beschäftigungspolitik sein Ziel, die Beschäftigungsfähigkeit und das Humankapital der Arbeitskräfte aus vulnerablen Bevölkerungsgruppen in Kleinst- und Kleinunternehmen zu fördern?“ Die entsprechende Hypothese ( $H_0$ ) lautet: „Als politische Strategie und öffentliche Investition erfüllt PRONAMYPE institutionelle und sektorale Ziele, indem es zur Schaffung von Arbeitsplätzen und zur sozialen Mobilität für die arme Bevölkerung beiträgt.“

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<sup>1</sup> Übersetzung aus dem Englischen von Corinna Schopphoff.

<sup>2</sup> Anm. d. Übers.: Wie der Autor der vorliegenden Arbeit in Abschnitt 3.1.4 *Public policy* erläutert, gestaltet sich die Übersetzung des englischen Begriffs *public policy* in die deutsche Sprache als schwierig. Der Terminus *public policy* wird in dieser Zusammenfassung in aller Regel mit „Politikgestaltung“ (im Sinne von Planung und Durchführung staatlichen Handelns in Politikfeldern) übersetzt.

Das dritte Kapitel (III) entwickelt den theoretischen Rahmen, der es ermöglicht, das *explanandum* und das *explanans* dieser Untersuchung zu verstehen. Auf der ersten Ebene wird das Konzept des Staates und der Politikgestaltung definiert. Der analytische Schwerpunkt wird dabei auf das Verständnis des Wohlfahrtsstaates und der Sozialpolitik in Costa Rica gelegt, ergänzt durch Konzepte der Soziologie und der Politikwissenschaft, die Erklärungsansätze für das zu analysierende Thema bieten.

Auf einer zweiten Ebene werden die theoretischen und operativen Kategorien, die der Interventionsproblematik von PRONAMYPE zugrunde liegen, wie Armut, Arbeitsmarkt, informeller Sektor sowie Mikrofinanzierung und Mikrokredite, als Instrumente der Sozialarbeitspolitik verortet. Die dritte Ebene konzentriert sich auf die Beziehung von Evaluation und Politikgestaltung als spezifischen Untersuchungsbereich und analysiert kurz den Institutionalisierungsprozess von Evaluation öffentlichen Handelns auf regionaler Ebene in Lateinamerika und auf lokaler Ebene in Costa Rica. Abschließend wird das wirkungsorientierte CEval-Modell als Evaluationsansatz vorgestellt, der dieser Arbeit als Analysesystem zugrunde liegt.

Die methodologische Grundlage, die Techniken zur Datenerhebung und die Verfahren der Datenanalyse werden im vierten Kapitel (IV) ausführlich erläutert. Die methodische Strategie wurde aus einer Perspektive formuliert, welche eine induktive und eine deduktive Vorgehensweise durch die Anwendung des Methoden-Mix-Ansatzes der sequentiellen Erklärung (Creswell et al. 2002, Creswell & Plano, 2011) miteinander vereint.

Das Kapitel ist nach quantitativen und qualitativen Komponenten gegliedert. Im Zentrum des quantitativen Teils steht die Umsetzung eines quasi-experimentellen Designs, das drei verschiedene Quasi-Experimente miteinander verknüpft, bei denen die Stichproben der Untersuchungs- und Kontrollgruppen variieren. Da es sich bei PRONAMYPE und FIDEIMAS, das Programm, das zur Bildung der Kontrollgruppe diente, um öffentliche Programme handelt, konnten die Stichproben für die Baseline-Erhebung und für die Post-Test-Gruppen unter Verwendung offizieller, aktueller Datenbanken nationaler Reichweite gebildet werden.

Um ein hohes Maß statistischer Sicherheit zu gewährleisten und die Güte des quasi-experimentellen Designs zu garantieren, wurde bei der Stichprobenziehung eine Poweranalyse durchgeführt und mit einer Power 0,8 ein globaler Standard erfüllt. Hierfür wurde mithilfe des Programms R die Summe der Quadrate der Behandlung (*Sum of Squares of the Treatment*, SS<sub>TR</sub>) sowie der mittlere quadratische Fehler (*Mean Square Error*, MSE) und dadurch die erforderliche Anzahl an Teilnehmenden (n) für jede Gruppe der drei Quasi-Experimente ermittelt. Um die effektive Stichprobe von 372 Testpersonen in 186 Paaren

des Post-Tests zu erreichen, mussten für die Studie landesweit 1.187 Interviews durchgeführt werden.

Das quasi-experimentelle Design nutzte zwei verschiedene Regressionsmodelle entsprechend der Art der Variablen, die für die Wirkungsindikatoren berücksichtigt wurden: das *Conditional Regression Model* (CRM) und das *Fixed Effects Regression Model* (FERM), die beide mit STATA berechnet wurden.

Für die Kontextanalyse der öffentlichen Mikrofinanzpolitik in Costa Rica kam die Technik der Sozialen Netzwerkanalyse mithilfe des Programms UCINET 6 zur Anwendung. Anhand der auf diese Weise ermittelten Indikatoren und Soziogramme konnte die Gestalt des Mikrofinanz-Ökosystems und die Rolle von PRONAMYPE darin identifiziert werden (politische Netzwerkanalyse).

Auf der zweiten Ebene wurde eine qualitative Untersuchung auf Basis einer Stichprobe von 48 Informantinnen und Informanten durchgeführt, die zuvor anhand der Unterschiede der positiven oder negativen Signifikanz der Regressionskoeffizienten ermittelt wurde (Bamberger 2012a, S. 5). Dafür kamen die Techniken des halbstrukturierten Interviews und des Fokusgruppen-Interviews zum Einsatz, die Audioaufzeichnungen mit einer Länge von insgesamt 1230 Minuten erzeugten. Diese Informationen wurde auf Basis einer auf Muster ausgerichteten Inhaltsanalyse ausgewertet.

Das fünfte Kapitel (V) beinhaltet die empirische Analyse des Programms. Die Ergebnisse dieses Abschnitts sind nach der theoretisch-methodischen Logik des CEval-Ansatzes strukturiert, weshalb dieses Kapitel in zwei Teile gegliedert ist: Teil A analysiert den externen sowie den internen Programmkontext. Teil B konzentriert sich dagegen auf die Wirkungen und ist dem Wirkungsmodell und dessen Indikatoren entsprechend in Unterabschnitte unterteilt.

Abschnitt A analysiert den öffentlichen institutionellen Rahmen, dem PRONAMYPE angehört (extern-institutionelles Subsystem). Die Untersuchung ergab, dass zwischen den Zielen des Programms und den auf sektoraler Ebene formulierten Zielen Kohärenz besteht, wodurch PRONAMYPE aufgrund der Relevanz seines programmatischen Angebots, seiner Zielgruppen und der Problemlage, auf die das Programm abzielt, einen bestimmten Raum innerhalb des Ökosystems von Interventionen des Mikrofinanzsektors einnimmt. Allerdings ist PRONAMYPEs Platz im Kontext der öffentlichen Interventionen im Mikrofinanz-Ökosystem marginal, was den Zugang zu den Vorteilen und Möglichkeiten, die der Mikrokreditsektor und das *Banking for Development*-System bietet, einschränkt.

Die Analyse des ergebnisorientierten Managements und des Schemas zur Auswahl der Programmbegünstigten (Subsystem der internen Prozesse) zeigt, dass PRONAMYPE das spezifische Ziel erreicht hat, einem Teil der Bevölkerung Mikrokredite zu gewähren, dessen Status und sozioökonomische Voraussetzungen keinen Zugang zum traditionellen Finanzmarkt erlauben. Dennoch gibt keinen eindeutigen Beleg dafür, dass PRONAMYPE seine strategischen Ziele erreicht und einen Beitrag zu den sektoralen Zielen des Nationalen Entwicklungsplans leistet.

Die Bewertung des dezentralen Auswahlverfahrens für Begünstigte, welches zwischengeschaltete Organisationen für PRONAMYPE auf Grundlage eines Kooperationsvertrags durchführen, ergab positive wie negative Ergebnisse. Das positive Ergebnis deutet darauf hin, dass dieser dezentralisierte Auswahlmechanismus für PRONAMYPE von strategischer Bedeutung und sogar notwendig ist, da er eine größere Wirksamkeit bei der Lokalisierung und Registrierung der potenziellen Zielbevölkerung auf ländlicher Ebene ermöglicht, was auch die Ausweitung der geografischen Reichweite des Programms begünstigt.

Negativ zu bewerten sind jedoch: a) Inkonsistenzen und mangelnde Klarheit bei der Anwendung der Auswahlkriterien; b) Kreditvergabe an Nicht-Zielgruppen; c) eine Tendenz des Managements in den zwischengeschalteten Organisationen, Kredite zu vergeben, wenn das Unternehmerprofil ein höheres Einkommen und eine höhere Zahlungsfähigkeit aufweist, mit dem Ziel, das Kreditrisiko zu minimieren (Kosten-Nutzen-Logik).

Abschnitt B des fünften Kapitels (V) steht unter der Überschrift Wirkungsevaluation (Dimension der Verhaltensänderungen) und konzentriert sich auf die Ergebnisse, Wirkungen und Impacts in Bezug auf die Begünstigten. Jede Evaluationsfragestellung wird durch einen Wirkungsindikator abgebildet und auf der Grundlage der quantitativen Ergebnisse (Koeffizienten und Korrelationen), die durch qualitative Informationsmuster vertieft und erklärt werden, in einem spezifischen Unterabschnitt beantwortet. Darüber hinaus enthält jeder Unterabschnitt ein Kausaldiagramm, welches die Ergebnisse zusammenfasst.

Der erste Indikator untersucht das Profil der Begünstigten und zeigt, dass – bis auf 16,2% der herausgefilterten Fälle – die Mehrheit der Studienteilnehmer die Auswahlkriterien erfüllt, die für das Programm gemäß des Gesetzes Nr. 8783 des Ministeriums für Arbeit und Soziale Sicherheit festgelegt sind. Da PRONAMYPE keine eigene Definition für die Unternehmungen hat, auf die das Programm abzielt, kommt die offizielle Definition des Gesetzes 8262 des Ministeriums für Wirtschaft, Industrie und Handel zur Anwendung. Faktisch zeigen die analysierten Aktivitäten jedoch eine empirische Realität der Begünstigten, die nicht der offiziellen Klassifizierung von Kleinstunternehmen nach dem

Gesetz 8262 entspricht. Somit bestehen Inkonsistenzen in der Umsetzung sowie eine Rechtslücke, die verhindern, dass Menschen mit einem Profil, das den Programmzielen entspricht, erreicht werden.

In Bezug auf den zweiten Indikator, Beschäftigungszuwachs, zeigen die Koeffizienten, dass das Erhalten einer Komponente (Kredit) oder zweier Komponenten (Kredit + Ausbildung) nicht garantiert, dass eine Unternehmung die Anzahl der Beschäftigten erhöht. Wenn eine Unternehmung Mittel von PRONAMYPE erhält, nimmt die Neigung, die Beschäftigungsfähigkeit zu steigern, im Gegensatz zu den Unternehmungen, die Mittel von FIDEIMAS beantragt haben (Kontrollgruppe), allerdings um 94% ab.

Obwohl es Kleinstunternehmungen durch die Intervention nicht gelingt, die Beschäftigungsquote zu steigern (also mehr Personal einzustellen), gelingt es ihnen immerhin, die Zielgruppe in den Arbeitsmarkt zu integrieren und dadurch angemessene Lebensbedingungen sowie die berufliche Selbstständigkeit von Frauen und ihre Eingliederung in die Arbeitswelt zu gewährleisten.

In Bezug auf den dritten Indikator, Einkommen und Verdienst, wurden statistisch gesehen keine signifikanten Unterschiede zwischen den Begünstigten der Untersuchungs- und Kontrollgruppen festgestellt. Folglich lässt sich kein Rückschluss darauf ziehen, dass das Projekt, das durch die Komponenten Kredit und Ausbildung charakterisiert ist, zur intendierten Wirkung der Gewinnsteigerung bei den Begünstigten führt.

Ebenso weisen die Daten bei der Berechnung des Armutsniveaus in Bezug auf das erzielte Einkommen vor (Baseline) und nach (Post-Test) der Intervention eine widersprüchliche Variabilität auf, die es nicht gestattet, Unterschiede zwischen den Gruppen über die Zeit zu beobachten. Jedoch zeigt sich bei beiden Programmen deutlich, dass Schwierigkeiten bestehen, extreme Armut zu verringern.

Dagegen zeigen die qualitativen Informationen, dass die unternehmerischen Aktivitäten den „Lebensunterhalt“ darstellen und das Einkommen erwirtschaften, das zur Deckung der Grundbedürfnisse eines Haushalts erforderlich ist. Daraus folgt: Obwohl es keine nominelle Einkommenssteigerung gibt, hat die Sicherheit eines Mindesteinkommens, das die Befriedigung der Grundbedürfnisse garantiert, vor allem für weibliche Haushaltsvorstände meist eine positive Wirkung.

In Bezug auf die Produktion, Indikator 4, lässt sich statistisch gesehen nicht darauf schließen, dass die Intervention mit Krediten und Schulung den Effekt einer Produktivitätssteigerung erzeugt. Aus qualitativer Sicht bestimmen strukturelle und soziale Merkmale den Produktionsprozess und dessen Ergebnisse. Bei „existenzsichernden

Unternehmungen“ lässt sich eine größere Schwierigkeit identifizieren, über die Logik des Kleinunternehmens hinauszugehen, sodass gerade genug produziert wird, um das Unternehmen zu betreiben und zu erhalten.

Hinsichtlich der Schulungskomponente, Indikator 5, liegen keine statistischen Belege für Unterschiede zwischen Kleinstunternehmen mit oder ohne Schulung vor. Die Schulungskomponente hat folglich keinen Einfluss auf die Entwicklung von Kleinstunternehmen. Angesichts der Gesamtergebnisse und der Beobachtungen vor Ort sind Schulungen zwar ein relevantes und sehr notwendiges Element, die Komponente weist jedoch Diskrepanzen auf, die sich direkt auf die Zielerreichung und die Wirksamkeit des Programms auswirken.

Schließlich zeigt die Nachhaltigkeitsanalyse, Indikator 6, dass signifikante Unterschiede zwischen den Gruppen bestehen. Das Ergebnis des angewendeten Regressionsmodell zeigt allerdings deutlich, dass die Unterschiede zugunsten der Kontrollgruppe und nicht zugunsten der Untersuchungsgruppe ausfallen.

Ebenfalls lässt sich der meist informelle oder semi-informelle Charakter der vom Programm unterstützten Unternehmungen bestätigen, da Charakteristika einer sehr einfachen, rudimentären Unternehmensführung vorherrschend sind. In engem Zusammenhang damit steht der Befund, dass die von PRONAMYPE finanzierten Unternehmungen eine Mortalität von 12,0% aufweisen. Die Studie identifizierte und analysierte die Ursachen, die zur Aufgabe dieser Aktivitäten führten.

In den Schlussfolgerungen (VI), die sich auf allen quantitativen und qualitativen empirischen Evidenzen, die nach dem Methoden-Mix-Ansatz gesammelt und analysiert wurden, stützen, wird die Forschungshypothese teilweise validiert, da nicht genügend Beweise vorliegen, um ( $H_0$ ) anzunehmen oder abzulehnen ( $H_i$ ).

Die evaluative Logik (Beurteilung), welche eine teilweise Annahme der Forschungshypothese stützt, basiert auf der Tatsache, dass PRONAMYPE während des Untersuchungszeitraums durch eine komplexe Durchführung, die ein inkonsistentes Management deutlich macht, gekennzeichnet war und unterschiedliche Wirkungen und Impacts aufweist, die statistisch nicht signifikant, aber qualitativ relevant sind.

Natürlich unterstützt PRONAMYPE den Betrieb der Unternehmungen seiner Zielgruppe und erreicht damit das Ziel, Selbstständigkeit im informellen oder semi-informellen Sektor zu schaffen. Aber den Ergebnissen der Wirkungsindikatoren zufolge, in denen die Koeffizienten positiv waren, lag ein signifikanter Effekt zugunsten der Kontrollgruppe

(FIDEIMAS) und nicht zugunsten der Begünstigten von PRONAMYPE als Untersuchungsgruppe vor.

Ebenso hat die Studie bewiesen, dass die Schulungskomponente keinen Einfluss auf die Entwicklung der Kleinstunternehmen hat, da keine statistischen Belege vorliegen, welche die Aussage stützen, dass es Unterschiede zwischen Kleinstunternehmen mit oder ohne Schulung gäbe. Dennoch ist die Komponente ein relevantes und sehr notwendiges Programmelement.

Die Befunde zeigen, dass zwei Drittel der Unternehmungen (bezeichnet als „Typ 1“ oder „Lebensunterhalt“) ein Einkommen erwirtschaften, das nicht ausreicht, um sie aus der Armut zu befreien, Ungleichheit zu verringern oder soziale Mobilität zu erzeugen (intendierte Wirkungen). In diesen Fällen besteht für die produktiven Aktivitäten, die es nicht schaffen, gewisse Spielräume im Rahmen einer Wertschöpfungskette zu entwickeln, das Risiko, ihren Zustand der Informalität, Semi-Informalität und Armut zu reproduzieren und aufrechtzuerhalten. Im Gegensatz dazu steht das dritte Drittel der Unternehmungen („Typ 2“ genannt), deren produktives Potenzial und deren Marktfähigkeit höhere Profite erwirtschaftet und es ihnen erlaubt, ihre Arbeits- und Lebensbedingungen generell zu verbessern.

Im Allgemeinen zeigen die qualitativen Daten, dass die wirtschaftlichen Aktivitäten anhand einer komplexen Verflechtung von Unternehmung, Familie und lokaler Umwelt funktionieren. Dies weist darauf hin, dass die Unterstützung dieser Population nicht auf eine Intervention von PRONAMYPE beschränkt werden sollte, sondern dass vielmehr ein interinstitutionelles Modell notwendig ist.

Die Kontextanalyse ergab, dass die nationale Politik zur Förderung von Unternehmertum nützliche Instrumente für PRONAMYPE enthält. Aufgrund gesetzlicher Definitionen wird die Zielgruppe von PRONAMYPE jedoch nicht erfasst. Dies zeigt deutlich, dass eine Rechtslücke besteht, die dem Programm und seiner Zielgruppe den Zugang zu den Ressourcen dieser Politik nicht gestattet. Aus diesem Grund nimmt PRONAMYPE nur eine marginale Rolle im Mikrofinanz-Ökosystem ein.

Und was bedeutet es aus soziologischer Sicht für die nationale Entwicklung, dass das Programm eine relevante und notwendige, aber keine wirksame Intervention ist? Aus einer umfassenden Perspektive und in dem Wissen, dass eine qualitativ hochwertige Politikgestaltung die prognostizierten Ergebnisse und Auswirkungen sorgfältig prüfen muss (Lahera, 2004; Stockmann, 2009a), können die Diskrepanzen, die in der nationalen Politik zur Förderung von Unternehmertum festgestellt wurden, als staatliches Handeln interpretiert werden, das Interventionen im Bereich der Sozial- und Arbeitspolitik mit



Beschränkungen im Makro-Design entwickelt, welche die Erreichung der sozialen Ziele beeinträchtigen (Cocharan & Malone, 1995).

PRONAMYPE ist ein sozialpolitisches Instrument der Umverteilung und orientiert sich am Kriterium der Verteilungsgerechtigkeit. Daher spielt das Programm eine wichtige Rolle im sozialen Bereich, wie im Nationalen Entwicklungsplan festgelegt. Auf Landesebene lässt sich anhand der Untersuchungsergebnisse jedoch bestätigen, dass das Programm keinen Beitrag zu seinem eigentlichen Zweck, der Verringerung von Ungleichheit und der Förderung einer sozialen Aufwärtsmobilität, leistet.

Daher sind diese Ergebnisse ein evaluatives Alarmsignal für das Projektmanagement (institutionelle Ebene) und Entscheidungstragende (politische Ebene) und unterstreichen die Notwendigkeit, das Problem der Ausgrenzung der verarmten Bevölkerung aus dem Arbeitsmarkt und ihre Integration in denselben durch Selbstständigkeit besser zu verstehen.

Folglich kommt diese Untersuchung zu dem Schluss, dass die Politikgestaltung und das Problem der Armutsbekämpfung im costa-ricanischen Staat nicht nur mit der Existenz von Einkommensverteilungsmechanismen (Programme und Projekte) im Zusammenhang steht, sondern auch mit der Notwendigkeit einer effizienten Allokation und Anwendung der vorhandenen produktiven Ressourcen einhergeht.

Ebenso steht die Reflexion über die Politikgestaltung und ihre zentrale Rolle für die soziale Wohlfahrt (Castel, 2004) in direktem Zusammenhang mit der gegenwärtigen neoliberalen Umstrukturierung des costa-ricanischen Staates, dessen dauerhafte Schwäche zum Verlust der Fähigkeit führt, den Anforderungen und Bedürfnissen der Bevölkerung gerecht zu werden. Aus diesem Grund stellt diese Untersuchung einen akademischen Beitrag dar, der dabei helfen soll, die blinden Flecken und die Undurchsichtigkeit des untersuchten öffentlichen Handelns zu erkennen und zu verstehen.

## General Overview

PRONAMYPE is a programmatic initiative of public policy aiming at poverty reduction and increase social mobility, which is why it is part of the strategic actions of the National Development Plan of Costa Rica, placing it on the axis of social welfare and the improvement of the employability of the work force. This intervention was created in 1992 and since then it has been the most important state investment fund aimed at financing productive entrepreneurship and micro enterprises in the formal or informal sector of the economy. As a program, it is attached to the Ministry of Labor and Social Security of Costa Rica.

Chapter one (I) explains the academic reasons and the eligibility criteria that based the selection of impact evaluation and public policy as a subject area, as well as the relevance and usefulness of PRONAMYPE as a case study.

The second chapter (II) provides greater depth in understanding the intervention and it is entirely, an analytical reconstruction of the program made by the researcher. The first part provides a substantial analysis of the segmentation of the labor market and the precariousness of working conditions Costa Rica as a public intervention problem, realized in three levels: 1) a socio-historical analysis of the period 1980-1990 that determined the emergence of the Program PRONAMYPE in 1992 is made; 2) a reconstruction of the evolution of poverty in Costa Rica according to the poverty line and the Gini coefficient; and finally, 3) an causal analysis of the segmentation of the labor market and the changes in employment dynamics. The second part of this chapter describes the reconstruction of the program theory of PRONAMYPE and explains the program is supposed to achieve the intended results.

In that line of action, the problem question of this research is “to what extent PRONAMYPE, as an instrument of public employment policy, fulfills its objective of promoting employability and human capital of the workforce of micro and small enterprises in vulnerable populations?” whose hypothesis ( $H_0$ ) is “as a policy and public investment, PRONAMYPE meets institutional and sectorial objectives, to contribute to employment generation and social mobility of the poor people”.

The third chapter (III) develops the theoretical framework that allows us to understand the explanandum and the explanans of this research. In the first level, it defines the concept of the State and public policy, placing its analytical focus on the understanding of the welfare state, social policy and complementary concepts of sociology and political science with explanatory scope to the subject under analysis.

At a second level are the theoretical and operational categories underlying the PRONAMYPE intervention problem, such as: poverty, labor market, informal sector as well as microfinance and microcredit as instruments of socio-labor policy. The third level focuses on the link between evaluation and public policy as a specific field of study, provides a brief analysis on the process of institutionalization of evaluation in public action at the regional level of Latin America and the local Costa Rican sphere. Finally, the CEval impact-oriented model is presented, as an approach that provides the system of analysis for this investigation.

The methodological basis, the techniques for data collection and the data analysis procedures are rigorously explained in the fourth chapter (IV). The methodological strategy was formulated from a perspective that integrates the inductive and deductive method using a mixed sequential explanatory method (Creswell et al. 2002, Creswell & Plano, 2011).

The chapter is structured according to the quantitative and qualitative components. The core of the quantitative component is based on the implementation of a quasi-experimental design that nested three different quasi-experiments, varying the samples from the treatment and control groups. Since PRONAMYPE and FIDEIMAS, the programs used to form the control group are public the baseline and the samples of the post-test groups were formed using official and update databases with national coverage.

In sampling, to ensure a high level of statistical certainty of the results and to give a quality parameter to the quasi-experimental design used, the researcher met the global standard with a Power Test of 0.8. For this, it was necessary to use the R program and estimate the Sum of Squares of the Treatment (SSTR) and the Mean Square Error (MSE), in this way, the necessary number of participants (n) for the groups in the three quasi experiments. To meet the effective sample of 372 subjects in 186 pairs of the post-test, the research had to conduct 1.187 interviews across the country.

The quasi-experimental design used two different regression models according to the nature of the variables of the impact theory indicators: Conditional Regression Model (CRM) and Fixed Effects Regression Model (FERM), both run in the STATA program.

For the contextual analysis of the public microfinance policy in Costa Rica, the Social Network Analysis technique and the UCINET 6 software were used. In this way, the results of the indicators and sociograms allowed to identify the conformation of the microfinance ecosystem. and the role of PRONAMYPE within that ecosystem (policy network analysis). The qualitative component was carried out in a second stage using a sample of 48 previously selected informants according to the differences of positive or negative significance of the regression coefficients (Bamberger (2012a, p. 5). In an extensive field work throughout the country, semi-structured interviews and focus groups were used as data gathering techniques

that generating 1230 minutes of audio recording. To analyze this information, the content analysis focused on patterns was carried out.

Semi-structured interview techniques were used, the focus group and the observation in an extensive field work throughout the country that generated 1230 minutes of audio recording, to analyze this information, the content analysis focused on patterns was carried out.

The fifth chapter (V) contains the empirical analysis of the program. The results of this chapter are structured according to the theoretical-methodological logic of the logic of CEval's approach. For this reason, this chapter is divided into two parts, part A analyzes the external and internal context of the Program, and part B focuses and the impacts and is divided into subs it is divided into subsections according to the impact model and its indicators.

Section A analyzes the public institutional framework to which PRONAMYPE belongs (external-institutional subsystem). The investigation found that there is coherence between the objectives of the Program and those expressed at the sectorial level, which has allowed PRONAMYPE to have a space within the ecosystem of interventions of the microfinance sector, due to the relevance of its programmatic offer, its target people and the attended problem. But nevertheless, PRONAMYPE's place in the context of public interventions in the microfinance ecosystem is marginal, which reduces its ability to access to the benefits and opportunities of the microcredit sector and the Banking for Development System.

In the analysis of management by results and the selection scheme to select the beneficiaries of the program (subsystem of internal processes) shows that PRONAMYPE has achieved the specific objective of granting microcredits to a part of the population, whose status and socioeconomic conditions do not allow them to access the traditional financial market. However, there is no precise evidence on the fulfillment of its strategic objectives and its contribution to the sectoral goals of the National Development Plan.

The evaluation of the decentralized beneficiary selection process, which Intermediary Organizations carry out for PRONAMYPE based on a cooperation contract (a mechanism called "second-floor bank") showed positive and negative results.

The positive result indicates that this decentralized selection mechanism is strategic, and even necessary for PRONAMYPE because it allows greater effectiveness in locating and registering the potential target population at the rural level, which also favors the expansion of the program's geographic coverage.

However, negatively: a) inconsistencies and lack of clarity were identified in the application of the selection criteria; b) credit granting to non-target population; c) tendency of Intermediary Organizations managers to place loans when the entrepreneur profile reports higher income and payment capacity as a way to minimize financial risk (cost benefit logic). Altogether, these negative results present a problematic and contradictory situation for PRONAMYPE with its legal mandate, which aims to assist vulnerable population because the access to credit in the traditional financial market is highly restricted for people who live on the poverty threshold and working in the informal sector.

Section B of the fifth chapter (V) is entitled Impact evaluation (behavioral impact dimension) and focuses on the results, effects and impacts regarding the beneficiaries. Each evaluation question is represented by an impact indicator and was answered based on the quantitative results (coefficients and correlations) and qualitative information patterns to deepen and explain the former. Each subsection provides a causal diagram that summarizes all of the findings.

The first indicator examines the beneficiary's profile and shows that the majority of the study participants meet the selection criteria defined by the Program in accordance with its Law No. 8783 of the Ministry of Labor and Social Security, except for 16.2% of cases considered as level of flight, because PRONAMYPE does not have its own definition of target entrepreneurship, so it uses the official definition given by Law 8262 of the Ministry of Economy, Industry and Commerce. However, at a factual level the activities analyzed show an empirical reality of beneficiaries, which is not consistent and corresponds to the official classification of microenterprises defined by Law 8262. Therefore, there is an inconsistency in the implementation and a legal gap in the attention to the real profile that the program serves.

About the second indicator, increase of employment, the coefficient shows that receiving one component (credit) or two components (credit + training) does not guarantee that an entrepreneurship increases the number of employees. However, the propensity to increase employability decreases 94% when the entrepreneurship receives funds from PRONAMYPE, in contrast to those that have requested funds from FIDEIMAS (control group).

Now, although, with the intervention, entrepreneurships do not manage to increase the employment rate (hire more personnel), at least they do manage to include the target population in the labor market and thereby ensure decent living conditions, as well as female self-employment and inclusion in the work force.

About the third indicator, income and earnings, statistically, no significant differences were found between the beneficiaries of the treatment and control groups. Therefore, it cannot be concluded that the program characterized by its components credit and training leads to the intended effect of profit increase for the beneficiaries.

Likewise, the calculation of the reduction of the poverty level with the income obtained, the data before (base line) and after (posttest) the interventions shows a contradictory variability that does not allow the identification of differences between groups through time, although clearly, it is observed in both programs that there is a difficulty in reducing the level in extreme poverty range.

In counterweight, qualitatively information shows that the activities represent the “livelihood” to generate the income necessary to meet the basic needs of the household. In consequence, although there is not a nominal increase in earnings, the security of a minimum income that guarantees the satisfaction of basic needs is mostly a positive impact mainly for female head of household.

Regarding the production, indicator 4, statistically, it cannot be concluded that the intervention with credit and training creates an effect of increased productivity. Qualitatively, structure and social characteristics determine the production process and its results. In "livelihood entrepreneurship", it is identified a greater difficulty to go beyond the small-scale enterprise logic, so they only produce enough to operate and maintain.

With regard to indicator 5, the training component, this one has no effect on the development of micro-business, given that there is no statistical evidence of differences between micro-businesses with or without training. However, in the light of the overall results and observation in the field, training is certainly a relevant and very necessary element, but it shows inconsistencies that directly affect the fulfillment of the objectives and the effectiveness of the Program.

Finally, the sustainability analysis, indicator 6, shows the existence of significant differences between the groups. However, the result according to the regression model used clearly exhibits that the differences are not in favor of the treatment group but in favour of the control group.

Likewise, the mostly informal or semi-informal nature of the entrepreneurships supported by the Program is confirmed, due to the predominance of very basic rudimentary business management characteristics.

Strongly linked to this there is the finding of 12.0% of mortality in the entrepreneurships financed by PRONAMYPE. The study identified and analyzed the causes that led to the closure of these activities.

In the conclusions (VI), based on all the quantitative and qualitative empirical evidence collected and analyzed according to the mixed method approach, the research hypothesis is partially validated, since there is not enough evidence to accept ( $H_0$ ) or reject ( $H_i$ ).

The evaluative reasoning (judgment) that supports the partial acceptance of the research hypothesis is based on the fact that PRONAMYPE was characterized, during the study period, by a complex execution that shows an inconsistent management, marked by different effects and impacts, which are not statistically significant but qualitatively relevant. Certainly, PRONAMYPE supports the operation of the enterprises of its target population, thereby achieving the objective of generating self-employment in the informal or semi-informal sector. But according to the results of the impact indicators, in the cases where the coefficients were positive, the significant effect favors the control group (FIDEIMAS) and not PRONAMYPE as the treatment group under study.

Likewise, the study has proved that the training component has no effect on the development of micro-business, because there is no statistical evidence to support the statement that there are differences between micro-businesses with or without training. However, the component is certainly a relevant and very necessary element of the program. The evidence shows that two thirds of the entrepreneurships (called type 1 or livelihood) generate an income that is not enough to lift them out of poverty, reduce inequality and generate social mobility (expected impact). In these cases, the productive activities that do not develop some margin of the value chain suffer the risk of reproducing and perpetuating their condition of informality, semi-formality and poverty. In contrast to a third part of entrepreneurships (called type 2) whose feasibility and the potential of their activities favor the improvement of their living conditions.

In general, the qualitative data shows that the economic activities work under a complex interweaving between the entrepreneurship, the family and the local environment. Which indicates that the care of this population should not be reduced to the intervention of PRONAMYPE. An inter-institutional model is necessary.

The context analysis determined that the national entrepreneurship support policy has beneficial instruments for PRONAMYPE, but due to legal definitions, it excludes the target population of PRONAMYPE from coverage what makes evident the existence of a legal gap in this policy. This gap does not allow the program and consequently its target

population to access the resources of this Policy; and finally, causes PRONAMYPE to have a marginal role in the microfinance ecosystem.

And, sociologically, what are the implications for national development that the Program is a pertinent and necessary intervention but not an effective one? From a comprehensive perspective and knowing that a quality public policy must take in consideration the forecast of its results and impacts (Lahera, 2004; Stockmann, 2009a), the inconsistencies found in the national policy to support entrepreneurship can be interpreted as a governmental action that develops interventions in the fields of social and labor policy with macro design limitations which affect the achievement of its social goals (Cocharan & Malone, 1995).

PRONAMYPE is a redistributive social policy instrument and as such it has a relevant role in the social area, according it is established in the National Development Plan. But nevertheless, at level country, the results of this research allow to affirm that, the program does fail to serve the purpose of to reduce inequality and to promote an upward social mobility.

Therefore, these results are an evaluative voice of alert for project managers (at institutional level) and decision makers (at political level) that emphasizes the need for a better understanding of the problem of exclusion from the labor market of impoverished population and its inclusion through self-employment.

In consequence, this research concludes that public policies and the problem of poverty reduction in the Costa Rican State, is not a matter related only to the existence of income distribution mechanisms (programs and projects), but also directly related to the need for an efficient allocation and execution of existing productive resources.

In the same way, the reflection on public policies and their essential role in social welfare (Castel, 2004), is directly related to the current neoliberal restructuring of the Costa Rican state, which constant weakness seems to be its loss of capacity to meet the demands and needs of the population. For this reason, this research represents an academic contribution which helps to recognize and understand the blinds spots and opacity of the analyzed public action.



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## Abbreviations \*

|          |   |
|----------|---|
| BCCR     | Central Bank of Costa Rica                                      |
| BPDC     | Popular and Community Development Bank                          |
| CCP      | Potential Programmed Coverage                                   |
| CCSS     | Costa Rican Social Security Fund                                |
| CEP      | Potential Effective Coverage                                    |
| CEval    | Centrum für Evaluation  |
| CGR      | Comptroller General of the Republic                             |
| CICAP    | Public Research and Training Center                             |
| CLRM     | Conditional Logistic Regression Model                           |
| CPI      | Consumer Price Index  |
| DAAD     | German Academic Exchange Service                                |
| DIGEPYME | General Directorate of Support for Small and Medium Enterprises |
| EAP      | Economically Active Population                                  |
| ENAHO    | National Household Survey                                       |
| FIDEIMAS | IMAS Trust  |
| FIS      | Social Information Sheet  |
| FERM     | Fixed Effects Regression Model                                  |
| FODESAF  | Family Allowances Fund  |
| GIZ      | Deutsche Gesellschaft für Internationale Zusammenarbeit         |
| GAM      | Greater Metropolitan Area                                       |
| GDP      | Gross Domestic Product  |
| ICB      | Beneficiary Growth Index  |
| IEB      | Beneficiary Effectiveness Index                                 |
| IEG      | Expenditure Effectiveness Index                                 |
| IET      | Total Effectiveness Index                                       |
| ILO      | International Labor Organization                                |
| IMAS     | Mixed Institute of Social Assistance                            |
| IMF      | International Monetary Fund                                     |
| INFOCOOP | Support Program for Cooperative Organization                    |
| INEC     | National Institute of Statistics and Censures                   |
| ITEG     | Effective Transfer of Expenditure Index                         |
| MAG      | Ministry of Agriculture and Livestock                           |
| MAPI     | Annual Institutional Programming Matrix                         |
| MEIC     | Ministry of Economy, Industry and Commerce                      |
| MIDEPLAN | Ministry of National Planning and Economic Policy               |

|           |   |
|-----------|---|
| MDGs      | Millennium Development Goals                                |
| MFI       | Microfinance Institutions                                   |
| MM        | Mixed Method  |
| MINAE     | Ministry of Environment and Energy                          |
| MIPYMES   | Micro, Small and Medium Enterprises                         |
| MTSS      | Ministry of Labor and Social Security                       |
| NSCP      | National Strategy of Combat Poverty                         |
| NBI       | Index of Unsatisfied Basis Need                             |
| NDP       | National Development Plan                                   |
| NPO       | Non-Profit Organization                                     |
| NPM       | New Public Management                                       |
| NPS       | National Planning System                                    |
| OECD      | Organization for Economic Cooperation and Development       |
| OIs       | Intermediary Organizations                                  |
| PAO       | Annual Operational Plan                                     |
| PBM       | Result-based management                                     |
| PL        | Poverty Line Method   |
| PP        | Public Policy   |
| PRONAMYPE | National Program of Support to Small and Medium Enterprises |
| QUAL      | Qualitative   |
| QUAN      | Quantitative  |
| QE        | Quasi Experiment  |
| SAPs      | Structural Adjustment Programs                              |
| SFB       | Second-Floor Banking  |
| SMEs      | Small and Medium Enterprises                                |
| SNA       | Social Network Analysis                                     |
| SINE      | National Sub-System of Evaluation                           |
| TVM       | Time Value of Money   |
| UCR       | University of Costa Rica                                    |
| UDE       | Business Development Unit                                   |
| UdS       | University of Saarland                                      |
| UN        | United Nations System                                       |
| VIF       | Variance Inflation Factor                                   |
| WB        | World Bank  |
| WS        | Welfare State   |

\*Institutional names have been translated into English, but in some cases the acronym is maintained in Spanish.

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# 1. INTRODUCTION

## 1.1 Presentation

For a country like Costa Rica, small on the international scene and dependent on regional socioeconomic processes, but with a historical tradition of democracy (strengthened by the abolition of the national army in order to work for the construction of a Welfare State), the axis of social, economic and cultural development has been synonymous with social justice. At the same time, social justice has meant access to health and education as basic, essential, free and universal services for the entire population of the country, as well as access to worker's social and labor guarantees established in the new Political Constitution of 1949.

In turn, for every Costa Rican regardless of social class, health, education and employment have been synonymous with ascending social mobility, which allowed from 1940 until the end of the 1970s, the development of a large middle class and the improvement of their living conditions, thanks to a modest but equitable national per capita income in the different segments of the population. However, between 1978 and the beginning of the 1980s, the country strongly suffered the international economic crisis caused by the indebtedness of third world countries.

All of the above was the background and context in which Costa Rica underwent a marked transformation<sup>3</sup> in its demographic dynamics and productive system, implying a variation (and an important questioning -still in force-) in the provision of the universal basic services of the State, a severe fiscal crisis caused by the implementation of the so-called Structural Adjustment Programs (SAPs), promoted by the International Monetary Fund (IMF) and the World Bank (WB), among other aspects.

This set of transformations strongly impacted the labor market, leading, on one hand, to a variation in the type of demand of the employment structure, and on the other hand, to an expulsion of part of the labor force. In addition, there was a lack of access to the labor market by an emerging not qualified working capital, incapable of adapting to the new productive dynamics, parallel to a growing inability of the market to absorb the supply of labor (Pichardo and Ruíz, 1999, p.13). All of this increased the so-called informal economy, due to the inability of the employment structure to incorporate the segments of the population most affected by the economic crisis. This was aggravated by the drastic change experienced by the productive system, which went from an agrarian model oriented to the domestic market, to an agro-export-based economic model in the 80s and 90s. Finally migrating, from the year 2000 onwards, to a thriving specialized economy based on ecotourism, commercial opening, an innovative structure of the services sector and the

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<sup>3</sup> Sociological studies indicate that "internal and external imbalances reached unprecedented levels in the country's economic history" (Barahona, 2011a, p.106).

promotion of conditions favorable to transnational capital for the investment and production of goods, including free trade agreements with greater added value for the export in global markets (Menjívar & Sáinz, 1989, Vega & Krujt., 1995).

However, despite Costa Rica's alignment with the new economic dynamics during the decade of the 1980s and until today, the Costa Rican State has not been able to diminish the historical and sustained level of poverty that affects mostly the first- and second-income quintile population. Moreover, it has been unable to modify the worrying income inequality among its inhabitants; on the contrary, the Gini index shows a clear asymmetry among the population. In fact, at the Central American regional level, Costa Rica continues to be the country with the lowest rates of poverty, but negatively, it is the one whose inequality has accelerated most rapidly and exponentially in recent years (Programa Estado de la Región, 1999, 2003, 2008, 2011, 2016).

In this scenario, the Costa Rican State changed significantly, moving from a robust state apparatus promoting universal policies, programs and services, to a smaller State, less interventionist, with a new vision (*neo-institutional*) of public management based on the New Public Management (NPM) approach, which puts the accent on a marked concern for the efficiency and rationality of public investment. In socio-labor matters, it focuses on the formulation of selective interventions to provide goods and services that allow for containment of poverty and generate some conditions of self-employment promotion, based on the establishment of public policies and sectorial strategies incorporated in the different National Development Plans (NDP) of each government administration.

Costa Rica, a country with almost five million inhabitants, the segmentation of the labor market in the formal and informal sector is very important, because, for example, the informal sector has a weight of 26.2% of the Gross Domestic Product (GDP) and its workforce accounts for 10% of the Economically Active Population (EAP) (OIL, 2001).

The present work is circumscribed within the framework described above and carries out the first integral and exhaustive impact evaluation (quasi experimental) of a public intervention (PRONAMYPE) based on the results achieved during a wide period (2009-2014) both of the impacts generated on the target population and the sectorial context where the Program emanates. Thus, this research work deals with understanding, from a case study perspective, how it works and what have been the results of one of the oldest national interventions in terms of employment and social development

As a program, PRONAMYPE (1992) was born in the aforementioned situation of transformation of the State in the 90s, providing micro credits to the economically most vulnerable population, whom are under conditions of unemployment or working in the

informal sector. The Program is currently part of the management of the Ministry of Labor and Social Security (MTSS, for its acronym in Spanish) and has been linked to the different National Development Plans and sectorial strategies to reduce unemployment and combat poverty.

## 1.2 Background and justification

The theme that will be developed is called “Public Policy and Impact Assessment of micro enterprises in Costa Rica: The Case of the National Program of Support to Small and Medium Enterprises” (PRONAMYPE, its acronym in Spanish). The evaluation focuses in the analysis of empirical research of the results and impacts achieved by the Program and its incidence and effectiveness in the framework of the sectorial public policy and strategy of which it is a central piece. The reasons and purpose to investigate this topic, are based on four substantive aspects, which as a “snowball” effect were developed in a chained manner.

### 1.2.1 Academic genesis of the research

The first aspect has to do with the platform that constitutes and acts as the genesis of this work: the interuniversity academic cooperation program between the Evaluation Center (CEval) and the Master of Evaluation of Saarland University (UdS) in Saarbrücken, Germany and the Master in Evaluation of Development Programs and Projects of the University of Costa Rica (UCR). This cooperation program is funded by the German Academic Exchange Service (Deutscher Akademischer Austauschdienst, DAAD, its acronym in German), a German national institution dedicated to promoting academic exchange between German universities and foreign universities, especially of developing countries.

During the second phase of the cooperation project, the capacity development in the field of evaluation of the human resources of the Master in Costa Rica was established as part of the program; and under the supervision of Prof. Dr. Reinhard Stockmann, the promotion of a doctoral student specialized in one of the areas of evaluation expertise of CEval. The purpose of the interuniversity programmatic action was to train a human resource with skills, knowledge and experience in the practice of a rigorous empirical research process theoretically oriented to the impact evaluation. That experience would allow the graduate student from the UCR Master’s program<sup>4</sup> to obtain the doctorate degree in the UdS<sup>5</sup> and thus strengthen future the evaluative disciplinary area of the Master in Costa Rica.

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<sup>4</sup> Since this Master has a lack of teachers with a PhD academic degree.

<sup>5</sup> Under the Cooperation Program, the doctoral student had two academic research stays in CEval, Germany. During the first (2013-2014), the conceptual bases of the theme were defined, the first quasi-experimental design proposal was designed, and the baseline was constructed. In the second stay, the results of the implementation of the final design and the post-test fieldwork were presented, besides the regression models were run. All the results were presented in supervisory meetings, consultation with CEval researchers and two colloquiums.



Following this line of action, the author of this work, began an arduous process of identification and analysis of evaluability of programs and projects in Costa Rica, to have a project that, as an object of study, had the minimum conditions to be subject to an impact evaluation. After a year of difficult search and case analysis work, PRONAMYPE was reached, a program that due to its nature and context, presented favorable conditions of evaluability and political and institutional viability.

### **1.2.2 Program eligibility reasons**

Evaluating public policy is an abstract, complex, wide-ranging and even volatile activity (Subirats et al., 2008), so the action of “wondering about the effectiveness of a particular policy implies a good part of asking about the implementation of it” (Subirats, 1993, p.140). For this reason, it is easier for the evaluative exercise to focus on assessing a program that constitutes the tangible expression of public management, as a result of the definition of public policy. Even more so, Thoenig (2000) in his paper *Evaluation as Usable Knowledge for Public Management Reforms*, observes that “it is hardly imaginable that reforms of administrative and public sector management would be developed and implemented blindly, thoughtlessly and impulsively, solely by order of the hierarchical authorities. However, this having been the case, a widespread demand exists on the part of practitioners, for there are significant deficiencies in the monitoring of changes introduced in the public sector” (p.1). From which it can be said that our case study is subject to the presumption of Thoenig.

Therefore, the present research is oriented to investigate the effectiveness of the public action, in terms of assessing the management of a socio-labor program aimed at generating employment and social mobility. PRONAMYPE, as a national governmental program founded in 1992, which has not been evaluated, represents the largest investment of State funds on a public program, directed to the financing productive undertakings<sup>6</sup>, oriented to population in condition of social vulnerability and poverty and implemented by the Ministry of Labor and Social Security (MTSS).

PRONAMYPE’s strategic goal is “to promote social mobility processes to develop entrepreneurial skills to the most vulnerable sectors, at risk and excluded from opportunities in the Costa Rican society, enabling them to improve their quality of life and their families” (PRONAMYPE, 2010, p.17). For this reason, the Program is a programmatic initiative of

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<sup>6</sup> During the period 1992-2009, in the sectors of: agriculture, commerce, livestock, industry and services, PRONAMYPE has granted 15.399 loans worth \$33.959.372.17. In 2010, according to an Interim Report, PRONAMYPE had placed 626 loans worth €1.296.973.64 (\$ 1.296.973.64). Likewise, and according to the institutional goals, during the period 2010-2014, the program expects to place 6.185 loans and carry out 8.737 training activities. In total this sustained public investment sums up about 40 million US dollars. Currently, the average loan amount is €2.077.70 euros, at a fixed interest rate of 10% with an average term of 10%.

public policy aiming at poverty reduction, which is why it is part of the strategic actions of the country's National Development Plan, placing it on the axis of social welfare and the improvement of the employability of the work force.

This research is the first quasi experimental evaluative exercise on the Program<sup>7</sup> and aims to show the potential of social evaluation as a tool of public administration (life cycle), and for the accountability of the use of public resources; as well as showing the results achieved by the government social and employment sector, according to their performance capacities, to which PRONAMYPE is linked.

### **1.2.3 Lack of quasi experimental evaluations in Costa Rican public administration<sup>8</sup>**

Despite the relevant role of evaluation in Costa Rican public administration<sup>9</sup>, the political nature of evaluation affects the scope and limitations of the evaluation exercise, for the analysis of public investment initiatives (Weiss, 1982). In the Costa Rican context, no one argues the need and relevance of evaluation; however, just in a few cases is this reflected in the establishment of a mechanism or institutional unit to assume the monitoring and evaluation of their work.

On the contrary, in spite of the recent recognition of the importance of evaluation in the administration and democratization of public affairs, it cannot be concealed that the evaluative component still depends on the logic and political pendulum. Up to today, we dare to hold the argument that the technical bodies of the autonomous and decentralized ministries and institutions of Costa Rica do not develop exhaustive monitoring or evaluation processes (internal nor external). Instead, their work focuses on the instrumental follow-up of the goals established in its Annual Operating Plans and in the execution of the budgetary content for its implementation, without considering and inquiring about the results achieved by its interventions.

In Costa Rica, by Law, the leading role in public evaluation matters corresponds to the Ministry of National Planning and Economic Policy (MIDEPLAN, for its acronym in Spanish), particularly to the National Evaluation System (SINE, for its acronym in Spanish),

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<sup>7</sup> Within the evaluated period, the only research found was the master's thesis in Sociology (UCR) of Donato Elisa (1998) called "Costa Rica: Structural adjustment and policies of containment of poverty in the period 1990-1996. Programs to promote the microenterprise in the Metropolitan Area of San José", which was not an evaluation, but a traditional investigation focused on the analysis of the productive measures of the State as a strategy to combat poverty.

<sup>8</sup> It specifically refers to national-scale evaluations and long evaluation periods, with a quantitative approach and a quasi-experimental design using control groups and treatment of public programs.

<sup>9</sup> About public policy evaluation, refer to item 3.3.1

an entity that, in recent years, has made an important effort of institutionalization of monitoring and evaluation systems, especially in the promotion of evaluations of strategic actions of the National Development Plan (NDP) according to the administration in turn<sup>10</sup>.

The agreement with official data updated until June 2020, since 2011 the National Planning System registers a total of 84 evaluations (which include 38 carried out within the framework of the National Evaluation Agenda). The type of evaluation carried out according to the content of the 84 evaluations correspond to: management 30%, results 32% and entire evaluations 38%<sup>11</sup>. Likewise, and to deepen this information, between the months of March and June 2020, this research reviewed the executive summaries and each report, confirming that no evaluation has been formulated with an experimental or quasi-experimental design or a mixed design (MIDEPLAN 2020)<sup>12</sup>. For this reason, from the academic and independent field, this work contributes to MIDEPLAN, the Social Sector<sup>13</sup> and to the evaluative community, since it is the first, and only one to date, quasi experimental evaluation on a national scale of a public program in Costa Rica that involves public programs of national scale and the use of real and official databases with legal character.

#### **1.2.4 Utility and significance of the impact evaluation**

In order to establish the academic and investigative relevance of the subject that concerns us, it is convenient to ask: why is the evaluation of public policy relevant and what is the contribution of this exercise in the Costa Rican sphere? To answer this question, in addition to the aspects mentioned in the previous items, we think it is important to focus on expectations about the specific contributions of this work. Obtaining strategic information is one of the main objectives of evaluations, in that sense it is understood that “evaluations must provide knowledge as a rational basis for decision-making” (Stockmann, 2011b, p.30). In a broad sense, evaluations must contribute to increase knowledge and the discipline learning curve, considering that, beyond the temporal validity and the significance of the results obtained in an evaluated intervention, the implementation of a rigorous evaluation

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<sup>10</sup> Refers to strategic evaluation processes for public interventions that were proposed in the National Evaluation Agenda (ANE, for its acronym in Spanish) included in the National Development Plan 2015-2018, as a result of the work of MIDEPLAN's SINE with technical and financial support of the FOCEVAL I and II Project of the German Cooperation and scientific advice of the CEval of the Saarland University, CICAP of the UCR, among other actors. Experience replicated in the period 2019 to 2022. In total, 38 evaluations have been implemented.

<sup>11</sup> Data available at the following link:  
[https://www.mideplan.go.cr/evaluaciones\\_Sistema\\_Nacional\\_Planificacion](https://www.mideplan.go.cr/evaluaciones_Sistema_Nacional_Planificacion)

<sup>12</sup> Data available at the following link: <https://www.mideplan.go.cr/evaluaci%C3%B3n-seguimiento>

<sup>13</sup> The author of this research has an explicit request from the Deputy Minister of Labor and Social Security (MTSS) and the director of SINE of MIDEPLAN, to know the results of this work, which could possibly be used as an input both for the decision making of the MTSS policy area, and for the capitalization and possible replication by the technical structures of MIDEPLAN.

may transcend in time, depending on the methodological contribution and the innovation in the use of research techniques and tools.

This is especially relevant when it comes to public programs in the social care area, since these kinds of interventions are often designed with different criteria of dimension, purpose, scope and temporality in which the results are observed, characteristics that, in addition, are very different depending on the governments in turn, all of which complicate the formulation of evaluations, because it hinders the standardization of evaluation criteria and methodologies. Let's also have in mind that the practice of evaluation carries risks inherent to the research field. We refer especially to the so-called "black box quasi-experiments", since many times "the theoretical issues of social programs have focused on the false problem of the artificial methods of data collection" (Chen & Rossi, 1983, p.86).

To prevent the risks that arise when the researcher does not understand the "deficiencies of the theoretical basis of treatment" (Idem, p.87), this research provides, from the theoretical point of view, an unprecedented evaluative planning for the Costa Rican context. To do this, it puts into practice the evaluation approach of Germany's CEval, "oriented to a theoretically based impact", where its impact model facilitates the evaluator's identification and analysis of the feared exogenous variables and the immediate context, according to the understanding of the different subsystems present on the model present and those applicable to the case under study" (Stockmann, 2009a, p.105-130; 2011b, p.46-54, p.117-124)<sup>14</sup>. To justify the general causal hypothesis of the research and its measurement design, is complemented with the systemic approach of Rossi, Lipsey & Freeman (2000)<sup>15</sup>, in order to build a rigorous causal model that understands the theoretical basis of the treatment.

On the other hand, this research proposes for the first time in the national context of the evaluation, a study based on a research strategy from the mixed methodology approach of social research (Tashakkori & Teddlie, 1998a, 2003b, Creswell & Plano Clark, 2011). It is used the mixed method design called "*Sequential Explanatory Design*" (Creswell et al., 2002, p.242) in two phases; during the first one, of a quantitative nature, the researcher nested the quasi-experimental design. Subsequently, in the second phase, it was developed a qualitative component of confirmatory type, according to the effect size found in the quantitative estimation and according to the application guidelines of the mixed methodology in impact evaluations (Bamberger, 2002, p.11).

Therefore, among the main achievements of this thesis can be consider the articulation of the evaluative approach with the specificity of the object of evaluation; as well as having

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<sup>14</sup> Refer to item 3.3.3 Formulation of the general impact model applied to PRONAMYPE.

<sup>15</sup> Refer to item 2.1.1. Formulation of the process theory, and item 4.3.1 The reconstruction of the causal impact theory for quantitative measurement models.

built a quasi-experimental model based on 3 simultaneous quasi-experiments, with highly comparable control groups of twin public programs and with a test power of 0.8 as a world standard. Besides conducting a fieldwork where 1,162 beneficiaries from all over the country were interviewed, to finally obtain a valid sample of 370 subjects that formed the 185 pairs of the sample. Scope that also implied great exhaust on the researcher, so one of the lessons learned from this estimate is that an impact evaluation of this caliber and scope must be carried out in team. In this case, even when the research had scientific teaching support, a great effort had to be made individually to rethink an initial quasi-experimental design that could not be implemented due to deficiencies in the Program's information, and which demanded from the researcher obtaining additional infrastructure and logistic resources for the implementation of the second design that involved a second project as a control group<sup>16</sup>. Consequently, all of which implicated a longer period of investigation than anticipated and new resources<sup>17</sup>.

The expected results can be viewed from three lines of action: a) the contribution of scientific findings on the effects and impacts of the evaluated program and their relevance; b) the contribution of the evaluation as a scientific discipline to strengthen the management of the impact-oriented evaluation and finally, c) the relevance and impact of the evaluation processes on Public Management, in terms of decision making and the definitions of public policy. On the findings and their utility, the research hopes to provide results that allow to record, analyze and measure the achievement of the intervention at the individual, household and enterprise level, as well as their perspectives of sustainability. Besides, reporting clearly and objectively to those responsible for decisions making about the progress of the program, as a mechanism for strengthening the management and quality assurance of their institution (Stockmann, 2009, p.69-76).

Under the perspective of the implementation of an evaluation for quality development (Idem), it is expected to evaluate the management in PRONAMYPE's process of allocating resources, improve the quality of the operations that are the basis for the formulation of strategies for this program and contribute with inputs (see Map Recommendations in Appendices) to the design of an institutional system in PRONAMYPE that allows the monitoring and evaluation in the public sector, specifically for Small and Medium Enterprises (SMEs), that will generate information to different audiences about the effects and impacts. Regarding the relationship between public policy and evaluation, the State is responsible for the production and action of public management and social policy, so within its duties are the management and service delivery to the population. But when it comes to

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<sup>16</sup> See item 4.2.1.2 Factors that affected the implementation.

<sup>17</sup> The estimated economic cost of this research is €9,896.31 (\$ 7,429.66). These resources were invested by the Interuniversity Cooperation Agreement to finance internships in CEval Germany, quantitative and qualitative field work, transcripts and assistants of the researcher. See table with the detail in the annexes section.

evaluating the use of public resources, it is an inevitable question how far it is going to reach the optimization of those, the refocusing of actions towards real results, and the legitimization of implemented actions (Stockmann, 2009, p.70).

Therefore, it is considered that the programmatic evaluation of public policy in PRONAMYPE (together) will help to better understand the quality of transactions between the different actors in the system of second-tier banks (MTSS, FODESAF, PRONAMYPE, Popular Bank, Intermediary Organizations, low-income population), but it also hopes to contribute to decision making to improve the quality of public policy as a service provided to citizens, under its foundational purpose, which is evaluation for the improvement of society, governance, democracy (Scriven, 1967; Weiss, 1982).

### **1.2.5 Covid-19 pandemic: challenges in protecting and promoting employment.**

The pandemic threatens the entire population, but does not affect everyone equally, the affectation depends on the risk factors which increase or decrease vulnerability to Covid-19. One of the main factors is job security, since their tenure allows or restricts economic income and the need for mobility.

According a Special Report Covid-19, it is estimated that the economies of Latin America will have a decrease of -5.3% (ECLAC-ILO, June 2020). In Costa Rica, the INEC Continuous Employment Survey for the first quarter of year 2020 (January-March) does not reflect the impact on employment and the labor market. However, a national opinion study by survey carried out by the UCR in April 2020, estimates that unemployment reaches a record 27.0%, likewise, 46.0% of those interviewed indicate that some family member has lost their formal job and 52.0% that a family member reduced their working hours (CIEP, UCR, 2020).

Data on informal employment do not yet exist, but it is logical to suppose a drastic fall due to sanitary measures, social distancing and the prohibition of movement. There are also no data on the impact on entrepreneurship of micro and small scale, but according to the results of this study, there is a very high risk of bankruptcy mortality. The foregoing imposes the challenge of job creation in the economic recovery phases. In this sense, the Program evaluated in this study will possibly have a relevant role in the self-employment promotion strategy, and possibly have a relevant role with its current target population and the need to expand coverage due to the crisis; therefore, it is considered that the prompt dissemination of the results obtained in this evaluation could help decision makers rectify some inconsistencies in PRONAMYPE's policy design and implementation. The information will be available to stakeholders and audiences to make that to happen.

## CHAPTER 2: PROGRAM ANALYSIS & KEY RESEARCH QUESTIONS

The following chapter is entirely an analytical reconstruction made by the researcher. The first part 2.1, provides a substantial analysis about the intervention problem of PRONAMYPE, analysis that is divided into three sequential and interrelated sections. In the first one, a socio-historical identification of the situation (1980s and 1990s) that determined the emergence of the Program in 1992 is made; the second section reconstructs and shows the evolution of poverty in Costa Rica according to the poverty line and the GINI coefficient, which is evidence of how the beginning of the intervention responds in a positive way to the circumstances. Finally, the third section presents the analysis of the segmentation of the labor market and the precariousness of working conditions.

The second part 2.2 makes a programmatic description of the Program and a reconstruction of the program theory. For this purpose, and given that a public program is being investigated, the “results chain” is used as an analytical instrument recommended by the SINE of MIDEPLAN (2012, 2017), to show the underlying assumptions necessary to understand the desired change according to the situation-problem that PRONAMYPE attends<sup>18</sup>.

### 2.1 Problem analysis

#### 2.1.1 Brief historical context of emerge and public policy orientation

At the beginning of the eighty's decade, Costa Rica<sup>19</sup>, like the rest of the Latin American economies, was hit by an economic crisis that had multiple causes. Among them can be mentioned the level of external indebtedness, the exhaustion of the Import Substitution Industrialization (ISI), changes in the labor market and the effects of armed and political conflicts at the regional level (MDG, 2004, p.3), factors that together caused a fall in the Gross Domestic Product, and a historic increase in inflation with an unprecedented decrease in the value of the national currency, which caused a loss on the purchasing power of the population.

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<sup>18</sup> Within the 4th chapter, the reader will be able to identify the impact theory, base on which the statistical impact estimation models were developed.

<sup>19</sup> Costa Rica is classified as a country with high human development, and enjoys a social and political-democratic development in Latin America (the most unequal region of the planet), however, the recent development of the country has caused an increase on inequality, meaning that internally have increased asymmetries and lags that have completely affected welfare. Therefore, the researcher recognizes the achievements reached by Costa Rica, but, due to the direct relationship with the subject of research, in this section he takes a sociological and critical view in which he exposes in a summarized way the most significant aspects and data related to the country context of a program whose scope is national and is aimed at the populations in which this section will emphasize.

For these reasons, for the Costa Rican State, “starting in 1982, the first priority of economic policy was the restoration of stability and, during the rest of the eighties and early nineties, the economic reactivation; which implied a series of adjustments and reforms that led to the definition of a new style or model of economic growth, valid to date, based on the expansion of exports, the liberalization of trade policies, and reforms to the financial system and the apparatus state” (UNDP, 2014, p.5).

Therefore, in that background, public policies were oriented towards an important reform of public institutions, on one hand (i), associated with the *strengthening of trade and the attraction of foreign investment* in order to promote more dynamic economic activities, which received important support from the institutional apparatus. And on the other hand (ii), but simultaneously, the State implemented a structural adjustment process<sup>20</sup> in Costa Rican society, based on *compensatory measures* that resulted in the establishment of focalized public programs and some sectoral policy initiatives as priority attention.

Thus, in Costa Rica, in the middle of the 80’s and once macroeconomic stabilization was achieved, as a result of *trade liberalization* policies, a development approach was implemented based on the heterodox and gradual application of the proposals<sup>21</sup> contained in the Washington Consensus<sup>22</sup>. The Consensus sought the augmentation of exports based on the diversification of the exportable supply, the commercial and financial opening, the promotion of tourism, the increase of the activities of the duty-free zones, the attraction of foreign investment and the reduction of activities related to State interventionism in the economy.

Certainly, the achievements of such economic policies were observed, among other aspects, in the increase and diversification of exports and the increase in foreign direct investment, activities that tripled their activity and income. However, in other dimensions of national life, the results of this process were not positive, given that, in the same period, imbalances,

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<sup>20</sup> As a result of the negotiation with private international banks, the so-called Structural Adjustment Programs (SAP's) emerged, which were economic measures carried out with the specific objective of facing the external debt and stabilizing the national economy. At the same time, SAP's were the basis on which the new export economic orientation was determined.

<sup>21</sup> It was a set of reform measures linked to the so-called Washington Consensus, which sought “the adoption of a set of policies that consisted on fiscal discipline measures, competitive exchange rate, trade and financial liberalization, the narrowing of the functions of the State - the so-called first generation reforms - through privatization, reduction in the number of public employees and deregulation” (X Informe Estado de la Nación, 2004, p.155).

<sup>22</sup> The gradual implementation of economic reforms in the country refers to the fact that these were not the “shock” type reform, instead Costa Rica appears as a “slow” or moderate reformer within the framework of the reforms adopted at the Latin American level (Sauma y Sánchez, 2003, p10).



social gaps and informal employment increased; besides, poverty did not decrease in the expected level and began a stage of increase in social inequality. That is to say, during that period, the country experienced a weakening on the human development dimension, since the advances that allowed the achievement of greater economic diversification and stability, dynamism of exports and attraction of investments, did not correspond to a growth of employment opportunities and equitable economic growth.

On the contrary, the internal Costa Rican productive development was a factor that limited the growth and aspirations of social mobility, since there was a disarticulation between the economy linked to exports and expansion of services, and the essential factors for development, such as infrastructure, investment in human capacities and the creation of greater entrepreneurial skills (Programa de la Nación, 2004). For example, in the economic area, the activities promoted had problems in relation with quality of employment: between 1990 and 2003, the increase of the *informal sector* of the economy was one of the most visible characteristics of the type of productive development experienced at that time. Also, the consequences of economic transformation in the labor market affected the most vulnerable sectors and segments of the population, such as women, female household heads, young people and elderly.

For these affected groups, the role of the State and the orientation of public policies were essential, since the corrective actions for social compensation of structural adjustment were fundamentally based on stabilization policies with focalized social programs. In this line of action and within the framework of these transformations, the center of change was the State, which underwent modifications according to national problems and priorities, therefore, the public agenda and the focalized social policy were key but, at the same time, were eroded, considering that “during the crisis, the public institutions of the social area were faced with a considerable reduction in their resources: between 1980 and 1982, social spending fell at an annual rate of 18%, while total public expenditure decreased in 9%. The contraction of public spending affected significantly the quality of social services rather than the coverage or number of people and sectors of the population served” (Nowalski, 2003, p.165).

In the aforementioned framework, the Administration of Monge Alfaro’s Government of 1982-1986 promoted changes in the structure of the State that allowed carrying out assistance type programs in both social and labor matters, in that way “the public action regarding employment policy begins with the articulations of efforts and official programs that are executed in services of employment, labor intermediation, labor inspection, wages, training, family assignments, support to micro-entrepreneurs, women, youth and handicapped people” (Ruiz & Dierckxsens, 2004, p.13).

In direct relation with this case study, and as proof of the above, in 1981 arises the National Directorate of Employment and the Employment Advisory Council as part of the Ministry of Labor, to address the problem of unemployment from the public intervention. A year later, in 1982, this Ministry proposed as one of its main objectives “to avoid growing unemployment, for which it outlined a program tending to put to work the Labor and Social Security Sector, as a coordinating entity that groups the related institutions of the government” (Salazar, 1993, p.26).

Almost a decade later, the same Ministry created in 1990 the Productive Sector Program to support small and medium enterprises in the private sector. In 1992, the same line of action continued and a national employment analysis was carried out, aimed at defining a set of employment policy guidelines that would allow the public management of their institutions and programs to be articulated, in order to enhance individual and sectorial results and impact (Pichardo & Ruiz, 1992) and, in the same year, the National Program of Support for Micro and Small Enterprises (PRONAMYPE)<sup>23</sup> was created.

Now, although it is true that many social programs and projects emerged at that juncture, some authors maintain that this did not lead to a strengthening of social policy, since, as stated in previous paragraphs, “the State institutionality of the social area faced a severe process of erosion in order to continue with promotional tasks of social development” (Barahona 2001b, p.165-166) deteriorating the provision of its services and real effectiveness. This critical position argues that public interventions were not intended to achieve social and economic stability, but to strategically accompany the structural change in the development model and its macroeconomic policies (Rivera & Guendell, 1989, p.109, 115).

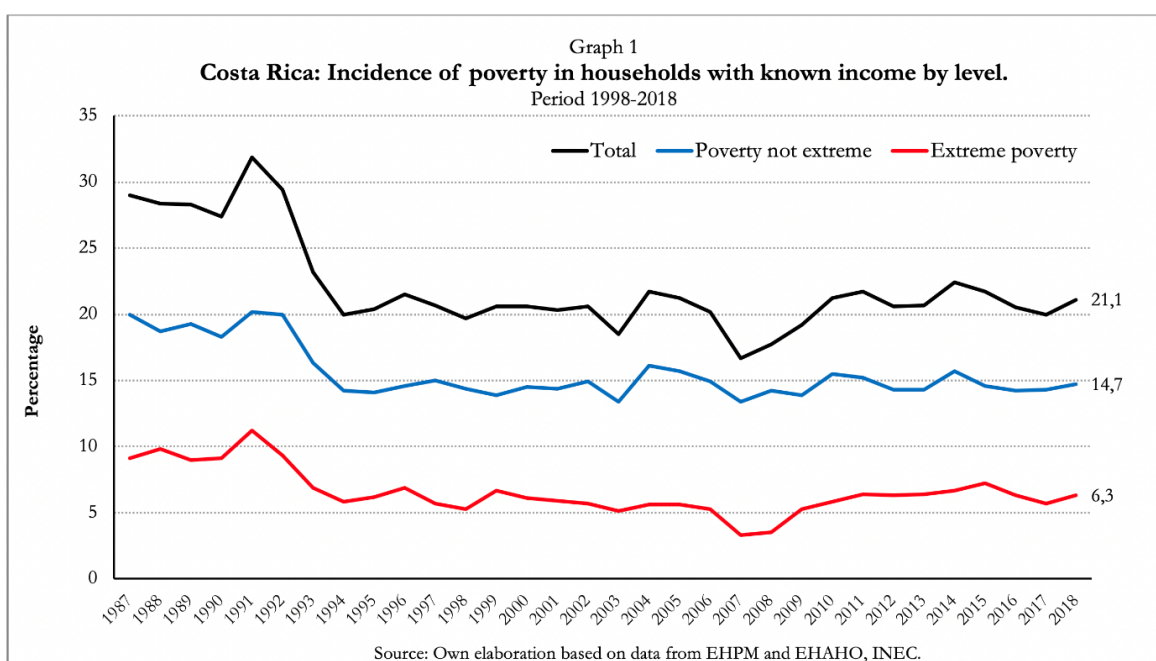
However, the truth was that in that period the poverty levels fell, and since 1986 the number of people in that condition was practically the same as before the crisis, but in 1991 an economic recession anew increased the national poverty rate, which subsequently managed to readjust and stay at the same level until the middle of that decade. From there, the level of poverty stagnates by 20%, and then has not experienced any significant fall in the 20 subsequent years, all of which has represented the Gordian knot of economic development and, particularly, of Costa Rican social policy.

### **2.1.2 Poverty evolution in Costa Rica**

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<sup>23</sup> Subsequently, between 2000-2014 it was known as the National Microenterprise Support Program (PRONAMYPE) and finally, from 2015 until today, as the National Program to Support Microenterprise and Social Mobility (PRONAMYPE).

In Costa Rica, important sectors of the population remain in conditions of poverty and extreme poverty. During the first half of the 90's, Costa Rica achieved important advances as a result of the recovery in social spending (IDB, 2003, p.2), however, poverty has not been significantly reduced, the data indicates that there's a tendency to remain invariable since the mid-nineties, and with an increase in the absolute number of poor households up to 2005. Analyzing the trends about poverty incidence during the last 20 years, it can be observed that there are repetitive cycles. In the period 1990-2005 (three quinquennia) there is a tendency to stagnation, in 1990 there was a 27.4% of basic poverty and 9.1% of extreme poverty; even so, the percentage of poverty for the year 2005 (21.2%) experienced a temporary low in 2007 (21.7%) and 2008 (17.7%) until continuing with a sustained and slight increase in 2018, returning almost to the same level as the beginning of the 1990s.



The incidence of poverty in Costa Rica is better understood from an analysis disaggregated variable, because it allows to identify gaps and inequalities among the population. For example, according to the gender variable, this structural problem affects women more than men, and even more, households headed by women<sup>24</sup>, a situation that has been increasing. The geographical-territorial factor is another variable that shows the differential deepening of poverty. In the year 2000, the total poverty of the country was 20.6%, urban being 17.1%

<sup>24</sup> According to official figures, in the 2004-2009 period, one out of three households had a female head, but close to 70% of those households were located in the I quintile (extreme poverty) and II quintile (poverty) of the country's income, a trend that continued considering that for the year 2017 there were 40 thousand women in extreme poverty. Likewise, in the case of women, and despite the fact that in recent years they have shown an increase in market share (the presence of women in the year 2000 represented 32% of the economically active population (EAP), compared to 26% presented in 1982), their insertion has been basically in activities of informal nature (in 1999 of the total of employed women, 19% were located in urban informality while households represented 14.5%). This implies a greater degree of vulnerability in employment, precarious working conditions and lower wages (Nowalsky, 2003, p.84-85).

and rural 8.8%, but 15 years later, in 2015<sup>25</sup>, the total poverty is 21.7%, but the desegregation of the data by geographical area indicates an increase in urban area (19.4%) and a significant increase in rural areas (27.9%).

Now, returning to a broader analysis in terms of the causes, the incidence of poverty is closely linked to the limits and obstacles established by the market, the prevailing institutional orientations, the low value given to the cultural and social potentialities of poor people and the situations of social, economic and cultural exclusion faced by many of them in the country. These aspects have inhibited the empowerment of people, at the micro level is explained by various causes, such as insufficient income to meet basic needs, situations of greater vulnerability faced by the poor people, the inequality in income and in access to basic quality services, factors that trigger social, economic and cultural exclusion.

In the first case, the insufficiency of income is related to the fall in the real income of households<sup>26</sup>. The condition of poverty related to deprivation due to insufficient income is, at the same time, determined by a set of factors that are distinctive features of the market and institutional framework dedicated to social assistance. The labor market has created important gaps in the access of poor people to quality, well-paid jobs; the activities generated by the style of economic growth promoted create relatively few highly qualified and highly remunerated jobs, which affects the increase in inequality among sectors. People who do not manage to join these jobs, due to their low qualification, are integrated to activities of low productive capacity and poorly paid, located in small-scale agricultural and urban sectors. Secondly, the negative effects have been unequal, taking in consideration that some groups of population have suffered exclusion from the labor market, which implies the inability to access opportunities to have an adequate income. This situation where effects are different for all the people is explained by the gender and age-group variables as well as an increase in informal jobs<sup>27</sup>.

Third, there is a problem related to the country's provision of social assistance. Although Costa Rica has shown adequate levels of social intervention and universal social services, such as education and health, the other goods and services provided by the State to the most vulnerable populations, represent about 75% of the economic income received by poor people (UNDP-FLACSO, 2006). This means, on one hand, the existence of a high dependency on social assistance, and on the other, an inability of the state to generate

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<sup>25</sup> In 2015, the national population was 4,761,807 inhabitants, of which 1,170,634 were in poverty, representing a quarter (24.6%) of Costa Rican society.

<sup>26</sup> For example, according to INEC, between 2004 and 2005 total real income per household experienced slight variations of 2.8 percentage points, insufficient to cover the increase in the cost of living.

<sup>27</sup> For example, "The informal sector was the most active in those years, since it grew at an average annual rate of 6.0 compared to 5.3 in the formal sector" (X Estado de la Nación Report, 2004, p.165).

capacities and sustainable interventions, in a way that allows these people to reduce their dependence and generate more own income.

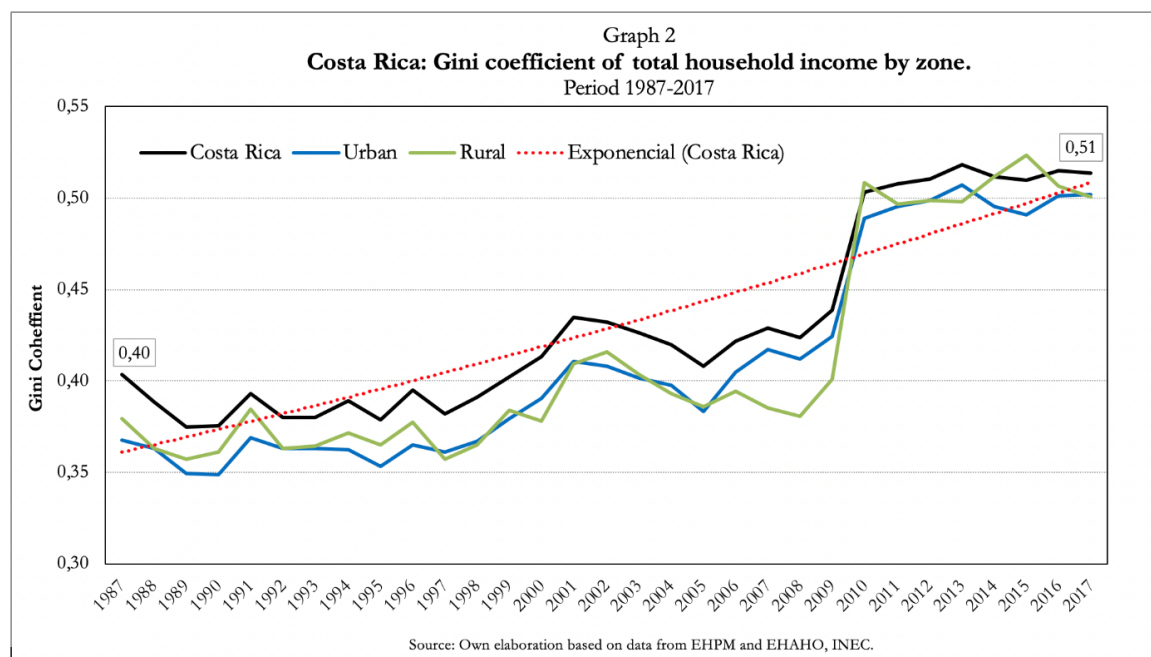
At the same time, limitations to generate income is related to the upward behavior of the prices of goods and services, taking in consideration that if income does not increase at the same level as those prices, there is a deterioration in the capacity to acquire them and, consequently, people fall into a delicate situation of material deprivation. According to the analysis by gender, this problem also occurs differentially, since, at the national level, gross income increases percentagewise more for men (12.2%) than for women (4.75%).

Therefore, the decrease in wage purchasing power and the increase in poverty since 1980, provoked a progressive deterioration of the quality of life of Costa Ricans, marked by a slow but sustained process of increasing income inequality. According to the National Survey of Income and Expenses, elaborated by the National Institute of Statistics and Censuses (INEC, by its acronym in Spanish), between 1988 and 2004, the income per person doubled in the richest households in the country; in comparison, the members of the poorest families barely experienced a 7% increase in their gross income. In that same period, in 1988 the income per person in the wealthiest households was 11 times higher compared to those with fewer resources, but in 2004 that gap was extended 20 times. Situation that, in turn, widens the social gap.

The indicator most used to measure inequality<sup>28</sup> in the distribution of income is the Gini coefficient, and according to the same report, “in Costa Rica its evolution shows that, after a relatively stable behavior since 1987 and during the 1990s (with an average of 0.474), between 1999 and 2001 experienced an acceleration that raised it to 0.519. Then it decreased until 2005, and thereafter it increased steadily” (Programa Estado de la Nación, 2015, p.87) from 2005 to 2017 when it reached a value of the coefficient per household of 0.51 at the national level and 0.50 at urban and rural level. Graph 2 shows the historical evolution of the indicator in the 1987-2017 period, where a slow but sustained increase is observed.

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<sup>28</sup> In 1994 Costa Rica was “the least unequal country in Latin America, today we return to the beginnings of four decades ago” (Semanao Universidad, Costa Rica, Inequality: we retreated 40 years, 2018, p. 6-9).



These fluctuations in income inequality affect to a greater extent the population located in the first and second quintile of income, that is, the poorest population. In this sense, the economic factor has acted as a latent cause affecting the processes of social, economic and cultural exclusion experienced by the most vulnerable people and segments<sup>29</sup>.

Economic growth plays a very important role in the wellbeing of families and the reduction of poverty, but insufficient income is directly related to the structure and dynamics of the labor market. In this sense, the longitudinal studies carried out by the State of the Nation Program are clear in indicating that “the characteristics that most help to understand poverty by income are those related to the labor situation. Poor people participate less in the labor market and have lower employment rates, a higher proportion of informal jobs and their unemployment rates are more than four times higher than those of the non-poor. All these problems are exacerbated in households living in extreme poverty” (Programa Estado de la Nación, 2016, p.20).

### 2.1.3 Employment and labor market

To begin with, it is important to point out that the problem of unemployment and the labor market in Costa Rica are a consequence of the economic turnaround experienced<sup>30</sup>, which,

<sup>29</sup> For 2015, the Organization for Economic Co-operation and Development (OECD) “indicates that households with greater resources obtained 32 times more than the average income of 10% of the households that have less” (Monge, 2017, p.18).

<sup>30</sup> Reorientation of economic activity, which is understood “as a global strategy of the capital to ensure its self-reproduction, for which it assigns to the countries of the area an important role in the productive link ... in this framework both in agriculture and industry, there is a radical change in the reorientation of production. When orienting itself to the external market, the conditions of work, income and welfare

as indicated above, sought the insertion of the local economy in the dynamics of openness and globalization. As a result, there were strong changes in the conformation and characteristics of the labor market, which affected the conditions, quantity and quality of work, as some indicators clearly show.

In that sense, the changes experienced were both positive and negative, according to the socio-economic segment of belonging of the population. Therefore, although the changes in the labor market positively impacted some dimensions<sup>31</sup>, this was not the case for the better qualified workers, who had fewer opportunities for a better insertion in the employment structure. This has historically affected the average income of women as well as the labor insertion of young people, women and the elderly population. Fact that has helped the informal occupation grow faster than formal occupation.

An important study of 1992, carried out by the International Center for Economic Policy (CINPE) of the National University at the request of the MTSS, established that “the persistent structural problems in terms of employment are linked to the main characteristic of the national labor market: a marked heterogeneity. In effect, highly dynamic sectors (trade and services) are developed alongside traditional sectors lagging behind” (Pichardo and Ruiz, 1999, p.4), other analyzes argue that the change in the labor dynamics of those years occurred from the “tertiarization of employment, that is, the predominance of activities related to services in the distribution of the labor force by branches of economic activities” (Nowalski, 2003. p.69).

In 2004, the State of the Nation Program revealed the presence of employment limitations produced by the stagnation of the labor market, taking in consideration that in this year, little more than 13,000 new jobs were created, a number well below the average of about 47,000 new jobs per year, maintained for almost 10 years.

Parallel to the limitations in the generation of jobs, some aspects related to quality showed problematic behaviors such as the real income of workers and geographical disparities, which involve the concentration of high production activities in the central zone of the country.

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of the working class lose importance, since the correlate of these changes loses relative importance in the internal markets, from the logic of the accumulation of capital” (Sows, 2005, p.9).

<sup>31</sup> For example, according to the employment growth by industry, today, the primary sector (traditional agricultural economy) generates 12% of the employed population (5% contribution to GDP), while the tertiary sector (services) represents 68% of the employed population (INEC, 2012), a situation that was the opposite at the beginning of the 1980s.

Regarding open unemployment, since the beginning of the 1990s, the country has maintained relatively low numbers, although there is an upward trend, going from an average of 4.5% between 1990-1994 to 5.7% between 1995-1999 and 6.2% between 2000-2004<sup>32</sup>. However, it has been more evident for women and young people, with a rate of 5.0 for men and 9.6 for women and a national average of 6.6; in the age group of 18 to 24 years, the national average is 13.8, being for men in that group 10.4 and women 19.5.

Along with the increase in open unemployment rates, there were increases in the *visible underemployment* rate, that is, insufficient hours worked for some employed persons. The average of this rate increased from 3.3% in 1990-1994 to 4.4% in 1995-1999 and to 4.8% in 2000-2004. This situation was extremely complex in the Central Pacific and Brunca regions, where the levels presented are higher than the national average.

On the other hand, the *invisible underemployment*<sup>33</sup> rate remained relatively stable (Sauma, 2005). The Atlantic region stands out in this case, an area in which some activities have been promoted in recent years with traditional and non-traditional agricultural exports (bananas, pineapples, etc.), which have been denounced as having deficient working conditions linked to the type of contracts, in detriment of working people.

Likewise, there were important territorial disparities<sup>34</sup>, taking in consideration that there were areas in which the dynamism of the new model promoted employment and certain productive activities, for example, 62% of the population with employment lives in urban areas of the Central Region, while in the Atlantic region, where the main port of the country is located, that percentage was 9.1%. In terms of the causes that explain the problem of employment in Costa Rica, there are four major aspects that can be mentioned.

### **2.1.3.1 The insufficient generation of employment**

In the first place, the insufficient generation of employment is expressed in the real decrease of jobs. This is a situation of recent appearance, since if one takes into account the period between 1990-2003, the labor market managed to generate an average of 47,000 new jobs per year; however, for the year 2004 this situation changed radically. In that year the jobs created were barely 13,000 and the net participation rate in the labor market showed a slight decrease between 2003-2004 from 55.5% to 54.4%, respectively (Obando & Rojas, 2017, p. 20-35).

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<sup>32</sup> Although the open unemployment rate remained relatively stable, the underutilization of labor reached 15% of the EAP.

<sup>33</sup> Understood as the insufficiency of salaries in relation to the minimum established by law, within the population that works full time or more.

<sup>34</sup> A high importance aspect, and the reason for which the scope of the sample of the quasi-experiments of this research covers priority areas and populations of the country.



By population sectors, it is women and young people who have the main difficulties in accessing the labor market. At the territorial level, the Central, Pacific and Brunca regions show the highest levels of unemployment (INEC, 2005).

As underlying causes of the low growth shown by the labor market in recent years, it is possible to mention two elements. On one hand, the reduction in the relative importance of traditional sectors such as the agricultural sector (which has decrease in absolute terms between 1990 and 2003) and the industrial sector (which has decreased in percentage terms, from 18.0% to 13.9% in the same period). Additionally, about 80% of employed persons are in the private sector, a situation that contrasts with the reduction in the relative importance of the public sector (17.0% to 14.1%), which has been manifested in the country during the reference period (Sauma, 2005).

On the other hand, the labor market has lacked, from a few years ago, a stimulus to the activities of traditional sectors, due to the weakening of institutions that promote agricultural and industrial activities, the decrease in the allocation of economic resources, and a decrease in the technical response capacity of public institutions, as a result of programs for cutting staff (labor mobility) closure and merger of entities (Programa Estado de la Nación, 2004).

### **2.1.3.2 Training offer and market needs**

A second aspect has to do with the disconnection between the offer of vocational training and the current needs of the labor market. Although in recent time, the services sector of the Costa Rican economy has shown to be the most dynamic in the generation of jobs, the training of the labor force has lagged behind to meet such demand. At the same time, sectors linked to new agriculture and industry require specialized personnel in the new technologies used in several of their activities (Ruíz, 2010).

The limited access to capacity building has obstructed the insertion of some sectors into the labor market, due to the stagnation of actions to train human capital, meaning the educational system, and the lack of adequate and pertinent programs working towards reintegration into the formal education system. Situation that occurs at a time of development of the labor market in which the dynamic companies of the Costa Rican economy (linked to the service sector and technology) tend to dispense the less skilled labor as an effect of the increase in the relative demand of workers qualified with professional training. This is aggravated by the existence of a series of institutional weaknesses, such as the poor design of capacity building programs.

Regarding this aspect, and despite the fact that opportunities have been generated in the country to provide tools considered key for successful integration into the labor market, such as English language proficiency, access to computers and Internet (digital gap) and

public universities education, these have not been opportunities for low-income sectors, such as young people and women. (Programa Estado de la Nación, 2004-2016).

### **2.1.3.3 Quality of employment**

The third cause is the poor quality of the employment generated, which is related to three aspects, the increase of informal jobs of low productivity, low remuneration and the increase in precarious labor, characterized by job instability (temporary jobs), job insecurity (absence of social security coverage) and work insufficiency (underemployment in terms of time and income).

### **2.1.3.4 The informal sector and poverty**

All of the above indicated translates into a total incapacity of the least qualified and most vulnerable people to access formal employment and, therefore, that this underutilized workforce must look on their own for a profitable activity that, at least, allow them and their families to satisfy their basic need. Thus, the informal sector has been the answer for the less qualified and excluded from the market, in order to be able to be employed in a heterogeneous and segmented labor market.

From 1990 to 2003, the trend has moved towards increasing informal employment, growing at an annual rate of 6.0% (Programa Estado de la Nación, 2004, p.165) and for 2014, according to data from the Continuous Employment Survey, informal employment accounted for 45% of the employed population of the country. Regarding the characteristics of informal employment, the distribution by sex, according to data from the same survey, reflects those men have the greatest presence within informal employment, but women are the ones with a higher participation in the informal sector and precariousness. Likewise, workers in this sector range from 25 to 34 and from 45 to 59 years old and have the lowest schooling rate in the country (INEC, 2015, p.16).

In relation with self-employment, the Observatory of MIPYMES of the State Distance University of Costa Rica, indicates that “the phenomenon of informality, characterized by self-employment and underemployment, which mainly attacks micro and small enterprises, condemn these companies to precariousness and poverty” (UNED, 2010, p.13). Therefore, in Costa Rica, a country with five million inhabitants, as explained throughout this chapter, the segmentation of the labor market in the formal and informal sector is very important, because the informal sector has a weight of 26.2% of the Gross Domestic Product (GDP) and its workforce represents 10% of the Economically Active Population (EAP) (ILO, 2000). For the year 2010, according to studies conducted, of the total number of existing microenterprises in Costa Rica, 47.5% were family activities, 62% reported needing training

and 48% never applied to the national banking system to obtain a loan (UNED, 2010, 2011)<sup>35</sup>.

Therefore, the state administration understood that it was necessary to direct the economic-reactivation public policies towards the investment to create employment, capital and, in particular, soft credit programs to support small and microentrepreneurs. This would help them to gradually get out of precariousness and poverty, so that their productive ideas have the possibility of growing until they reach formalization, the protection of labor rights and growth. Sectoral policies and programs that have been created as mechanisms to fight against poverty<sup>36</sup>.

## 2.2 Program Description

### 2.1.1 Institutional and legal context

The PRONAMYPE program was created in 1992 and since then it has been the most important state investment fund aimed at financing productive entrepreneurship and micro enterprises. As a program, it is attached to the Ministry of Labour and Social Security (MTSS, for its acronym in Spanish) and it is administered by the figure of Trust, the Trust 02-99, MTSS/PRONAMYPE/Popular Bank of Community Development. For this reason, the program is financed by national resources of the State, through the Social Development Fund and Family Allowances (FODESAF, for its acronym in Spanish).

For its part, the MTSS within the Central Government, is the governing body for the labor and social security policy of Costa Rica, which by law aims at the worker, employer and pensioner population, as well as the vulnerable social sectors, in order to promote decent work and contribute to social development (MTSS, General Directorate of Labor Planning, 2016). This Ministry plays a central role in the socio-labor policy of the country, taking in consideration that, among the 14 Sectorial National Councils that group the centralized and decentralized public institutions of the Public Administration, the MTSS is the regent and coordinator of the *Labor and Social Security Sector*<sup>37</sup>.

As the first sector of national planning, its main responsibility is to carry out, at the institutional and inter-institutional level, the functions of safeguarding, developing and promoting social security in Costa Rican society, with actions such as the enforcement of labor rights, planning, promotion of employment, and the management and supervision of

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<sup>35</sup> Nowadays, in 2018, 26% of the national population works for their own account, 89.3% of those workers with a high level of informality (INEC, 2018, p.20).

<sup>36</sup> This aspect is analyzed in the case of PRONAMYPE in item 5.2

<sup>37</sup> It is formed by 31 centralized and decentralized institutions, all together manage the 25.79% of the national budget (MIDEPLAN, 2010, 2016).

all programs aimed at reducing poverty through Social Development and Family Allowances (FODESAF), with special attention to groups in conditions of disadvantage or social risk.

Therefore, and in accordance with the government policies, the National Development Plan and the medium and long-term strategy, MTSS is the axis on which the strategies are developed in order to offer to impoverished or at social risk sectors, public interventions that promote employability through the generation of employment opportunities, self-employment and social mobility. In this line of action, the MTSS has established in its Institutional Strategic Plans (PEI, for its acronym in Spanish, 2010-2015 period) two objectives closely linked to this case study: “1. Promotion of employability and entrepreneurship of the working-age population, exclusively for women heads of household, youth and people with disabilities” and “2. Guarantee a decent work for young people between 15 and 35 years, through the strengthening of employability and entrepreneurship” (MTSS, 2010, 2011, 2012, 2013, 2014, 2015). These actions of the MTSS, have a sectoral scope in the Government of the Republic, and are linked to the level of national planning, through the set of programs and projects under their responsibility within which PRONAMYPE is framed.

In fact, the legal norm behind PRONAMYPE's creation is based on the Law Number 5662 of FODESAF, Executive Decree No. 21099-MEIC-MTSS of February 21, 1992, and its amendment Executive Decree 21455-MEIC-MTSS, of July 15, 1992, published in La Gaceta No. 156 of 8/19/1992. It should be noted that, analyzing the legal historical evolution, it has been identified that the public management of PRONAMYPE has experienced a total of 25 changes or derogations in 12 of the articles of its Creation Decree (21455), all of which was approved in 8 modifications. These were changes that have focused on redefining the purpose of the Program, the organizational structure, adjustments to the regulation and the definition of its target population.

This last aspect, referred to the target population, has been the subject that has undergone the most modifications, and perhaps, the most sensitive aspect in terms of the significance of PRONAMYPE as a socio-labor program, taking in consideration that after the year 2000 “one of the changes was the definition of its target population, focusing as of 2006 by Executive Decree 33057-MEIC-MTSS, on micro-enterprises. The foregoing, due to the need to adjust to the FODESAF population's profile, as well as to the promulgation of Law 8262. This is why PRONAMYPE is considered as one of the first interventions whose target population corresponds to micro entrepreneurs, mainly informal and in vulnerable conditions; since the support to the small and medium companies (PYMES, for its acronym in Spanish) arises as a result of the promulgation of the Law 8262 in the year 2002 (Fernández Ramírez, 2016).

And as it is known, the level of income is a crucial factor in the ability of people to access basic goods and services. Poverty implies a denial of opportunities and fundamental choices necessary to achieve human development. The vulnerability involves social risk and it also means that poor people are more exposed to social exclusion and are less able to respond to the impacts of external events.

Therefore, this program is a public policy initiative to reduce poverty, this is why it is embedded within the strategic actions of the National Development Plan 2011-2014 and 2015-2018, located in the “Social Welfare”, within the component called “Improving the employability of Workforce” (PRONAMYPE, 2010b, MIDEPLAN, 2010).

### **2.2.2 Strategy**

Although PRONAMYPE is not defined as an assistance program, it intervenes in the labor market, in the first level of productive entrepreneurship: the informal sector. Its strategic approach, establishes that PRONAMYPE’s strategic goal is “to promote social mobility processes to develop entrepreneurial skills to the most vulnerable, at risk and excluded from opportunities sectors in the Costa Rican society, enabling them to improve their quality of life and their families” (PRONAMYPE, 2010b, p.17). Its general objective is “to implement components of microcredit and training, in order to encourage business development in microentrepreneurs in poverty condition, by which, as a result of the generation of self-employment and sustainable family capital, may have greater opportunities to improve their living conditions and that of their families” (PRONAMYPE, 2013c, p.2).

Likewise, and in accordance with the agreements established between MTSS-PRONAMYPE and FODESAF and its guidelines, the Program has two specific objectives (PRONAMYPE, 2013c, FODESAF, 2014, 2015):

- “1. Place microcredits in soft, competitive conditions and agile access procedures, in order to provide real opportunities for social mobility, through the development of productive ideas of entrepreneurs and/or people with ongoing micro-businesses, both in poverty conditions and that are mainly beginning their socioeconomic evolution within the informal sector.
2. Financing training programs for people in social sectors that are lagging behind in society, in conditions of poverty or extreme poverty that empowers them to: a) Undertake productive activities on their own. b) Strengthen and/or strengthen its micro-business for the practice of sustainable business forms. c) Take advantage of the courses contents developed about basic skills that allow those who do not have a business idea, or a business in progress, to increase their employability by favoring their insertion into the labor market.”

In summary, PRONAMYPE constitutes a programmatic initiative of public policy that is located in the axis of social welfare and improvement of the employability of the Costa Rican workforce.

### 2.2.3 Program components<sup>38</sup>

The intervention offered by PRONAMYPE to its target population consists of two products clearly differentiated and not necessarily complementary. In accordance with the Annual Operating Plans, the two program components are:

Microcredits to productive undertakings: The Program provides financing to grant credits (of a non-assistance type) and in soft conditions for productive undertakings according to the provisions of its legal mandate. The main characteristics of its credit offer are the following:

Table 1:  
Main characteristics of the credit offer

| Characteristics                  | Description                    |
|----------------------------------|--------------------------------|
| Interest rate:                   | 10% fixed annual               |
| Maximum period:                  | 96 months                      |
| Currency:                        | Costa Rican Colones            |
| Guarantee requested:             | Mortgage, pledge and fiduciary |
| Maximum amount per applicant:    | €5 million                     |
| Number of credits per applicant: | No restriction                 |

Source: Technical Support Unit, PRONAMYPE.

Trainings: It is provided through an administrative contracting process, in which training courses are given at the local level to people or entities that have an enterprise or a productive idea. This service is listed as assistance since it is offered free of charge. The trainings are offered to credit beneficiaries or people with a productive idea, consist of a maximum of 80 hours and are taught directly in the communities. The three main purposes of this component are:

Table 2:  
Purposes of the training offer according to component axes

| Main Points                                | Description  |
|--|--|
| a. Strengthening microenterprises          | Improve the working capacity of micro-enterprises that are in operation, by improving, updating and increasing business skills for people living in poverty. |
| b. Development of commercial capabilities. | Advice in the formulation of a productive idea and elaboration of a business plan for people with entrepreneurial potential.                                 |
| c. Self-employment.                        | Skills training for people who want to develop basic knowledge for job search.   |

Source: Own elaboration based on PRONAMYPE official information.

<sup>38</sup> According to the regulations and the Annual Operating Plans, the Program offers a third component called “Technical Assistance”, but during the evaluation period this service was not offered. Situation that remains valid.

## 2.2.4 Target population, criteria and selection process

As explained in previous sections, PRONAMYPE emerges as a Program to serve the sectors most affected by the problem of segmentation and flexibilization of the labor market. For this reason, this public policy initiative is by nature a *focalized program*, aimed at a specific population sector, with common characteristics among them but different from the population of the country, whose target population is defined in its Law of creation, just as presented in the following table.

Table 3:

### Definition and characteristics of the target population according to the legal frame

| Law 5662 y Executive Decree 21455  |  |  |
|--|--|--|
| Definition   | Scope  | Prioritization   |
| Article 8  | Article 8  | Article 2  |
| “The beneficiaries of the program will be the people affected by poverty, exclusion, disability and social risk qualified by PRONAMYPE based on its regulations and procedures.” | “Costa Ricans and legal resident foreigners of the country, as well as minors, who in spite of lacking a regular migratory condition in the national territory, are in a situation of poverty or extreme poverty, in accordance with the requirements that are established in this and the other laws in force and their regulations.” | “Take especial priority women who are single mothers, female heads of households, persons with disabilities, those in charge of people with disabilities, older adults and young people at risk, with limited economic resources, productive undertakings or low productivity microenterprises.” |

Source: Own elaboration on base on national Law number 5662.

Therefore, according to its Strategic Planning and to the Annual Operational Plans of the Program, its target population consists of Costa Rican men or women or naturalized foreigners or foreigners in regular conditions, in poverty or extreme poverty, working in the informal sector, with a micro business in progress (main source of income for the family), or with a business idea to start in the rural or urban area of the country (entrepreneur) with viability and economic sustainability. As well, populations at social risk, such as single mothers and female heads of households, persons with disabilities, the elderly and young people in vulnerability, have priority of care. (PRONAMYPE, 2014a, p.7)

On the other hand, the training component must be oriented to the solution of a common problem for a target population, which is formed by microentrepreneurs designated by intermediary organizations or by a public or private institution. It is carried out by consulting companies or independent advisors who are hired specifically for this purpose.

The *requirements and selection criteria* defined by PRONAMYPE to access the resources of the Program are stipulated by Law N ° 8783, Amendment to the FODESAF Law, and are based mainly on the family per capita income and the condition in which said income places them according to the official technical parameters established. The criteria are the following:

- People must have an economic condition that places them at the level of poverty or extreme poverty. The parameter used is the poverty line methodology of ECLAC, which is estimated by the National Institute of Statistics and Censuses (INEC, by its acronym in Spanish).
- Persons excluded from the benefits and products granted by the National Financial System; therefore, they should not have any credit or credit line with any financial institution of the country, public or private.
- They must not have active liens with entities of the National Financial System.
- They must present some type of guarantee and show evidence of having ability to pay.
- They must have a project in progress and have a business plan.

Regarding the *selection process*, the Program operates under the “*second-tier banking*” scheme, which implies that selection, placement and financial management of the loans is carried out under the intermediation of the so-called Intermediary Organizations (IOs) and not directly by the Program. The process is done by applying the following filters:

- i. Beneficiaries are identified in all national territory, only through an IOs network.
- ii. The IOs identifies and preliminarily selects the beneficiaries according to their own criteria and knowledge of the local communities where they operate.
- iii. The IOs receive a revolving fund from PRONAMYPE, they allocate the resources to the end users: beneficiaries/microentrepreneurs who qualify according to the established parameters in the regulations in force.
- iv. The basic data of the beneficiaries are transferred to PRONAMYPE, where the Credit Analysts evaluate the information sent by the IOs.
- v. The PRONAMYPE credit analyst reviews in the database of the National Property Registry, the type of movable or immovable property that the beneficiaries own (or not) considering and comparing it with the productive activity that the person develops.
- vi. Banco Popular administrator of the Trust analyzes the guarantee documents presented by each of the potential beneficiaries.
- vii. Through a Disbursement Request Form, PRONAMYPE establishes a diagnosis of the socioeconomic situation of the loan applicant and its family nucleus, as well as



- the nature of its microenterprise. If there is any doubt, the credit analyst immediately contacts the OI in order to get from them the needed information.
- viii. Disbursement requests must express the commitment and responsibility of the OI, in terms of attesting that the applicant is in poverty and complies with PRONAMYPE's targeting guidelines.
  - ix. The Program has the power to request any additional information it deems necessary to broaden and clarify the different socio-economic scenarios of the applicants, and if it is concluded that certain proposals do not comply with the established guidelines, the Program may reject the application.

For the selection process of the training component, the Business Development Unit (UDE, for its acronym in Spanish) of PRONAMYPE, manager of the training, is in charge of receiving and reviewing the training requests sent by various requesting agencies (usually, local groups, Municipalities, Development Associations, and even governmental institutions such as Ministry of Agriculture and Livestock (MAG), Ministry of Environment and Energy (MINAE) and others). The latter are those in charge of identifying the beneficiaries who need the service, to propose their business plan or put into practice knowledge that improves the profitability of their productive activity.

Once the applications have been reviewed by the UDE, they are presented to the Special Committee of PRONAMYPE for approval, once the applications have been approved, the UDE begins the process of Administrative Contracting to designate the professional who will be in charge of the training process.

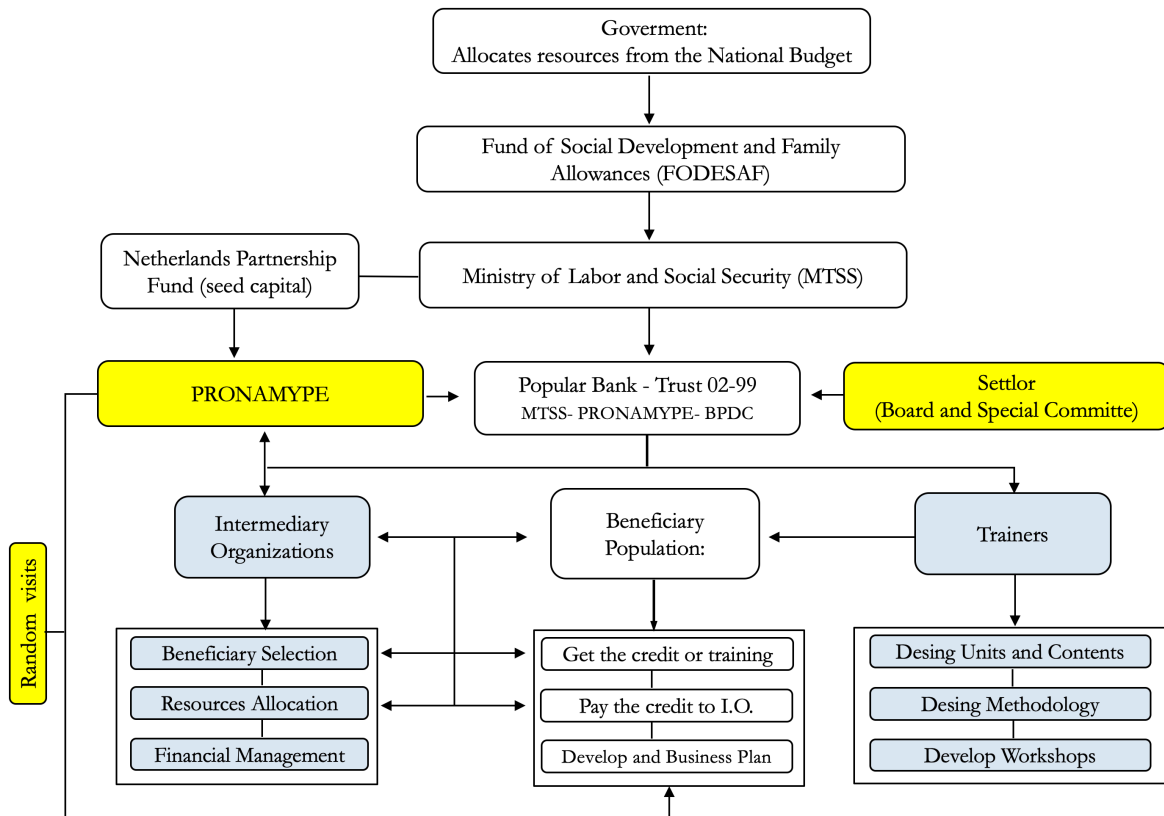
### **2.2.5 Resources and geographical coverage**

The financing is charged to the national budget and comes from two sources, the annual transfer by the Directorate of Family Allowances (DESAF, for its acronym in Spanish) and the collection of the own Trust, product of the recovery of the microloans. In terms of geographical coverage, the MTSS defines it as a national program, however, although the beneficiaries may reside in any of the seven provinces of the country, according to Executive Decree 38954, article 21, the institutions “shall prioritize the care of people in extreme poverty according to the 75 districts with the highest poverty rates”, which emphasizes the program's focused nature.

### **2.3 Process Theory**

Under the perspective of process theory, understood as “the combination of the program’s organizational plan and its service utilization plan and overall description of the assumptions and expectations about how program is supposed to operate” (Rossi, Lipsey and Freeman, 2004, p.431), PRONAMYPE works as described in figure 1.

Figure 1  
**PRONAMYPE Process Theory**



Source: Own elaboration based PRONAMYPE 's official documents and staff interviews.

The explanation of the theory of the process summarizes all the previous items, thus: PRONAMYPE operates under a scheme of second-tier banking through the figure of a Trust (02-99 MTSS-PRONAMYPE / BPDC), in which the Popular and Community Development Bank (BP) is the Trustee, the MTSS is the Trustor, and the microentrepreneurs are the beneficiaries.

The resources to finance these operations come from the FODESAF (for its acronym in Spanish), and are given to PRONAMYPE through a legal agreement. In terms of loans, PRONAMYPE operates through an OI network, its operational structure has 7 employees included in the MTSS form, 3 of them are designated to attend the credit matters, placement of resources, respective follow-ups, recoveries and every coordination work between PRONAMYPE, the Fiduciary Bank, the IOs and the beneficiaries.

Each credit request is analyzed by a portfolio manager (credit analyst) of PRONAMYPE, with the purpose of verifying that it complies with the legal and documentary requirements of the program in order to grant the approval. Likewise, the OIs must coordinate disbursements, periodically verify reconciliations and debit balances, and apply payments directly to PRONAMYPE.

Individually, each microentrepreneur can receive a credit of up to ₡ 5,000,000.00 (five million Costa Rican colones) according to their investment plan. The credits reach the beneficiaries through the financial intermediation of the OI, which are civil society organizations such as: foundations, cooperatives, associations and Cantonal Agricultural Centers, distributed throughout the country.

Regarding the training processes, it should be noted that PRONAMYPE is not the one who gives it instead they manage the trainings. This work involves the coordination with the IOs and other organizations, usually local, such as Municipalities, Development Associations, or other public institutions that lead government projects such as MAG, MINAE, INAMU, Women's Offices, etc. All of these organizations have the possibility to identify, in a more authentic and first-source way, the local training needs of the whole country, especially in remote areas with less development, which causes emigration of people from their communities.

#### **2.4 Theory of program: the results chains**

The argumentative approach of Chen's Theory-driven Evaluation is essential within a rigorous and high-standard scientific evaluation. This includes the epistemic need to know, understand and specify how the goals of the interventions expect to achieve the results and impacts, which is done by defining the “program theory”, since the “program theory contains specific strategies for achieving a goal or solving a social problem. It implies that something ought to be done in order to improve the current situation” (Chen, 1990, p.41).

This is so, given that, as noted by Stockmann and Meyer (2016c), “each program expresses a notion of the structure, functions and appropriate procedures to achieve its goals. This notion constitutes the logic or plan of the program” (p.133), or what is the same, a heuristic and contextualized understanding of the Program, based on a schematic, systemic and limited representation of the reality that the program seeks to change as a consequence of its social and economic intervention.

For this purpose, this research adopts the definition proposed by Rossi, Lipsey and Freeman (2004), whom define the theory of the program as “the set of assumptions about the manner in which a program relates to the social benefits it is expected to produce and the strategy and tactics the program has adopted to achieve its goals and objectives. Within program theory we can distinguish *impact theory*, relating to the nature of the change in social condition brought about program action, and *process theory*, which depicts the program’s organizational plan and service utilization plan” (p.64)<sup>39</sup>.

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<sup>39</sup> In the item 4.3.1 the impact theory is presented, which is the basis of the statistical models.

For this case study, defining this was one of the first difficulties, since PRONAMYPE did not have a theory of the program in its Operational Plan. It should be noted that this is not a strange situation, but a common one, since the Costa Rican public administration plans its projects from a perspective oriented to the budgetary execution for the fulfillment of the general objective of the program, omitting the elaboration in advance of the theoretical foundation oriented to the expected change.

Therefore, to solve this problem, the theory of the program was reconstructed using the “*results chain*” as a technique, a logical analysis tool recommended for official use by the MIDEPLAN’s Evaluation and Monitoring Area, in its Management Manual for the Design and Execution of Strategic Government Assessments (2012)<sup>40 41</sup>. In this line of action, a qualitative work was developed in three ways, first, a documentary analysis of all the official information of the Program was made; second, and in parallel, interviews and individual consultations were carried out with the technical staff of the Program; and finally, two focus groups were carried out to present and validate the final version of the results chain<sup>42</sup>.

By doing this, the sequence of inputs, activities and outputs expected from the intervention of PRONAMYPE was formulated, starting at the first level corresponding to the available sources and resources and then developing each of the levels of the chain. It is important to indicate that in the strategic evaluations developed by the MIDEPLAN’s Evaluation and Monitoring Area, which have used the results chain, the evaluators have omitted to state the corresponding hypotheses at each level<sup>43</sup>. However, this research does raise a causal logic according to the corresponding hypotheses of each level (see table 5), in such a way that the

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<sup>40</sup> Manual and methodology, promoted by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) through the Projekt zur Förderung von Evaluierungskapazitäten (Evaluation Capacity Development (ECD) in Costa Rica by Deutsches Evaluierungsinstitut der Entwicklungszusammenarbeit (DEval) and scientific support from the Centrum für Evaluation (CEval) of the Universität des Saarlandes (UDS). Likewise, this methodological tool is used in order to develop it in all its extremes and in a didactic way in methodological terms in the methodological chapter 5.

<sup>41</sup> It is clarified to the reader that the use of the “results chain” in this work, was done thinking about a better understanding and local utility of the approach of this research by the different stakeholders, since it is currently the instrument or form through the which the Public Administration of Costa Rica performs the evaluability and theory of the intervention (MIDEPLAN, 2012, 2014). Therefore, this tool is used given the objective of seeking the best understanding, reference and use of this academic work.

<sup>42</sup> In the same sessions the theory of the process and the impact theory were also validated.

<sup>43</sup> Evaluations that can be consulted in the official page of MIDEPLAN in <https://www.mideplan.go.cr/35-plan-nacional-de-desarrollo/evaluacion/1331-evaluaciones-de-intervenciones-estrategicas> and at FOCEVAL page: <http://foceval.org/documentos-y-enlaces/>

stakeholders can count on the theoretical assumptions of the operation and complexity of the social intervention (Weiss, 1983, p.59).

Therefore, after understanding that PRONAMYPE is the main investment fund of the Costa Rican State to finance productive projects of microentrepreneurs with limited economic resources, a program that is also included within the Rector's Office of the Social Sector and the Fight against Poverty, the hypothesis Nodal of this evaluation is considered as follows:

### **Hypothesis B > A**

Where **(B)**  $\Rightarrow$  implies that if the financial, business and productive capacities in the target group are developed and strengthened, the productivity, auto-employability and personal/family income will improve, of people in the informal sector, vulnerability and risk, allowing this segment of population to improve their quality of life and increase social mobility. Then, the expected impact **(A)** **corresponds to** reduced poverty; improved the quality of life and increased social mobility in sectors with greater backlog, and disadvantage of access to opportunities for economic and productive integration of Costa Rica. In sum, these leads to achieve the strategic objective of the Program: developed and comprehensively strengthened the productive capacities of micro and medium-sized enterprises of the segments of population of low-income resources, vulnerable or in the informal sector of low productivity, to increase its level of organization, stimulation of productivity, the sources of auto-employment and sustainable and stable income and improvement of their quality of life.

For a better and complementary exposition of the approach, table 4 was made where each link of the chain is exposed according to objectives and the corresponding hypotheses that the evaluator must theoretically formulate<sup>44</sup>. Also, Figure 2 presents a sequential logic model based on the chain. All of which must be understood in direct relation to what is stated in the applied analysis of the problem (item 2.1) that PRONAMYPE seeks to solve.

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<sup>44</sup> See in annexes the full version of the document.

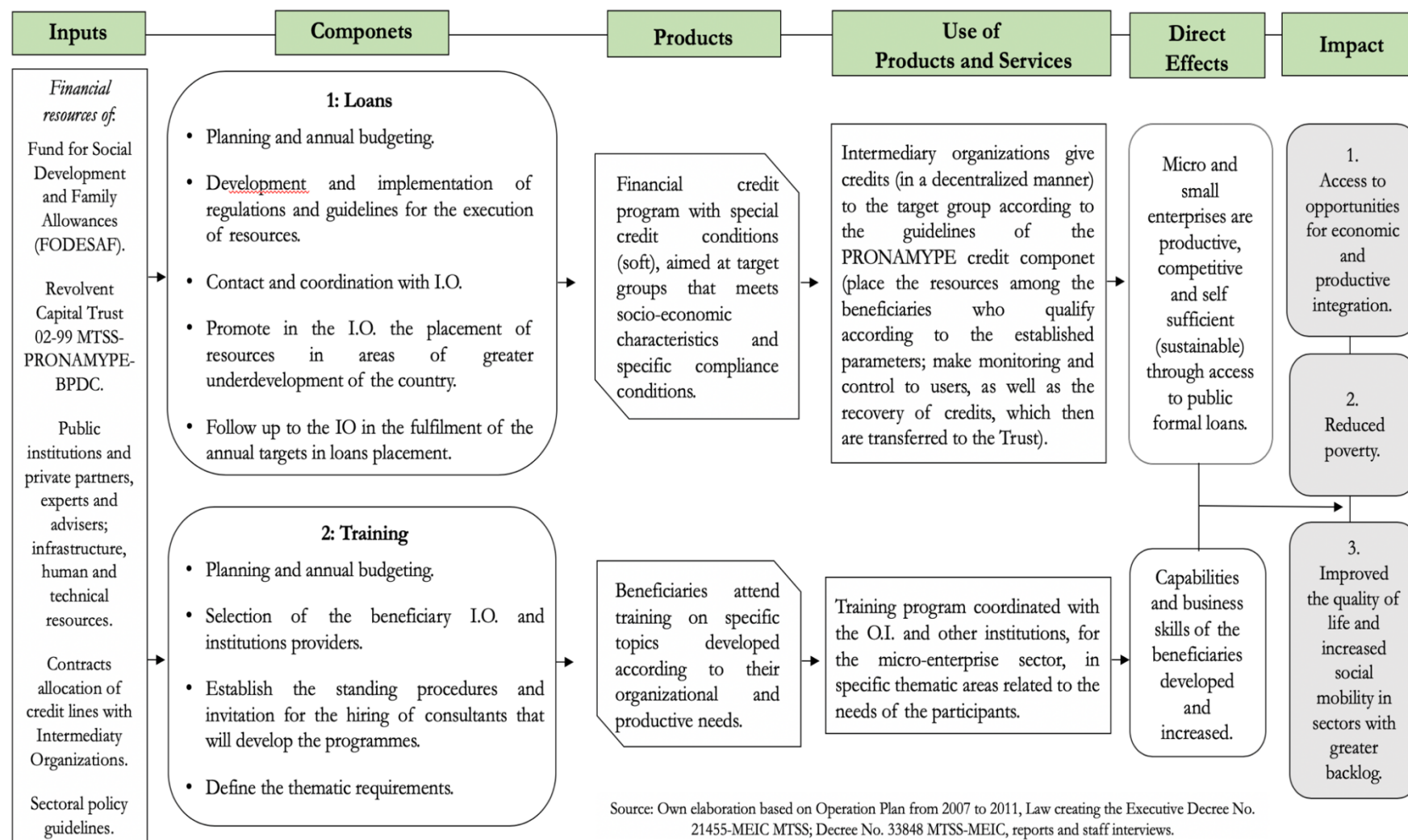


Table 4: Summary of the reconstruction of the PRONAMYPE results chain.

|   |  |   |  |   |
|---|--|---|--|---|
| <b>A. Impact</b>                        | Reduced poverty; improved the quality of life and increased social mobility in sectors with greater backlog, and disadvantage of access to opportunities for economic and productive integration of Costa Rica.  |   |  |   |
| Hypothesis B > A                        | If the financial, business and productive capacities in the target group are developed and strengthened, their productivity, auto-employability and personal/family income improvement, of people in the informal sector, vulnerability and risk, allowing this segment of population, to develop their quality of life and social mobility.   |   |  |   |
| <b>B. Programme General Objective</b>   | Developed and comprehensively strengthened the productive capacities of micro and medium-sized enterprises of the segments of population of low-income resources, vulnerable or in the informal sector of low productivity, to increase its level of organization, stimulation of productivity, the sources of auto-employment and sustainable and stable income and improvement of their quality of life. |   |  |   |
|   | <b>Component 1: Loans</b>  |   | <b>Component 2: Training</b>   |   |
| Hypothesis C > B                        | Improved the productive enterprises increasing financial capital of work, production, income and competition.  |   | The development of capabilities and organizational skills of the beneficiaries, allows them to make better business management   |   |
| <b>C. Project Aim</b>                   | Micro and small enterprises are productive, competitive and self-sufficient (sustainable) through access to public formal loans.   |   | Capabilities - business skills of the beneficiaries developed and increased.   |   |
| Hypothesis D > C                        | Beneficiaries use loans for important investments aimed at the development and sustainability of their micro or medium-sized enterprise.   |   | Through training directed to satisfy specific needs of the target groups, the beneficiaries develop and increase their business capabilities within the market of goods and services.        |   |
| <b>D. Use of products</b>               | OI give credits (in a decentralized manner) to the target groups.  |   | Beneficiaries attend training on specific topics developed according to their organizational and productive needs.   |   |
| <b>Intermediaries and beneficiaries</b> | Intermediaries: Civil Society Organizations as financial intermediaries.   | Beneficiaries: People in low income, affected by poverty, social risk and excluded from the Traditional Financial System. | Intermediaries: Public institutions, private consulting companies or independent consultants.  | Beneficiaries: People with limited resources, mainly users of the credit granted by PRONAMYPE that have micro and medium-sized enterprises who have needs, demands of training or a common problem. |
| Hypothesis E > D                        | It is implemented annually a credit programme as an inter-institutional, decentralized and coordinated with Intermediary Organizations.  |   | If offered trainings on high interest and specific themes, beneficiaries will enrol and attend with interest and regularity, taking into account in an integral way the productive ventures. |   |
| <b>E. Products</b>                      | Financial credit programme with special credit conditions (soft).  |   | Training programme coordinated with the IO and other institutions.   |   |
| Hypothesis F > E                        | If the planned activities of the project are annually performed, effectively and efficiently, the product provision and the results and expected impacts are achieved.   |   |  |   |
| Hypothesis G > F                        | Through inputs properly planned and implemented annually, the planned activities of the three projects which make up Program are carried out.  |   |  |   |
| <b>G. Inputs</b>                        | Financial resources of the Fund for Social Development and Family Allowances (FODESAF); financial resources of the Revolutive Capital Trust 02-99 MTSS-PRONAMYPE-BPDC, public institutions and private partners, experts and advisers; infrastructure, human and technical resources.  |   |  |   |

Source: Own elaboration based PRONAMYPE documents and staff interviews.

Figure 2: Logical sequence of the reconstruction of the PRONAMYPE result chain.



## 2.5 Objectives, questions and structure of the research

Contextually, the research addresses the analysis of public employment policy and programmatic instruments for the generation of self-employment and the development of entrepreneurship of people living in poverty and vulnerability [macro-level]<sup>45</sup>. At the micro level, it takes a historical and representative program of the social sector as a case study (PRONAMYPE) that is compared with another public intervention (FIDEIMAS) of similar characteristics. The investigation begins with the construction of the baseline in 2013, and starts its implementation in 2014, taking as the evaluation period 2007-2013.

Considering the specificity of the Program and the evaluation moment (on-going) and its contexts (external and internal), it proposes the development of an evaluation, using the impact assessment approach, aiming at measuring the results of the intervention according to the goals and programmatic activities of PRONAMYPE and specificity of the public social policy sector to which it belongs.

The criteria that guide the analytical assessment of this work are the following: relevance, effectiveness, impact, and sustainability, which have been chosen based on the following complementary reasons:

- a) Better adaptation to the characteristics of the object of evaluation and to the variety of questions formulated for its study (see table 5).
- b) Better adaptation to the impact model used (CEval) (see item 3.4, chapter 3).
- c) The criteria are in common use at the national MIDEPLAN, 2012; 2014, p.14-16) and international level (OECD, 2002; 2010; OECD & World Bank, 2005)<sup>46</sup>.

Under this approach, the interest of the evaluation was identifying the achievements of the program's institutional goals [meso-level], likewise through a cause-effect analysis, assess the effects and direct and indirect impacts achieved in by the microenterprises as economic organizations [meso-level], including their owners (and families) as last level of expected well-being [micro-level].

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<sup>45</sup> According to Sosa, macro level of evaluation “consists in the evaluation of the government as (a) combination of institutions committed to a series of public policy that have been politically produced” (Sosa, 2011, p.102).

<sup>46</sup> On May 15, 2020, the OECD countries have accepted the addition of Costa Rica to join as member number 38. (05/15/2020)



Consequently, the nodal focus of the research raises this question in the macro level: To what extent, PRONAMYPE, as an instrument of public employment policy, fulfills its objective of promoting employability and human capital of the workforce of micro and small enterprises in vulnerable populations? Being the impact hypothesis the following: as a policy and public investment, PRONAMYPE meets institutional and sectoral objectives, to contribute to employment generation and social mobility of the poor people. See table 1.

The macro question leads to raise the following main question at the micro level: Which is the extent, effect, impact or change produced in the small and micro enterprises, due to the productive activities developed with the support given by PRONAMYPE? This is in accordance with the main objective of this evaluation: Knowing the impact of PRONAMYPE as programmatic instrument of public policy of the Ministry of Labor and Social Security.

Methodologically the main question is operationalized in eight sub questions. The first two are formulated under the criteria of relevance and effectiveness and are oriented to assess the programmatic performance of the Program and its context. In total, the following six sub questions are raised according to the categories and impact indicators, the table 1 shows integrally the general research approach according to questions, criteria and indicators.

The content development of this work is divided into a total of five chapters. In the present chapter one (I), the subject of investigation is exposed.

The second chapter (II) focuses on the case study selected, making in the first place a recapitulation of the context that motivates the appearance of the Program, which is important, because the historical moment in which PRONAMYPE emerged, marked a strong change in the state sphere, and especially this in the welfare programs. Subsequently, the problem that caused the creation of the program was historically investigated, to then describe the program in its programmatic components and main characteristics.

The third chapter (III) develops the theoretical framework, exposing the key theoretical concepts that allow to understand, sociologically and evaluatively, the object of evaluation and its subject matter. Hence, in a first section the concepts and typologies that explain the relationship between the State and its public action are addressed. The second delves into specific concepts of the thematic sphere of the evaluated program: public and social policy, the labor market and microfinance as axes. The third and final section presents the role of evaluation in the public policy management cycle, followed by a brief legal framework of the topic of public evaluation in Costa Rica, and ends by presenting and applying the evaluation approach of CEval to the case study.

The methodological strategy is presented in chapter four (IV). For this research and its context, this is a high priority chapter due to the different audiences that can potentially make use of it and replicate it. For that reason, this chapter was written very carefully and with a pedagogical emphasis, explaining step by step the theoretical foundation of the impact model, as well as the scientific-technical bases of each of the developed procedures. It is thus, that the basis of the mixed research model used is explained in detail, each of the quasi-experimental designs tested is presented and discussed, reflecting on the methodological difficulties faced by the researcher and the technical decisions taken to solve the problems faced. The chapter is structured according to the quantitative and qualitative components, and, in both cases, presents the field results achieved. Finally, the analysis strategy that integrates the results is presented.

The fifth chapter (V) contains the empirical analysis of the program in its context and of the impact model developed. For this reason, this chapter is divided into two parts, the first (5.1) analyzes the external and internal context of the Program, and the second one (5.2) it is divided into subsections according to the impact indicators of the regression models, applied in each of the three quasi-experiments performed. In these subsections, it is first presented the results of the response values obtained for the first two quasi-experiments with the two treatment and control groups, and at the end, it is presented the results of the third confirmatory quasi-experiment conducted within PRONAMYPE, using two groups conformed by their own beneficiaries. The quantitative results of each indicator are complemented with the qualitative information obtained until reaching the point of saturation. At the end of each indicator, a summary table is presented that answers the respective evaluative questioning.

In the sixth and final chapter (VI), conclusions are established and discussed congruently with each research question, ending with recommendations on three levels and according to the different stakeholders. First (i) for the implementers of the intervention, second (ii) for the decision makers responsible for the sector and the public employment policy, and third (iii), for future evaluators and evaluations, it concludes with a critical discussion on the lessons learned, methodological recommendations and for the institutional political management of the evaluation process.

Table 5

## General research approach according to questions, criteria and indicators.

|   | Approach  | Hypotesis (H <sub>0</sub> )   |  |
|---|---|---|--|
| Problem   | To what extent, PRONAMYPE, as an instrument of public employment policy, fulfills its objective of promoting employability and human capital of the workforce of micro and small enterprises of population in vulnerability and poverty?" | As a policy and public investment, PRONAMYPE meets institutional and sectorial objectives, to contribute to employment generation and social mobility of the poor people.   |  |
| Main Question   | Which is the extent, effect, impact or change produced in the small and micro enterprises, due to the productive activities developed with the support given by PRONAMYPE?  | The financial business and production capacity, in the target group, are supported and strengthened with self-employment and income improvement in the people with social vulnerability and risk of the informal sector of economy. |  |
| Main Objective  | Knowing the impact of PRONAMYPE as programmatic instrument of public policy of the Ministry of Labor and Social Security.   | <b>Questions by criteria, indicator and analysis dimension.</b>   |  |
|   |   | <b>External and Internal Context</b>  |  |
| Specific Objectives   | 1.1 Analyzing the role and incidence under the public institutional fabric of the Costa Rican government.   | 1. To what extent, is there coherence between the objectives of the intervention with public policy and sectoral level at which it is implemented?  |  |
|   | 1.2 Assess to what extent the program has achieved its institutional goals under the working process of second tier-banks.  | 2. Is the Program achieving the strategic and specific objectives of the intervention?  |  |
|   | 2. Assess the impact generated by the intervention in the productive and commercial development of the micro and small enterprises (MSEs).  | Impact  | <b>Impact dimension behavior</b>   |
|   |   |   | <b>MSE's</b>   |
|   |   |   | 3. What are the main features of the MSEs supported?   |
|   |   |   | <b>Employment</b>  |
|   |   |   | 4. What are the effects of PRONAMYPE intervention on the generation of outcomes of (self) employability? |
|   |   |   | <b>Business Profits &amp; Level of poverty</b>   |
|   |   |   | 5. How the loan has contributed to the growth of the real income of the enterprises?                     |
|   |   |   | <b>Production</b>  |
| 6. What are the effects of PRONAMYPE intervention on the generation of outcomes in production conditions of the SMEs?   |   |   |  |
| <b>Training</b>   |   |   |  |
| 7. Is there differential effect between MSEs who have accessed to one component (credit) and those who have accessed to two components (credit and training)? |   |   |  |
| Sustainability  | Sustainability  | <b>Organizational strengthening</b>   |  |
|   |   | 8. To what extent or in what way, the MSEs have improved their formal status of operating/work?   |  |

## 2.6 Summary

One of the greatest weaknesses of public interventions, usually occurs at the foundation stage of the intervention problem. Frequently, public interventions, especially those that arose before the year 2000, did not carry out a detailed and causal diagnostic study of their area of intervention, for the same reason, some programs and projects do not have a program theory and baseline that allows the progressive identification and comparison of the intended results and effects<sup>47</sup>. And although today, this situation has changed thanks to the institutionalization and development of capacities under evaluation, PRONAMYPE, as the program under study, presented a lack of foundation in its intervention problem.

Consequently, the first task for the adequate formulation of this research was the necessary understanding and reconstruction of the intervention problem of PRONAMYPE, the theory of the process and the theory of the program<sup>48</sup>. For which it was necessary to carry out an exhaustive bibliographic review of the literature, as well as secondary sources of data and statistics that would allow the identification of historical employment, poverty and inequality indicators for the Costa Rican case.

In this line of action, this chapter presents a detailed analysis and description of the program (item 2.2), the PRONAMYPE process theory (item, 2.3, figure 1), the result chain (item 2.4, table 1) and a logical sequence of it (figure 2). Finally, it presents the objectives, questions and structure of this research (item 2.5 and table 5) that guide all subsequent work.

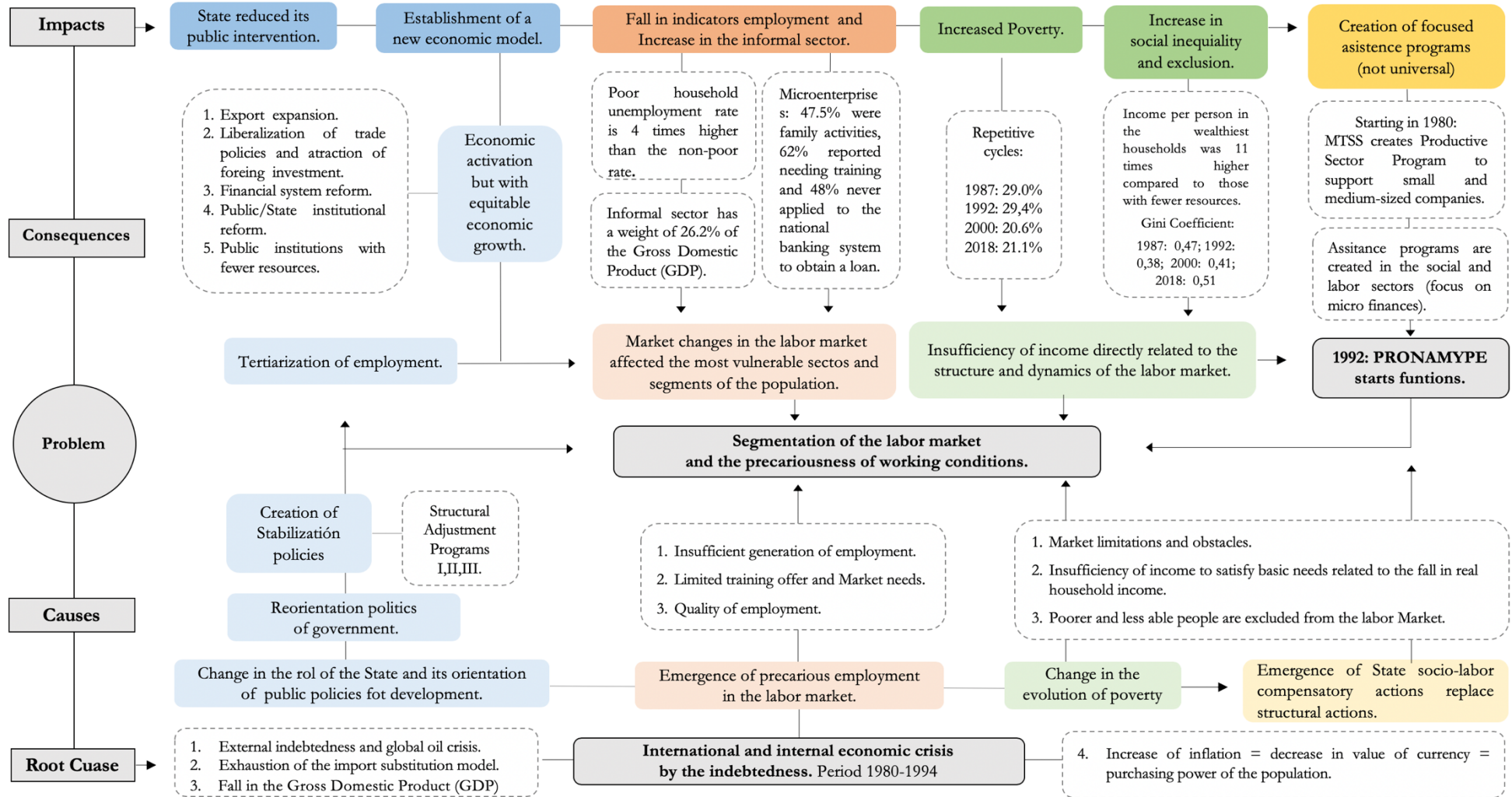
As an integrated summary, figure 3 based on the problem tree technique is offered to the reader, which describes the analysis of the intervention problem (item 2.1) in its causal logic according to the causes and consequences that explain it. Diagram 3 that also incorporates and illustrates the role of PRONAMYPE in the context studied.

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<sup>47</sup> Two explanatory factors of public action that explain this are: 1) Interventions are usually formulated from the classical logic of the project cycle, placing evaluation in the final phase (ex post) and not as a constitutive and transversal element of the cycle of Projects; 2) operation of the public administration in Costa Rica, has created a set of programs and projects that were born directly from a mandate of Law, Decree and Regulation, which, immediately and for political reasons, is given budgetary content for its immediate execution and operation, which is why the interventions are seldom done in previous registries, databases or control groups. In this context and under those conditions, PRONAMYPE was part of a "boom" of programs that during the 1980s and 1990s were part of a reactive public action to contain poverty and reduce employment.

<sup>48</sup> Both duly formulated and validated with the participation of the professional staff of the Program.

Figure 3: Summary of the program intervention problem according to causal logic of the problem tree technique (+ impacts).



Source: Own elaboration based on chapter content.

Serious differences among social scientist occur not between  
those who would think without observing;  
the differences have rather to do with what kinds of thinking,  
what kinds of observing,  
and what kinds of links,  
if any, there are between the two.

*C. Wright Mills*  
*The sociological imagination*

## CHAPTER 3: THEORETICAL FRAMEWORK

### 3.1 The State and Public Policy

#### 3.1.1 The State: a brief historical perspective

Considering the vast contribution to knowledge brought by philosophy, law, political science and sociology, the notion of State is polysemic. Throughout the development of political philosophy (Machiavelli, Hobbes, Locke, Rousseau, Smith) and the social sciences, the State has been one of the study subjects of more discussion, greater tradition and conflict according to different perspectives (Marx, Hintze, Weber, Gramsci, Bobbio), and also of greater analytical and explanatory complexity, which is why it has been an object of study that explicitly shows the divergence between the different theoretical and ideological positions.

From the second part of the 19th century to the present, the State as a socio-historical<sup>49</sup> and political phenomenon constitutes the central node on which western societies are structured as well as the way of organizing social life, so that nowadays the term is directly associated with the denomination of the *Modern State*. The sociologist Poggi in his work “*The State: Its Nature, Development and Prospects*”, analyzes the vicissitudes of the creation of the State and the variations that it experienced in the European context throughout history. However, nowadays, conventional conceptions and studies on the modern State are associated with the concept of "Nation-State", the process of globalization and its economic sphere, as well as functions related to the control of the forces of order, democratic and parliamentary activity, as well as the administration of fundamental civil services such as health and education (Poggi, 1990).

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<sup>49</sup>The origin of the term is vague. From the historical point of view, the word “State” appears in the European languages until the Renaissance period, however, it is known to come from the Latin "status" and was used by Machiavelli to designate the organized political community with aspirations of stability and permanent character. Later, during the Middle Age, political power was confused with private property, as there was no institution that held the monopoly of political power, an implication that arose with the development of the concept of sovereignty (Marshall, 1994, p.506-508).

Subsequently, the formation of the State entailed the development of two very significant aspects. On one hand, during the 17th century the State emerged as a socio-political institution to respond to the specific needs of the European context, however, in order to have an effective response that could reach the governed majorities, the State as an institution had to go through a process of *secularization* for which it had to conduct a progressive resignation of representing the religious interests of the Church, to be able to give a greater political and legal meaning to the confessional loyalties of individuals. The latter implied an important change since people began to be seen, by the political State, as subjects carrying individual rights. On the other hand, after the mercantilist phase and the reduction of the power of the absolutist monarchies (“*I am the State*”, said Louis XIV of France), the State progressively acquired greater importance by gaining more political faculties and having greater influence in the economic sphere. All this resulted in the State, as a political figure, assigning a high priority to new legislative and judicial activities, to security and in particular to property and contract rights (Poggi, 1990).

Having said that, in Latin America, the emergence of States takes place within the framework of the different processes before and after independence (1808-1833) oriented to the control of the territory, population and public powers over the influences of colonization.



### 3.1.2 General Theory of State

With Sociology, it is known that the State is the classic denomination of the way in which social and political power is structured. However, in current social science, the State as a study object is located more clearly in the so-called General Theory of State, which is formed by a diverse set of discussions and guidelines that seek to explain its meaning, scope and nature. Within this set of orientations are the organicist, sociological and legal theories and those approaches that focus on the study of the constituent parts of the State.

The organicist theories have been influenced by the natural sciences, since they associate the concept and figure of the modern State as an organ, whose structure is in charge of conducting a larger set of complex interdependent functions. In the sociological tradition, the State is conceived as a “collective unit” and a social product, as it states that the collective is constituted as a unit of association between the different individuals that reach an agreement to share a common goal. For this reason, the will and collective consensus grants “representative power” to the different governing bodies and institutions. From the sociological tradition, different interpretations arise about the nature of the State, the structures of power and the sovereign or subordinate role played by civil society. Nevertheless, in all those currents, State and Society are abstract instances and different one from the other, but both, immersed in some kind of functional interrelation (Smith, Weber) or contradiction-struggle (Hegel, Marx).

Legal theories, on the other hand, are perhaps those that have most influenced the General Theory of State and the current organization of public management. The legal theories or doctrine of State can be divided into two major complementary orientations. The first is formed from the definition of the concept "legal personality" of the State and explains that, although the State does not embody a human individuality, it does represent a juridical being called “legal unit” in charge of personifying the State as an institution. It works through the different actions (legal reality) of the persons designated as responsible for representing that unit, meaning, the State. Hence the theoretical approach that the legal entity acts through bodies, and these bodies establish a set of reciprocal legal relationships with the social base of the organized community: citizens. This notion of legal personality has come to constitute the basis of public law, whose main societal characteristic is the definition of the State as a political organization governed by Law.

The second orientation of legal theories are those identifying in an associative way the law as a doctrine of State. In this line, the classic thought of Hans Kelsen (1881-1973) is located, whom established that the notion of State does not rest on a daily and natural reality, but on a system of norms that impose a legal order on the legal unity of the State. Therefore, the State is itself a normative system based on the logic of the legal system. In the Kelsenian



vision of the State, the State Theory is equal to Law Theory, since the law is not an element of the State nor an element of the Rule of Law, but an intrinsic quality of every State, for that reason, Kelsen affirms that there can be no State without law, so that the law is an essential reality of the State (Cuenca, 2014).

The legal approach of Hans Kelsen influenced the work of the Italian sociologist Norberto Bobbio, who, in the mid-twentieth century, produced different writings to defend the pure theory of Law of Hans Kelsen. Bobbio was distinguished by having a Kelsenian positivist thought, for which he focused his studies on the State, government and democracy, affirming that, without the recognition and protection of people's rights, democracy is not possible (Bobbio, 2001a), thus, "for the study of the State, the two main sources are the history of political institutions and the history of political doctrines" (Bobbio, 2014b, p.68).

Finally, within the approaches of the General Theory of State, are located the works oriented to understand the State from its essential constituent elements. The central argument points out that the conceptual reasoning needed to understand this figure as an abstract entity are important, but not sufficient; consequently, this theory explains that the vision of the State as an organization needs to be complemented with a concrete identification of its specific features, which allow to distinguish the State as a superior body from other organizations with legal personality. These specific features are three and form the constituent elements of it:

- The people<sup>50</sup>: The first consubstantial element is "the people", a term used as equivalent to population. Corresponds to people as a whole, which make up a town, district, province or nation. There is no State without its people.
- The territory<sup>51</sup>: It refers to the terrestrial or marine surface in which a State, province or municipality exercises sovereignty or jurisdiction. Linked to the concept of Nation-State, the term acquires a jurisdictional character since it refers to the territorial space in which a legal norm is applicable, thus being able to affirm that every norm and law is applicable within the territorial scope of the State, above all the people, either citizens, foreigners, public or private institutions.
- Legal System<sup>52</sup>: The State monopolizes the faculty of elaboration of laws, decrees and regulations arranged by the authorities within its territorial space. The legal system refers to the set of positive norms in force, staggered or hierarchical, that

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<sup>50</sup> Aspect established in Article 13 and 14 of the Political Constitution of Costa Rica.

<sup>51</sup> Aspect established in article 5 of the Political Constitution of Costa Rica.

<sup>52</sup> Aspect established in article 21 of the Political Constitution of Costa Rica.

govern all people and institutions of all classes within a given nation. The notion of legal order entails an order of importance and hierarchy, called “legal pyramid” by Merkl and Kelsen (Kelsen, 1945).

In sum, the nature of these three elements makes the State a unique organization, to which a sovereign power and the monopoly of faculties are attributed. Therefore, in the modern state of Western societies, the legal order is essential for the existence and functioning of a country, which without it, does not conceive of social life.

### **3.1.3 State and Public Sector**

Although in practice prevails the domain of the legal approach explained above, sociologically, the State is conceived as the social expression of a set of interactions and relationships between individuals and social groups. Consequently, in its capacity as a legal unit, it represents the way of organizing the society and its Government, through the establishment of norms of human coexistence for individuals in a territory under the control of a Law. In addition, given that it is also a historical-political organ, political power becomes effective in the State and, in that sense, it is an apparatus of political domination, a space where diverse forces, relations and complex processes converge, as they all manifest in a certain territory or institutional space. For that reason, State means a high level of organization, essentially, the entire political system established and implemented under the authority and legitimate power, and by which the population is finally controlled, ordered and organized; thus, Max Weber defined the State as the institution that possesses “the legitimate monopoly of violence in a territory”.

Thus, the State as a political organ, is endowed with the faculty of legitimately determining the collective interest through a set of mechanisms of power and social representativeness, which allow it to manage and intervene in the, in words of Jürgen Habermas, public sphere (*Öffentlichkeit*). For this purpose, the State performs a set of functions within which at the macro level, three general types are established: legislative, executive and judicial. Such is the case of Costa Rica, where constitutionally the division of powers is structured in the Legislative, Executive and Judicial<sup>53</sup> powers. At the micro level, within the State’s specific functions are the establishment of the legal framework for the economy as a regulatory action, establishment of taxes, redistribution of income, acquisition of goods and the offering of different services. Macro and micro functions that are mostly fulfilled through the definition and establishment of public policies and programs.

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<sup>53</sup> Although through the elections they have the power of the State Administration, in accordance with the political constitution of Costa Rica, they are not part of the State, in fact, they are not even mentioned in the constitutional charter.

In order to understand the operation of a country's State, it is necessary to analyze the specific context in which it is developed, taking in consideration its socio-historical characteristics. The focus of this research is the study of the State through what is called the "*public sector*", which is formed by the set of administrations, agencies and public companies that are state owned, in a country that is controlled directly by the political powers. In Costa Rica's case, according to the Ministry of National Planning and Economic Policy (MIDEPLAN, for its acronym in Spanish) the public sector is understood as the "total set of public organizations. It is integrated by the Powers of the Republic, the autonomous institutions, the Municipalities, the State Banks, the public companies and other public non-state institutions" (MIDEPLAN, 2010, p.18)

It should be noted that even when State, government and public administration are related concepts, they are not the same. State is not equivalent to government, since the government administrations (Cabinets), in the western democracies based on the party system (G. Sartori) are periodically elected to administrate the State, as a superior body, and they are delegated the administration of the different public resources and political affairs of a country. For that reason, from the perspective provided by Max Weber, it can be said that the capacity of a State will be directly related to the degree of consolidation of the bureaucracy as a high form of organization. All of which, leads to say that the State, under the principle of legitimacy and representative democracy, produces a very diverse set of actions aimed at the realization of public administration and political representation of rights and guarantees of citizenship. One way to carry out the management of public administration in the exercise of public's government is based on strategies and capacities aiming at generating results for the different sectors and actors of society that have their political and legal base in the formulation of *public politics*.

### **3.1.4 Public policy<sup>54</sup>**

The academic study of public policy (PP), as a field of study, has its genesis in the Anglosphere context. Several authors point out that the founding seed of this new field of studies is located in the work edited by Daniel Lerner and Harold Laswell called "The Policy Sciences: Recent Developments in Scope and Methods" published in the United States in 1951 (Cit by Marshall, 1994). Based on an exhaustive review of the analysis proposed in this paper, it can be seen that the basic concept "*public policy*" is easy to understand in the English language<sup>55</sup>, which is why in North America this new term did not need further explanation.

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<sup>54</sup> Although this research deals with the study of one of the phases of the life cycle of a program: the evaluation, the nature of the context of the intervention has its genesis in the definition of a public policy. For this reason, the program (and its results) must be understood at that level of functioning.

<sup>55</sup> Therefore, for studies of Anglosphere tradition and similar languages, the term policy and even more policy-making is easy to understand, but for those languages and academic and political culture different from the English language, such as the Romance languages (Spanish, French, Portuguese, Italian), the

Etymologically this term is derived from the Greek word “*polis*”, which passes to the Latin language as “*politia*”. In recent times, the English academic language assumes the term “policy” to refer to the management that the political authorities, covered by legitimate power, make of the administration of public affairs (the public thing) of the US American political system after the World War II. In that beginning, the academic and intellectual movement did not seem very concerned about the understanding of the dynamics of power and its effects on public management (Fischer, Miller & Sidney, 2007).

Within this framework, different conceptions of the term “public policy” arose, in which, pioneering authors, theorized and emphasized, according to different aspects and analytical interest, definitions that are considered classical inasmuch as they constitute a compulsory starting point in the field of studies. In this line, table 6 developed by Birkland (2001), summarizes the most significant definitions of the first theoretical developments.

Table 6:  
**Defining “Public Policy” according to main literature**

| Definition  | Author                                    |
|---|---|
| “The term public <i>policy</i> always refers to the actions of government and the intentions that determine those actions”  | Clarke E. Cochran et al.*                 |
| “Public Policy is the outcome of that struggle in government who gets what”   | Clarke E. Cochran et al. *                |
| “Whatever governments choose to do or not to do”  | Thomas Dye **                             |
| “Public policy consists of political decisions for implementing programs to achieve social goals”   | Charles L. Cochran & Eloise F. Malone *** |
| “Stated most simple, public policy is the sum of government activities, whether acting directly or through agents, as it has an influence on the life of citizens”  | B. Guy Peters ****                        |
| <small>* Clarke E. Cochran et al, American Public Policy: An introduction. 6<sup>th</sup> ed. (New York, St. Martin’s Press 1999)<br/> ** Thomas R. Dye. Understanding Public Policy, 7<sup>th</sup> ed. (Englewood Cliffs, N.J.: (New York, McGraw Hill, 1995)<br/> *** Charles L. Cochran and Eloise F. Malone. Public Policy Perspectives and Choices. (New York, McGraw Hill, 1995)<br/> **** B. Guy Peters. American Public Policy Promise and Performance (N.Y. Chatham House-Seven Rivers, 1999)</small> |   |

Source: Birkland Th. (2001) An introduction to the Policy Process. Theories, Concepts, and Models of Public Policy Making, p. 21.

Because of its interdisciplinary nature, today sociology and the social sciences that study public policy, have taken as study object the different ways in which the sociopolitical process of its formulation has arisen, been organized and carried out; becoming a fertile

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concept of policy causes difficulties to understand and use, because its direct translation is, for example in the Spanish language, “*política*” or “*politique*” in French, which are specific concepts related to a broad field. Even though the English language is a rooted Germanic language, for the German language the term “policy” also causes confusion, consequently, some German writers use the term “*angewandte politik*” (in English, applied policy) to refer to “policy-making” (Felker & Thorn, cit by Pineda, 2007, p.5).

field of study that analyzes the State in its structure and organization, but, above all, that analyzes “the action of the State” (Meny & Thoening, 1989).

This analysis allows, on one hand, to know how governments manage existing resources and perform their internal and international obligations; and on the other, to understand how the State relates, interacts, decides and responds to the needs, problems and demands of society according to different population groups. In this sense, public policy is a decision system, which, in essence, is the most important form and mechanism through which the State designs, develops, organizes and executes the set of programs and projects within the framework of the complex structure and institutional organization<sup>56</sup>. To study public policies is, then, to study, understand, explain and **evaluate** the content, instruments, outputs and outcomes of governmental action, understanding in turn, from the social scientific explanation, why they are maintained or changed. A recent definition that recovers the legacy of the term and integrates it with these new contributions, is the following:

“Public policy is an integrating process of decisions, actions, inactions, agreements and instruments, advanced by public authorities with the eventual participation of individuals and aimed at solving or preventing a situation defined as problematic. Public policy is part of a specific environment from which it is nourished and to which it is intended to modify or maintain” (Velásquez, 2009, p.156)

Consequently, this investigation assumes that PP are: a) the institutional form that refers to the legal and administrative authority competencies that the State fulfills in its regulatory framework; b) they are woven in the framework of the relationship and tension between the State and the Society, that is why they are always the result of a diverse set of political-institutional arrangements and agreements given in the areas or spaces of political power<sup>57</sup>; c) they are the instrument (bridge) through which the institutional framework of the State organizes, develops, executes and provides a response to the different pressures, needs (explicit or implicit), public problems and heterogeneity of situations of the population and of the country’s development, so that; d) pragmatically, they are an action oriented towards a public objective with institutional instruments, mechanisms and definitions (or modifications) to achieve an expected result; d) finally, “a quality public policy will include the forecast of its results” (Lahera, 2004, p. 8).

About the types of public policy

In the evaluation of a public intervention, it is essential to identify and analyze to what type of public policy responds from its design. According to Grindle and Thomas (1991, p.4) in

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<sup>56</sup> See in annex the diagram of the organization of the Costa Rican public sector.

<sup>57</sup> In Central America, this political space can be formal (institutional) or informal (product of action, such as pressure groups in social movements or organized citizen participation).

their analysis entitled “*Public choices and policy change; the political economy of reform in developing countries*”, public policies do not occur in an indeterminate space, but are directly related to the different socio-economic and cultural contexts of the State, from which circumstances arise the factors that, as a political action, determine the intentionality of a policy or intervention.

In this sense, “for example, a policy to combat poverty can incorporate components of market logic (subsidies to guarantee access to services, monetary transfers to facilitate the purchase of goods, training to promote inclusion in the labor market), which are based on the distributive function of governmental action” (Eslava, 2010, p.99). Such is the case of PRONAMYPE, since its program design responds to a distributive policy<sup>58</sup>. To understand the amount and differences between PP, Knill & Tosun (2011), provides a classification of the types of PP used in the public management of Western states:

Table 7:  
**Types of Public Policies according to main approaches**

| Type of typology                            | Definition   | Examples   |
|---|--|--|
| <b>Lowi`s typology (1964)</b>               |  |  |
| Regulatory policies                         | Policies specifying conditions and constraints for individual or collective behavior | Environmental protection; migration policy; consumer protection. |
| Distributive policies                       | Policies distributing new resources.   | Agriculture; social issues; public works; subsidies; taxes.      |
| Redistributive policies                     | Policies modifying the distribution of existing resources                            | Land reform; progressive taxation; welfare policy                |
| Constituent policies                        | Polices creating or modifying the states` institutions.                              | Changes of procedural rules of parliaments.                      |
| <b>Wilson`s typology (1973, 1989, 1995)</b> |  |  |
| Costs                                       | Concentrated   | Diffuse  |
| Concentrated                                | Interest groups politics (`zero sum game)  | Entrepreneurial politics   |
| Diffuse                                     | Client politics (`iron triangles)  | Majoritarian politics  |

Source: Knill Ch. and Tosun J. (2011). Policymaking. Comparative politics, ed. by Caramani D. (2<sup>nd</sup> ed.) Oxford Univ. Press, pp. 373-388.

From the previous classification, the four most important types of public policies used are regulatory, distributive and redistributive policies. The first one involves the imposition of

<sup>58</sup> In the framework of the PRONAMYPE strategy, a state aid program that provides loans at soft interest rates (much lower than those of private banks), non-remunerative and provides a subsidized training offer, is an intervention that responds to a supply distributive policy, as a strategy of the State to promote the generation of self-employment.

restrictions or limitations on the behavior of individuals and groups; the distributive (of supply) ones involve the distribution of services or benefits to a regional or national segment, distribution of resources or subsidy programs; and the redistributive are policies usually intended and supported by regulated groups as a means of protecting themselves or promote the interests of their members. And the constituent policies are concerned with setting up and reorganizing institutions.

#### About the implementation approaches

Thanks to Harold D. Lasswell (1950) who introduced the conceptual model of phase analysis and, subsequently, other authors such as Ch. Jones and J. Anderson who moved away from a linear perspective, PPs have been understood as a life cycle of six phases: identification and formulation of problems, formulation and legitimation of action alternatives, execution of action and evaluation alternatives (Cit by Fischer, Miller & Sidney, 2007). Nowadays, Sociology and Political Sciences also study the specific way in which the State implements PP and its interventions. In this line of action, the scientific literature about “the action of the State” (Meny & Thoening, 1989) identifies two dominant approaches: Top-down and Bottom-up.

Table 8:  
**Dominant approaches in implementation of public policy:  
characteristics and differences.**

| Aspects                                    | Approach   |  |
|--|--|--|
|  | Top-down   | Bottom-up  |
| Agenda setting                             | Starts with a statement of intent.                                     | Starts with a statement of behavior in the “field”.                      |
|  | Policies enacted through Congress; agency implementation.              | Stakeholder driven grass roots like process end user involvement.        |
| Executor                                   | Policymaking and implementation.                                       | No clear separation between policy makers implementation.                |
| Strategy                                   | Implementation with clear lines of authority and enforcement of norms. | Implementation seen as relationship between actors.                      |
| Focus                                      | Focus on execution of policy makers intentions.                        | Subordinate actor (e.g. service providers) also seen as decision makers. |
| Continuous on next page...                 |  |  |
| Differences in the implementation analysis |  |  |
| Starting point of the analysis.            | Decisions of the political-administrative authorities.                 | Activities of the implementation network at the local level.             |

|  |   |   |
|--|---|---|
| Form to identify the main actors.  | From above and from the public sector down and the private sector.  | From below ("street-level actors") upwards, simultaneously considering public and private actors.   |
| Evaluation mechanism.  | Focus on objectives to measure the degree of success or failure.  | Focus on reconstructing the effects of the policy in terms of impact.   |
| Criteria for evaluating the quality.   | Legal regularity of the process and effectiveness: degree of realization of the formal objectives.  | There are no clearly defined criteria a priori. It privileges the degree of participation of the actors involved and the level of existing conflict.          |
| Main question (for the management of public policies).   | What modalities (structures and procedures) of implementation should be used to guarantee the highest degree of realization of the official objectives? | What interactions between the public and private actors of a public action network should be taken into account during implementation so that it is accepted? |
| Source: Own elaboration based on Lowi (1972; PHFI&A.P.S.R. (2016); Sabatier (1986); Subirats (2008); Reyes (2015). |   |   |

Based on nine substantial aspects, table 8 explains the basis of the approaches that form the transversal axes of the life cycle of the policy, since it is possible to assess the effectiveness and efficiency of the interventions in the way of executing them. Given the above, PRONAMYPE represents a clear example of a classic implementation of a vertical and centralized public administration, in the decision making of the different actors involved.

### 3.1.5 Welfare state and social policy as a specific field of intervention

According to the classic approach of the sociologist Thomas H. Marshall (1950) "citizenship is the status of full belonging of individuals to a society and is conferred on those who are full-right members of a certain community, by virtue of enjoying rights in three areas: civil, political and social" (p.24). This perspective is important for the analysis of the State's role, because it means that the duty of a State is not only aimed at safeguarding civil and political rights, but also the social rights of the population.

In this sense, Robert Castel (2004) brings up the need to achieve social security, in the sense of a society where different collective practices (public or private) arise, that seek not only civil (coexistence) and political (democratic) security, but also a security oriented to guarantee the fulfillment of social rights to the entire population, especially to the most vulnerable sectors. For Castel, in modern democracy "security is a right, but that right may not be fully met without mobilizing means" to guarantee them (Castel, 2004, p. 32).

Within the same analytical framework, it can be included the approach of Claus Offe, German political sociologist, specialist in studies of State theory, welfare state and public policies, who points out that "there is only one way to establish a general balance between legitimacy, efficacy and efficiency: that the constitutional legitimacy comes to be reinforced



by the system's capacity to satisfy the demands and social needs" (Cit by Subirats, 1984, p.138). Thus arises the need to institutionalize the principle of social protection of the State and public action to warrant social rights and ensure access to the goods and services that allow all members of society to obtain an adequate level of welfare, creating by that a public action oriented towards a Welfare State. The latter concept emerges, following Esping-Andersen (1990), to refer to the policies that State coordinates and carries out to improve quality of life and solve society's needs. Gough offers a broader concept of the term Welfare State (WS)<sup>59 60</sup>:

"A welfare regime is an institutional matrix of market, state and family forms, which generates welfare outcomes. According to Esping-Andersen (1990) welfare regimes are characterized by (1) different patterns of state, market and household forms of social provision, (2) different welfare outcomes, assessed according to the degree to which labor is "de-commodified" or shielded from market forces and (3) different stratification outcomes. The last component provides positive feedback: the stratification outcomes shape class coalitions, which tend to repro-duce or intensify the original institutional matrix and welfare outcomes" (Gough, 2003, p.206)

Therefore, the WS acts through a set of government institutions aimed at improving the population's quality of life. Within the national welfare regimes, normally the central institution is the one in charge of social security (health sector), however, since the public action of the State is materialized through distributive and non-distributive policies, some institutions and state programs may have the same relevance. Such is the case in Costa Rica of the MTTS<sup>61</sup> for the governing and supervision of labor rights or promotion of actions aimed at reducing unemployment, considering that, as some authors point out "social security is located at the intersection between the labor regime and the social policy" (Martínez, 2008, p.11) (underlined by the author).

From a historical perspective, it should be noted that in the United States and Western Europe, the growth of the Benefactor State arises from the search for an equilibrium between the growth of capital and labor markets, which influenced the debates and structural reforms of the State in countries of almost all regions of the world. However, in Costa Rica the constituent base of the Benefactor State was different: during the 1940s, progressive political reforms took place as a result of agreements (social pact) between

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<sup>59</sup> The historical background can be found in the German Bismarckian model (Otto von Bismarck 1815-1898) as "one of the precursors of the institutionalized and massive insurance systems, and their legislation" (Juárez and Sánchez, p.282).

<sup>60</sup> A term that should not be confused with the Keynesian State (KS), which arises from the need to regularize economic activity and avoid marked differences in the accumulation process, a feature that establishes the main difference from WS.

<sup>61</sup> The organization above PRONAMYPE.

different political and religious forces, agreements that generate political and institutional conditions that allow building a robust social security system in the country, from the creation of the Costa Rican Social Security Fund (CCSS, for its acronym in Spanish), the creation of the University of Costa Rica, structural reforms to the Labor Code among other actions. Later, in 1948, the historic abolition of the army was carried out, which allowed the country to reorient financial resources towards the construction of a universal social and educational assistance system. Nowadays, WS is a social scientific area of study that deals with the analysis of government actions that address social issues, generally related to care for human needs and promote social well-being.

### 3.1.6 Areas of intervention of the social security

The validation of a secured society as a necessary condition for all individuals, starts by assuming "the social understood as the set of devices that will be put in place to compensate for the lack of resources necessary to live in society by their own means" (Castel, 2004, p.28). Therefore, based on what has been established by State Theory, in the case of social security in Costa Rica, the central areas in terms of distribution of resources are education, health and social assistance in its different forms and areas. For Daniel Béland (2010) the WS acts on a diverse set of issues of public interest, for that reason there is not a single uniform type of social policy, but a large number of forms of social attention according to elements such as the existing regulation in the country, the public, private or mixed nature of the intervention in an area, and, above all, the way in which the benefits are distributed. Faced with this reality, Béland proposes the following classification of social policies.

Table 9:  
**Types of Social Policies**

| Type of typology               | Definition   | Benefits  | Example                           |
|--------------------------------|--|---|-----------------------------------|
| Social assistance              | General revenues.  | Income and/or means-tested.                     | Temporary Aid for Needy Families. |
| Social Insurance               | Payroll tax (but can be supplemented by general revenues). | Benefits tied to past payroll contributions.    | US Social Security.               |
| Universal Transfer and service | General revenues are most common.                          | Benefits available to all residents as a right. | British National Health Service.  |

Source: Béland D. (2010). ¿What is Social Policy? Understanding the Welfare State. Political Sociology Series, Polity Press 2010, p.20.

As can be seen, the classification presents certain clarity by establishing only three categories depending on the type of funding and benefit. In the first category, social assistance constitutes the classic type aimed at the poorest population, the possession of goods and

the level of income. The second category corresponds to social security based on a contributory scheme of workers by payroll and unequal. And the third category does not apply to all countries and social systems for legal, demographic or migratory reasons, but is guided by the “ethical principle of universality”.

Table 10:  
**Five social policy areas**

| Policy area                     | Possible objectives  | Public programs   | Private benefits   |
|---------------------------------|--|---|--|
| Work, unemployment, and welfare | Providing cash support and services to jobless people or low-income workers. | Unemployment insurance; Earned Income Tax Credit (EITC)       | Severance packages offered by employers.                           |
| Pensions                        | Providing income support for the disabled, elderly people, and survivors.    | Social Security; Supplemental Security Income (SSI).          | Private pensions and personal savings accounts.                    |
| Health care                     | Favoring access to health services and help pay medical bills.               | Medicare; Medicaid; Children Health Insurance Program (CHIP). | Employer-sponsored housing and relocation packages.                |
| Housing                         | Help people afford a home; preventing homelessness.                          | Public housing facilities; mortgage deduction.                | Employer-sponsored housing and relocation packages.                |
| Family benefits                 | Child welfare; gender equality; education; work-family balance.              | Publicly funded childcare; parental leave entitlements.       | Private child-care and employers-sponsored (paid) parental leaves. |

Source: Béland D. (2010). ¿What is Social Policy? Understanding the Welfare State. Political Sociology Series, Polity Press, p.28.

In this classification, as Martinez (2008) pointed out, social assistance to the problem of unemployment is located in the first type of policy, as an intervention mechanism that directly affects the quality of life of the different social groups through income and social structure. “Job insecurity” (Castel, 2004, p.109) has been defined as the problem and area of social intervention: actions and programs generated by the State with a productive and employment support orientation, which aims to improve the productive capacity of the most vulnerable sectors through labor qualification, training, incentive to the formulation of self-managed productive project proposals and improvements to credit and micro credit access.

### 3.1.7 The social policy

From the middle of the 20th century until today, social policy has been a concern of modern states (Castel, 2004), more specifically an essential characteristic of the welfare state and an

essential area of public policy. *Social policy* is understood as the macro strategic guidelines and the social programming that a State develops to act on the five areas of the social sphere (table X) of social security, since in a broad sense:

“Social policy means management of social risks. Some risk, such as old age infirmity, are "democratic" because they will afflict us all; others, such as unemployment and poverty, are socially stratified. An individual risk becomes "social"... when the fate of an individual (better, many individuals) has collective consequences; when the welfare of society is at stake” (Esping-Andersen, 2000, p. 36-37).

Even more,

“Risks become social simply because society recognizes them as warranting public consideration. Dependency on market income is a primary catalyst of generalized risks because survival itself is at the mercy of conditions over which individual have little say. Mass unemployment is a phenomenon unique to wage-earner societies” (idem, p. 37).

Consequently, social policy covers two areas of action: the strategic area and the instrumental area. In the first one (i), the conceptual elements are taken into consideration, that is, the operational rational framework of the public servant who directs the policy, understanding that neither the public servant nor the policy are isolated elements, since they are located within a context and temporality, which determines the actions of public policies. Therefore, social policy within this instrumental sphere has “actions that are temporalized in order of precedence and concurrence” (Atria, 2006, p. 08), but, at the same time, in actions that involve mechanisms and instruments for the application of social policy

Likewise, the strategic area encompasses the objectives, goals, recipients, among others, on which the policy in question is specifically and operatively focused; therefore, in that strategic framework:

“The main purpose of social policy is to generate distribution and redistribution processes, with the ultimate goal of reducing economic, social, cultural, institutional and spatial inequalities that influence on the reduction of the structural causes that generate poverty. It is therefore necessary to put the attention on social groups with less access to resources” (Pichardo, 2004 p. 93).

In the second area of instrumental action (ii), social policies are formed by a complex set of projects, plans and programs conducted by public servants, organized in a framework of action to intervene in the distribution of opportunities and assets in favor of certain social groups or categories and varying and diverse degrees of organization (p. 14):

“Social policies are, within public policies, the subset of public and/or private actions related to the distribution of all kind of resources in a particular society. Its purpose is the provision of individual and collective well-being. The determination of the main beneficiaries and the modality of financing are central aspects of the way of conceiving it” (Nirenberg, 2006, p. 2)<sup>62</sup>.

Finally, it should be noted that social policy is delimited by a territorial dimension and a rationality that determines values and ends, since they contribute to increase or decrease the well-being of people or groups, therefore, it is an instrument that can influence the structure social insofar as it can influence the quality of life of society.

### **3.1.8 Trends of social policy: universality vs. focalized**

Universality or focalizing has to do with the coverage and scope of social policies and programs. In Latin America, social development has been subject to restrictions on the level of State participation in social protection. That, coupled with fiscal pressures and liberal trends, have promoted positions that limit basic universalization; hence, in the definition of social policies, fragmentation and segmentation are intrinsic characteristics derived from the hybridity of social protection systems, which today limit the provision of some basic goods and services, to certain segments of the population by conditioning them on compliance of some categories or attributes (Sojo, 2017).

In that way the debate arises between universal or focalized orientation. The difference between these two concepts is in the way they directly influence the formulation of social policies.

Universality corresponds to a legal principle that establishes that the action taken will be valid on equal terms for all those inhabitants of a region, that is, it has a universal quality.

Focalized refers to the actions that are taken and executed but apply only to a specific population that meets a set of requirements and specifications delimited by each policy. For example, PRONAMYPE as a case study, is inserted within this principle, because it takes a targeted population and focuses on its conditions of access to credit opportunities.

Given the persistence of certain social and economic problems, such as poverty in important segments of the population, focalizing works as a strategy and decisive criterion for the allocation of social public spending and to maximize the net social utility of a program or project. At the same time, it is an action that, in theory, prevents the problem of leaks, since

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<sup>62</sup> A clear example of national implementation of social policy is the Social and Fight-Against-Poverty Sector, which manages 25.79% of the national budget (MIDEPLAN, 2010).

in focalizing “a focalized group is defined as a group of people who, in addition to being poor, are relatively homogeneous regarding to the effect that a set of policy instruments may have on them (Belly Duloy in Chenery et al, 1976, p.127, cit by Sojo, 1990, p. 184). In the same line, Alicia de Alba (2015), has identified and classified the focalization methods and techniques most used by national states:

Table 11:  
**Focalization methods**

| Type                                      | Techniques                                  | Tools   | Identification Level  |
|---|---|---|---|
| By indicators                             | Welfare estimation (income, poverty, lack). | <ul style="list-style-type: none"> <li>• Direct tests</li> <li>• Approach tests</li> <li>• Community evaluation</li> </ul>                  | <ul style="list-style-type: none"> <li>• Home (usually)</li> <li>• Individual</li> </ul>    |
|   | Group membership                            | <ul style="list-style-type: none"> <li>• Categories</li> <li>• Geography</li> <li>• Demography</li> <li>• Occupation</li> </ul>             | <ul style="list-style-type: none"> <li>• Geographical area</li> <li>• Individual</li> </ul> |
| By identification or individual selection | Effort                                      | <ul style="list-style-type: none"> <li>• Biometric identification</li> <li>• Requirements</li> <li>• Weather</li> <li>• Distance</li> </ul> | <ul style="list-style-type: none"> <li>• Individual</li> </ul>                              |
|   | Stimuli                                     | <ul style="list-style-type: none"> <li>• Presentation</li> <li>• Reminders</li> </ul>   |   |

Source: De Alba A. (2015). Focalización de Programas Sociales Federales, PolicyLab, México.

The first type (by indicator) is the one used in Costa Rica, since the focalization relies on technical criteria to identify the focalized population, especially through that of basic deficiencies (Unsatisfied Basic Needs method) and the estimated level of poverty (Poverty Line method), as well as gender and geographic location variables, mainly. Likewise, the National Poverty Map (INEC), and the Social Information Sheet (FIS), which is the instrument for collecting information of the Target Population Identification System (SIPO), is used as a reference. The second method is not used in the region.

### **3.1.9 The social programs and its institutions: the visible face of social policy**

The Public and social policy are the course of institutional action developed in the public sector with a political objective, for a common problem of collective interest or as a mechanism to guarantee rights. Social programming is the visible and pragmatic face of social policy, since social programs are the instruments and applied operation of the macro strategies and laws of social policy aimed at the most vulnerable and poor sectors. That is, social programming is the expression and direct link between social policy and the citizens or a part of them. These programs can be of different types, palliative, assistance or

compensatory for the economic effects of the country, but all, in some way, seek to promote social integration and inclusion, in the context of all public political-administrative decisions and actions that are defined and materialize through a portfolio of programs and projects, supported by laws and decrees developed by the state apparatus, in that sense:

“here is no particular mystery about what one might term the “ontology” of the policy initiative. Social programs are undeniably, unequivocally, unexceptionally social systems. They comprise, as with any social system, the interplays of individual and institution, of agency and structure, and of micro and macrosocial processes.” (Pawson & Tilley, 1997, p.63).

These social programs are implemented by different public institutions with power and legal representation, understood, according to the approach of the sociological institutionalism of Richard Scott, as “structures and cognitive, normative activities, which provide stability and meaning to social behavior” (Scott, 1995, p 16).

Finally, it should be noted that despite the theoretical categories and typologies explained in the previous sections, the task of establishing the difference between policies, programs and projects will depend fundamentally on three elements: (i) the distributive scope of public actions; (ii) if the logic of distribution of the benefit imposes conditionings; (iii) the assessment about the benefit that a population can obtain from it.

### **3.1.10 New Public Management and the public administration**

Public management is understood as the “set of rational methods pertaining to the modernization of public management, ranging from management tasks to the systematization of procedures; it is an executive function to plan, organize, coordinate, direct, control and supervise public activities or projects with responsibility over the results, which represents a new way of perceiving the State in society” (Mejía, 2012, p.147).

From the 80s, the Costa Rican state developed a new economic and administrative vision of the public action: the New Public Management (NPM), which is one of the currents of administrative theory that advocates for a more open relationship with the citizen, oriented “to the client and to the quality, tries to overcome the problems of efficiency in the provision of public services” (Bañon and Carrillo, 1997, p. 83). In this way, policies aim at increasing the consultative and citizen participation mechanisms, which speak of a management more open to the dialogue with social actors, typical of a clearer link between the public sector and the private sector NPM, as an administrative paradigm, found its origins on three focal points: a) The State-Police and the legitimacy based on the nature of power: the criterion of public power; b) The State-Providence and the legitimacy based on the nature of the aims

pursued: the criterion of public service; c) The Omnipresent State: towards a legitimacy supported by the methods used: the crisis of the criterion. (Bañon and Carrillo, 1997, p. 33).

Therefore, this paradigm gives a greater importance to the role of the citizen, since it is the one who moves the action of the public service. The State changes to be no longer an end by itself but becomes the means to achieve the social ends demanded by the citizen. In this sense, the New Public Management resizes the capacities of public administration and focuses on the efficiency of the individual as a client. Therefore, within this paradigm, public administration becomes the “government in action, as the exercise of power and domination that is proper to every State. It is the entity capable of giving the Government operational capacity, concretion and effectiveness” (Bañon & Carrillo, 1997, p.9) independently, from the different approaches that coexist within the NPM (Cardozo, 2012, p.30).

In this case, at the national level, the actions taken under this approach have developed an institutional framework that, at least in the discourse, promotes citizen participation in various spaces of interaction, therefore, it seeks to reach a public administration with actions more oriented to social actors and their interests. Likewise, the opening to the participation of the private sector in the provision of public services has been mediated by concession processes, market opening, and tenders, among others.

In that sense, PRONAMYPE is a clear example of a Program managed from the NPM, since it is a social intervention, incorporates in its decentralized management the participation of Intermediary Organizations (inter-organizational networks that are part of the Program's implementation), involving different social actors such as cooperatives, associations, the MTSS as the governing body, state banks, among others. In turn, taking in consideration the type of social investment program, it opens the space for the credit beneficiary to be responsible for the use of the money, which allows and facilitates the freedom to achieve that efficiency with the client, which is what the New Public Management seeks.

Figure 6 of the summary of this chapter, shows how these theoretical elements are articulated with the following theoretical-thematic concepts of the problem (item 3.2) and the evaluative foundations (items 3.3) to finally guide the evaluation of the socio-labor sector public policy, with the based on in the exhaustive case study (the Program) as a study object, and whose results are summarized in table 57 of the context analysis (chapter 5, part A).



## 3.2 Poverty, informal sector and microfinance

### 2.2.1 Poverty and its measurement

The poverty is the condition contrary to well-being. As a societal and public problem, it is a central part of the public agenda discussions, and transversal in social policy strategies and interventions, since the evolution and reduction of poverty (and inequality) are analyzed through indicators that provide information for the design and implementation of public policies seeking that same end. For this reason, as a concept and study object, poverty is an issue whose complexity causes great conflict, since it is a multi-causal phenomenon given the indeterminate number of underlying causes, and multidimensional due to the diversity of social, economic, cultural and political dynamics and processes that is capable to affect within national spaces (Céspedes & Jiménez, 2006). However, despite the fact that poverty is a complex phenomenon and a common problem of the Welfare State, there are consensus around the way of measuring it, according to the approach assumed.

In Costa Rica and Latin America, the monetary approach based on the measure of economic income and consumption per capita has prevailed in the estimation of poverty, an approach promoted since the 1960s by The Economic Commission for Latin America (and the Caribbean, ECLAC) of the UN. Therefore, in Costa Rica, within this research period of study, the National Institute of Statistics and Census (INEC, by its acronym in Spanish), the official institution responsible for measuring poverty<sup>63</sup>, defines the term as “the presence of socially unacceptable standards of living or well-being” (INEC, 2016, p.9), that is, poverty is understood as the condition where people have a living standard below the accepted social minimum<sup>64</sup>, and for its estimation they use the **Poverty Line** (PL) and **Index of Unsatisfied Basic Needs** (or NBI, for its acronym in Spanish).

The concept of subsistence uses the **Poverty Line** (PL) method, it is based on the threshold of minimum standards needed to live, and it is one-dimensional because it refers to have insufficient income to meet a person needs, consisting of:

“Calculate a Poverty Line, which represents the minimum per capita amount needed by a household in order to meet the basic needs of its members (food and non-food) and compare it with the per capita income of each household. The application of the method requires the following inputs: a. The cost of a Basic Food Basket per capita (CBA); b. An estimate of the cost of basic non-

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<sup>63</sup> To clarify, poverty and inequality are different situations that societies face, but one implies the other, because income inequality can generate conditions of unsatisfied basic needs, which, in economic terms, affects poverty.

<sup>64</sup> For a historical review of the term, see Espina M. (2008) and his work “In the intricate world of concepts. Debates on the State, poverty and social policies”, in: Policies to address poverty and inequality, Latin American Council of Social Sciences, Buenos Aires, Argentina.

food needs, which is estimated as the inverse of the proportion of food expenditure, according to information from the Income and Expenditure Survey; c. The per capita household income, which is estimated by the Household Survey based on the households that declared their income. The value of the Poverty Line corresponds to the value of the CBA multiplied by the inverse of the proportion of household food expenditure” (INEC, 2016, p. 6).

So, with this method INEC determines three levels of condition: **extreme poverty, poverty and non-poor** (see results of the historical series in Chapter 2).

For its part, poverty according to the **Unsatisfied Basic Needs** (NBI) concept, includes, in addition to the minimum subsistence levels, education, health, transportation and infrastructure services in general. These are central indicators included in the surveys of the National Institute of Statistics and Census (INEC) and their measurement is based on the satisfaction of each of the basic needs according to the pre-established minimum levels of consumption.

Both methods, PL and NBI, for having an exclusively monetary approach, have some limitations. For that reason, nowadays exist the multidimensional approach, based on a very broad and diverse set of indicators to estimate the level of poverty, which, in turn, generates a specific list of needs that are used to identify a poor person. Likewise, within the analysis of development and effectiveness of public management, there is a wide debate in the positions that suggest that poverty reduction is not, nor should it be, an exclusive responsibility of social policy, but also of State’s economic policy, and of many other public and private stakeholders<sup>65</sup>.

### **3.2.2 Labor market: informal sector, microfinance, SMEs.**

As it was empirically explained in Chapter 2, the level of inequality in wages generated both by an unsatisfied demand for work and by the growth of the informal sector, are two structural features of Costa Rica's labor market. From the neoclassical model, the concept of labor market is commonly defined as the place where workers and employees interact with each other, and in which employers compete to hire the best and workers compete for the best possible job. Therefore, the labor market is one where “workers and employers are represented, who are the ones that make up the demand and supply of work, respectively” (Resico, 2010, p. 239). However, in Costa Rican society, there are many types of work, hence

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<sup>65</sup> About this issue, see World Social Science Report 2016: Challenging inequalities; pathways to a just world. ISSC, the Institute of Development Studies (IDS) and UNESCO, 2016, France.

the difference between formal and informal work is that the first is protected by the laws of a country and the second is outside the regulatory framework.

The number of workers left out of the labor market represents a marginal population, which occurs when supply exceeds the demand for labor and has a low probability of coming in contact with the productive sector. Thus, social institutions that influence the supply of or demand for labor are treated as exogenous variables or as distortions that should be removed to allow the market to perform its proper role (p.318).

### Informal sector

In the Latin American labor market, the informal sector has an important weight in job creation. For example, according to data from the International Labor Organization (ILO) of the United Nations System (UN), for the year 1999, 46.5 million people employed in the main cities develop activities that are located in the informal sector of the economy. One of the most important features of this is its feminization: 50% of informal work is carried out by women. The importance and weight of this phenomenon varies from one country to another, so in some cases, such as Honduras and Bolivia, informal work activities are greater than 60% of the labor market (ILO, 2001, p.20-21). However, the causality of the phenomenon is the same in each country: “inequality implies that a significant number of individuals have restrictions to access credit and, therefore, opt for the informal sector, since they cannot overcome the high fixed costs of formal sector” (Amarante & Arim, 2015, p.20).

In Costa Rica, the first consideration between formal sector and informal employment is established by the National Institute of Statistics and Census (INEC, 2015), based on what has been established by ILO, where the informal sector is defined by the characteristics of the production unit, which depends of the legal organization, ownership and type of accounting that companies carry, as well as elements on the person's employment status (ILO, 2013a, p.19). In this line, for INEC (2015), informal employment has the following characteristics:

- Salaried people without social security financed by their employer.
- Salaried people who are only paid in kind or who were paid only once, who, due to the nature of their hiring, are considered not to be subject to social security rebates.
- Unpaid helpers.
- Self-employed persons and employers who have companies not incorporated in society, that is, they are not registered in the National Property Registry and do not keep a formal and periodic accounting.

- Self-employed persons with occasional jobs (they work less than a month), who, due to the nature of the work, are not susceptible to being registered or to carry out regular formal accounting. (INEC, 2015, p.11).

### 3.2.3 Microfinance and microcredit as instruments

For the MSMEs Observatory of the State Distance University (UNED for its acronym in Spanish) “the phenomenon of informality, characterized by self-employment and sub-employment, which primarily attacks micro and small enterprises, condemns these companies to precariousness and poverty” (UNED, 2010, p.13). For that reason, it is necessary to dedicate public policies to the support micro and small enterprises, so that they can gradually grow and generate productive chains that allow them to get out of precariousness and poverty, form a support network and encourage formalization for the protection of their labor rights. This is where **microfinance** arises as an alternative response to the imperfections of the traditional financial market whose primary objective is the maximization of their returns, an aspect that leaves out many credit subjects.

One of the economic theories that fueled the creation of microcredits is Joseph Schumpeter's **Theory of Economic Development**, which establishes the following: within the economy there are spontaneous and discontinuous changes that alter the balance and are generated by five changes/discontinuities: (i) introduction of a new good or a new quality of a good; (ii) introduction of a new production method; (iii) opening to a new market; (iv) conquest of sources of raw materials; (v) creation of a new industry.

In that sense, Roberts (2003) states that there are two fundamental factors in Schumpeter's theory of development: a) credit and b) the entrepreneur, since in microfinance, the microentrepreneur that requests a microcredit is a poor or a very low-income person, while in the traditional financial market the role of the entrepreneur is not related to the possession of wealth (p. 12). Therefore, the micro credits take a relevant role, in the sense of introducing new changes and financial innovations to a new production method (ii) of the enterprises, where the **microentrepreneur** as a change agent, modifies with his actions the economy thus creating new combinations within the development of the markets.

The impact of micro credit on poverty is that “microcredit means providing families with small loans to help them start or expand a small business. The typical client of a microcredit program is a person with a low level of income who does not have access to formal financial institutions” (Roberts, 2003, p. 04). At the micro level, it is assumed that microcredit socially impacts the beneficiaries, at the macro level, through microcredit, the enterprises generate productive changes that help boost the economy and reduce unemployment.

But, ¿how to define a microcredit?

A microcredit is a variant from the traditional financial system, since it has as market segment the groups of population in greater need and without resources, whom cannot access to a formal credit or to a microfinance institution (MFIs)<sup>66</sup>. For that reason, it is a hybrid between a financial service and a development instrument.

Specifically, it is a small loan offered by a bank or MFI to a low-income person who cannot have a guarantee of payment. Potential clients are below the poverty line and in need of creating a business or self-employment activity. In most cases microcredits are accompanied by training processes since most recipients are in need of learning how to use credit (Roberts, 2003). The credits + training relationship is essential, since Amartya Zen (Nobel Prize in Economics 1998) theorized about the direct relationship between poverty and lack of skills.

The primary objective of a microcredit is to improve the liquidity of poor people, how?: by providing a small amount of money, in more favorable conditions and within a short period of time, to small entrepreneurs of the most disadvantaged social groups, so they can be able to run their own work project, generate a permanent economic income and thus improve their living conditions (in the case of PRONAMYPE, see Change Theory in chapter 2 and Impact Theory in chapter 4).

To grant a microcredit, the most frequent method is the individual loan according to the person's needs, being that person responsible for complying with the requirements and payment installments. However, there are also other loan allocation mechanisms such as the Solidarity Groups (between 5 and 8 people)<sup>67</sup>; the Villahe Banking (group between 30 and 50 people); Credit Unions (financial institutions such as Cooperatives) and Revolving Funds (savings associations of many people) (EVALÚA CDMX, 2009, p.16-17). Perhaps the common denominator among these mechanisms is that they all operate under a method of trust.

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<sup>66</sup> The most significant case is the one of the world-renowned economist Muhammad Yunnus (Nobel Peace Prize 1976) who in 1976 founded the Grameen Bank of Bangladesh (12,000 employees, 2,488 branches, 7.4 million credits) who won the Nobel Peace Prize in 2006.

<sup>67</sup> Yunnus used the so-called "solidarity groups", which operate when small informal groups request a collective loan and their members work to guarantee payment, so that, on one hand, people support each other, and on the other, loan payment allows loans to other groups, thus creating a system based on a methodology called Bulak.

In general, MFI programs are focalized and, when they are public, are part of the strategies to fight poverty. For example, in 1995, the Consultive Group to Assist the Poor (CGAP) of the World Bank was created. The year 2005 was declared the International Year of Microcredit by the UN. In the year 2011, the 15<sup>th</sup> World Microcredit Summit was held in Valladolid, Spain. The World Bank notes that there are approximately 7,000 financial institutions in the world with 16 million loans granted (Idem, p. 22).

According to Roberts (2003), “microcredit works better than any other type of social assistance for two reasons: a) it encourages initiative rather than dependency and b) a well-managed microcredit program can be self-sufficient” (p.5). Currently there are several investigations that have analyzed the effectiveness of microfinance as a strategy

And ¿how to define a micro-enterprise and an enterprise?

Although in practice there is great heterogeneity between formal and informal productive activities that can be called Micro, Small and Medium-sized Enterprises (SMEs), in Costa Rica these categories are defined by law, for that reason, institutions that work on this topic, organize their activities following official regulations. In this case, the definition for **SMEs** is established in Regulation of Law 8262 on Strengthening of Small and Medium Enterprises and says:

Article 3. For all purposes of this Law and the policies and programs of the state or public institutions that support SMEs, it is understood as a productive unit of a permanent nature that has stable physical resources and human resources; they are managed and operated, under the figure of a natural person or legal entity, in industrial, commercial or service activities, excluding those subsistence economic activities.” (MEIC, 2003) (Underlined is not from the original text).

Regarding the type of **SMEs**, the Law and its Regulations establish that it is the variable number of workers in the economic activity and its calculation formula, which defines the type of SMEs according to the following three categories:

- Micro-enterprises:  $P \leq 10$  workers
- Small enterprises:  $10 < P \leq 35$  workers
- Medium enterprises:  $35 < P \leq 100$  workers

However, according to the official guidelines of the Ministry of Economy, Industry and Commerce (MEIC) and the Entrepreneurship Promotion Policy of Costa Rica from 2014-2018, there is no official conceptual definition that differentiates formal micro and small enterprises (SME) of the semiformal, as well as there is no definition of the concept of entrepreneur or entrepreneurship to recognize that kind of self-employed activity that a

particular individual performs (very important aspect that is retaken and analyzed in the context analysis of Chapter 5) .

Some diagnoses made, establish that a **formal SME** is the one that has all the execution documentation and permits formally established. The **informal SME** is the one that does not formalize its activity because the cost represents a risk that cannot be assumed due to the stability of the micro enterprise. In turn, the **semi-formal SME** is one that formalized the minimum necessary to continue operating from an economic rationality of the entrepreneur (Brenes, 2011).

### 3.3 Public policy as a study object

#### 3.3.1 Public policy research: fields of study

As noted by Stockmann & Meyer “evaluation is an invention of modernity. It is on the one hand linked to the vision of economic and social progress, the pursuit of growth and continuous improvement, and on the other hand to faith in the feasibility and controllability of social development” (2016, p.2); that is why in western societies the public administration has the mandate to search for the common good and the satisfaction of needs through the public services that it must provide.

It is in the American continent, particularly in the USA, where the first conceptualizations about public policy<sup>68</sup> are initially raised aiming at understanding and explaining the processes and different forms of response of the public management within the public agenda.

Evaluative research emerged in the 1960s as a field that assumes as an analytical purpose to address the need to know the effectiveness of public interventions and respond to the demands of accountability based on evidence of their results. So then “evaluation activities increased rapidly during the Kennedy and Johnson presidencies of the 1960s, when social programs undertaken the banners of the War on Poverty and the Great Society provided extensive resources to deal with unemployment, crime, urban deterioration, access to medical care, and mental health treatment” (Rossy, Linsay & Freeman, 2004, p. 12), which in turn coincided with a renewed rise of social sciences in general, which fueled the evaluative practice with the emergence of new approaches and methodologies<sup>69</sup>.

However, within the social sciences there are usually internal debates about the delimitations and specificities of the dimensions of study of public interventions, according to various

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<sup>68</sup> See item 3.1.1

<sup>69</sup> A growth that was supported by an important process of institutionalization of the evaluation in different agencies and organizations of the public sphere.

existing fields of study, with their own theoretical orientation, different from evaluative research, such as: (i) *Policy making*, in studies about the political-administrative field; (ii) *Policy Analysis*, interested in the normative-technical moment of formulating proposals for public action to address social problems (Bustelo 2011, p.187-189); (iii) *Policy Sciences*, that seek to understand the decision-making processes and how events occur from a political perspective, (Cardozo, 2013c, p.8) and (iv) *Policy networks*, which arises at the beginning of the 1990s to understand from the context, the multiplicity of public and private actors that can interconnect and exchange different types of resources: decision power, information, budgets, etc. (Klijn, 1998).

All these fields in some way or another have fed or overlap with the evaluative field, as María Bustelo maintains “the theoretical development on the evaluation of programs and policies has been carried out outside the framework of the discipline of public policy analysis” (Bustelo 2011, p. 192). Therefore, for the purposes of this research it is important to define the field of evaluative research as:

“The social science applied in the causal explanations of the governmental impacts tries to go beyond the solution of specific problems posed by public policies by incorporating their theories, models and laws with the aim of seeking regularities to move from the hypotheses to their confirmation or rejection, until establishing postulates of governmental behavior that can be systematized in a theory in continuous improvement” (Salcedo, 2011, p. 23).

### **3.3.2 The evaluation and the public policy evaluation**

Evaluation as an empirical social investigation is an important area of specialization, which, unlike traditional social research, provides from its rigor a critical analysis of a concrete reality, in particular about the relationship between society and State, in terms of the comprehensive and intentional study of the repercussions that derive from public interventions aimed at vulnerable sectors of society. Hence, the classic definition of Carol Weiss (1993) that states that “program evaluation is the application of systematic research methods for the evaluation of the design, implementation and effectiveness of a program” (p.13) to provide information that feeds the decision making on a rational basis.

That is, evaluative research represents the action of assess objectively, taking as a study object the measurement of the effects of a program in comparison with the goals that it was proposed to achieve, within the framework of a specific context in which the program is developed. Therefore, “what defines evaluation is its object of study and not so much its procedures, which would be the same as those of social research” (Bustelo, 2011, p. 197), in that sense, this research is established on the basis of the following evaluation definitions, all complementary:



Table 12:

**Defining “evaluation” according to its main purpose and object of study.**

| Definition   | Author                   |
|--|--------------------------|
| “Evaluation refers to the process of determining the merit, worth, or value of something, or the output of that process...” (1991, p. 139)   | Scriven M.*              |
| “Program evaluation is the use of social research procedures to systematically investigate the effectiveness of social intervention programs. More specifically, evaluation researches (evaluators) use social research methods, including the diagnosis of the social problems they address, their conceptualization and design, their implementation and administration, their outcomes and their efficiency.” (2004, p.2) | Rossi, Lipsey & Freeman. |
| “Program evaluation is the application of systematic research methods to assess the design, implementation and effectiveness of a program.” (1985, p. 18).   | Chelimsky E.             |
| “...the evaluation is an instrument for the empirical generation of knowledge, which is combined with an assessment, to make decisions focused on a specific objective...” (2016, p. 65)   | Stockmann R. & Meyer W.  |
| “The focus of the evaluation is the assessment of the specific actions and interventions that are carried out to address a specific problem, in all its dimensions.”   | Stufflebeam & Shinfield  |

Scriven, M. (1993), *Hard-Won Lessons in Program Evaluation*, San Francisco, Jossey-Bass.  
 Rossi, Lipsey & Freeman (2004). *Evaluation A Systemic Approach*, SAGE Publication, 7<sup>th</sup> ed., Thousand Oaks, CA.  
 Stockmann R. & Meyer W. (2016). *Evaluación. Una introducción teórico-metodológica*. Editorial UCR., CR.  
 Chelimsky, E. (1985), *Program Evaluation: Patters and Directions*, American Society for Public Administration, WA  
 Stufflebeam, D. y A. Shinkfield (1987), *Evaluación sistemática. Guía teórica y práctica*, Madrid. Paidós, España.

Source: Own elaboration.

The evaluation of public policies, programs and projects (PPP) is located within the applied research and is defined “as the assessment of the action undertaken by the public authorities to address a problem on the public agenda; it emphasizes the real effects of governmental action” (Salcedo 2001, p.23). In this way, evaluation allows to identify and analyze what is the theory of change present in an intervention and to identify the cause-effect relationships that explain expected or obtained results, during the life span of a public intervention.

Consequently, evaluation as applied research is a tool for the State to generate self-criticism regarding the measures taken by the public administration, based on the knowledge of the results attributable to a public action. A tool that contributes to the political-democratic control and guides towards a governance based on responsibility, transparency and participation, values of a management model (New Public Management) that seeks the effectiveness and efficiency of the public sector in its different levels of intervention and object of evaluation

In this sense, according to specialized literature, public interventions can be evaluated at four levels, not necessarily ordinal: public policies, programs, results and a lower level, the evaluation of the individual performance of workers. These levels of analysis, according to their hierarchical scope, delimit the evaluable public action and the specificity of the study object, as explained in detail in the following table.

Table 13:  
**Types of public intervention evaluation according to the evaluation object**

| Type or level          | Object and Definition   |
|------------------------|---|
| Policies               | Consists on identifying and measuring the effects of a public action. According to Subirats, it implies asking “if the target groups (stakeholders whose behavior is influencing the causes of the problem) modified their behavior (impact) and if thanks to this, the situation of the final beneficiaries (target population), which initially was considered problematic, improved their condition (results or effects)” (Subirats et al, 2008, p. 176). Currently, this type of evaluation is associated with the evaluation of results. |
| Programs               | It is the evaluation of specific interventions as part of the transformation of a social reality.   |
| Management and Results | It is oriented towards the evaluation of institutional management and the results obtained by it. The purpose is to improve its processes and to be accountable to citizens about the use of public resources for the fulfillment of institutional objectives. This type of assessment is based on performance indicators associated with strategic planning processes.   |
| Individual Performance | It refers to evaluate the quality of work of public servants, related to the achievement of the objectives of their position and their contributions to the achievement of institutional objectives.  |

Source: Own elaboration base on Pallavicini V. (2014, P.52).

The goodness of the previous typology is that it allows to have clarity of the analytical level but also helps to reduce volatility and abstraction to terms such as “the public” or “management” since it makes operative the level of evaluative inquiry according to the object within the management spheres All this allows the category “public policy” to be understood in a broader range that enables its evaluation in the different areas in which it works, understanding that “a policy is a formulation of legally validated objectives and purposes to a program of activities by political-administrative structures, program evaluation is strictly understood as the evaluation of all types of units, services, measures, projects, programs and plans” (Bustelo, 2011, p. 209).

These conceptualizations coincide and apply to the Costa Rican case, since from the perspective of the National Evaluation System (SINE) “a public policy is born responding

to the need of a population, so in that sense I can establish an assessment of that public policy through its programs or projects in order to know if [that policy] is reaching and fulfilling the objectives for which it was created” (Interview with MSc. F. Azofeifa, 06.21.2016) according to the prescriptive and descriptive elements of the policy that origins it.

### 3.3.3 The evaluation of the public in the regional context: brief synopsis

Similar to the Anglosphere context, evaluation of public policies in Latin America has been incorporated based on the need of states to measure and value public actions. It took shape from a political-institutional and normative-legal basis and with a focus initially linked to the development perspective that emerged in the region from 1940 to 1960, in the hands of national planning and national programming initiatives promoted by ECLAC, whose “central concern of this organization was the study of underdevelopment conditions” from Latin American (Pichardo, 1994, p. 32).

This process was certainly not homogeneous, but very different according to the set of political, social and economic stability issues of each country, which is why the emergence of evaluation in the field of Latin American public affairs has developed (until today) at different rates. In this sense, Nuria Cunill points out that, in its beginning, evaluation of public interventions arises based on two models, the first linked to the planning processes and whose model is Costa Rica’s case, and the second articulated with the public finance and budgetary control.

Table 14:

**Evaluation Development Models in the Latin American public sector**

| Model    | User                            | Purpose                                      | Respon-<br>sibles    | Cases  |
|----------|---------------------------------|--|----------------------|--|
| Planning | President                       | Enhance political decisions + accountability | Ministry of Planning | SINE, Costa Rica<br>SINERGIA, Colombia.<br>SISER, Bolivia  |
| Budget   | Budget authorities and Congress | Enhance budgetary decisions + accountability | Ministry of Finance  | Control and management systems, Chile.<br>Evaluation and performance systems, Mexico and SEV, Uruguay. |

Source: Cunill N. 2007, cit por Amaya P. (2010).

Feinstein in his work entitled “*On the Development of Evaluation Systems in Latin America and the Caribbean*” (2015) indicates that “although the institutionalization of evaluation in Latin

America advanced gradually, in the first years of the 21st century the process has accelerated” (p. 11). In that line, the author proposes an evolution of the evaluation in the region in four stages, (i) the first, starting from the 1970s which began with the implementation of M&E systems on projects as a response mechanisms for the international organizations financing those projects; (ii) the second stage occurs during the 1980s, with incipient training actions on M&E capabilities; (iii) in the third stage, starting in the 1990s, a qualitative shift in political interests begins to take place and some governments show interest in program and policy evaluation (more than in specific projects), articulating the evaluation component to planning and public finance areas; and finally, (iv) the fourth stage begins in the year 2000, with a renewed interest in evaluation of public interventions as a path to good governance (p. 197-203).

Another interesting chronological framework about the development of evaluation, more historical and comprehensive, was recently raised by Arlette Pichardo (2018) in her work entitled “*Evaluation of Public Policies. An appraisal from Latin America and the Caribbean*”, there are three substantive differences from Feinstein text, the first, she parts of a socio-historical perspective linked to development, the second, methodologically, she does not part of a chronology but of what she calls “courses of action” or “historical routes”, and the third difference is the inclusion of the Caribbean evaluation development.

Therefore, for Pichardo (2018) the courses of action on which the evaluation has been developed throughout the Latin American region, are the following, the evaluation: (i) derived from the first national planning initiatives under the influence of ECLAC; (ii) associated with national planning experiences influenced by the Alliance for Progress developed between 1961-1971; (iii) inspired by Humanitarian Aid; (iv) guided by Development Cooperation; (v) under the eaves of Social Protection; (v) and the evaluation of and from public management (see table 16).

Something that is clear is that, in the early stages of evaluation of public policies, programs and projects in Latin America, evaluation was mainly implemented by government agencies to use the results at “convenience” as long as the scope and limits of interventions were evidenced, and also as a justification for accountability. Nowadays, evaluation goes beyond that, it can cover different phases of the same public policy or program, from its design to its impact.

The fundamental importance of the contribution of public management evaluation, consists in being able to assess every stage of the cycle, from the formulation of policies, to the control and monitoring processes, so the administration and management of public resources can be rigorously guarded. In this way, the actions of public authorities and the

political work of every stakeholder in the process of formation, application and conclusion of a public policy are revealed.

So, after the 70's, the exercise of analyzing public policy has increased in Latin America and, in addition, its accuracy has increased from the study of more complex phenomena in more complex societies. This accuracy is shown in the demand for a more detailed review of the policies applied, meaning, the execution, implementation and impact of a public policy is analyzed.

At the end of the 70s and beginning of the 80s, changes and transformation of Latin American States entailed the creation of evaluation instruments or systems, which is why “the creation of public management evaluation systems is a critical component within the proposals for public sector reform (Ospina, 2000, p. 1). Thus, since those years, incipiently, in Latin America, national evaluation systems have emerged (CONEVAL in Mexico, MIDEPLAN in Costa Rica, SINERGIA in Colombia, SNIP in Uruguay, among others), aimed at increasing the control and monitoring of governmental interventions, through the accurate measurement and real analysis of the incidence and results of public work, both in universal and sectoral programs. However, it should be clear that M&E systems represent a change in public management that seeks effectiveness in responding to the problems and challenges of the context, within the framework of the acute economic crisis of Latin American countries during the two decades mentioned.

For Pérez & Maldonado “the governments of Latin America have experienced great dynamism in the generation of institutions associated with monitoring and evaluation of public programs and policies” (2015, p.17), a development that took place in a heterogeneous way, with cases of more advanced and more laggard systems. However, a common denominator between them is that, from the evolution of the administration systems at the state level, the evaluation task has been developed in a better way. A notion that has been present since a rule of law administration that self-manages its resources to produce development (Cardozo, 2006).

In a regional study conducted on ten national systems, the authors Pérez & Maldonado (2015) perform an analysis of the development of the systems, based on four analytical dimensions. Results show that systems can be classified according to a low, medium or high development, however, regardless of the category, no system has an optimal development in its dimensions of analysis, but rather, the cases are characterized by an uneven development between the level of implementation, the development of methodologies and the level of use, such as the case of Costa Rica. Table 15 presents a detail of the results grouped by each country of the carried-out study.

Table 15:  
**Development of the National Monitoring and Evaluation Systems (M&E)  
according to four analysis dimensions of CLEAR.**

| Country    | M&E<br>Functions<br>recognition<br>level | Planning | Methodologies | Level<br>of use |
|------------|--|----------|---------------|-----------------|
| Argentina  | Medium                                   | No       | Medium        | Low             |
| Brasil     | High                                     | Yes      | Medium        | Medium          |
| Chile      | High                                     | Yes      | High          | Medium          |
| Colombia   | High                                     | Yes      | High          | Low             |
| Costa Rica | High                                     | Yes      | Low           | Low             |
| Ecuador    | High                                     | No       | Low           | Low             |
| México     | High                                     | Yes      | High          | Medium          |
| Perú       | High                                     | No       | Medium        | Low             |
| Uruguay    | High                                     | Yes      | Medium        | Low             |
| Venezuela  | Low                                      | No       | Low           | Low             |

Source: Based on data from Pérez G. & Maldonado C. (2015, p.399-404).

In order to understand the context, it must be mentioned that the appearance of national M&E systems took place when the Latin American region plunged into an economic crisis, from 80s until the beginning of 2000, that “eventually became the crisis of the State of welfare” (Merino, 2013, p.173). Therefore, the management during the last two decades has been carried out based on a neoliberal state conception, which advocates for the reduction of the government apparatus, as well as the implementation of focalized public and social policies with a Results Based Management approach within the New Public Management (NPM).

The New Public Management seeks to control state spending through privatization and accountability, and conditions the creation of international evaluation systems based on the interests of the Organization for Economic Cooperation and Development (OECD), the International Monetary Fund (IMF) and the World Bank (WB). In the Costa Rican case, this was reflected in the Structural Adjustment Programs (SAPs) and, more recently, in the pressures derived from the technical studies for the possible incorporation to the OECD since 2010.

The Results Based Management within the NPM has been, for Costa Rica and the region, a paradigm shift in public administration and therefore for the evaluation, since as indicated by the World Bank and the OECD:

“Results-based management focuses on a clear notion of causality. The theory is that various inputs and activities logically lead to higher orders of

outcomes (outputs, effects and impacts). Results-based management asks managers to regularly analyze the extent to which their implementation activities and results are reasonably likely to achieve the desired outcomes and make continuous adjustments as necessary.” (OECD, 2005).

Within the framework of a public management oriented to evidence-based decision-making, public evaluation has required the creation of better selection and effectiveness criteria for its programs and projects, as well as indicators to know the true impact of policies public. The above was added to the *Paris Declaration on the Effectiveness of Development Assistance* in 2005, an international agreement whose objective is to improve the quality of aid and the impact of development cooperation.

Thus, in Latin America and the Caribbean, in the context of recovering the functions of the State, interest in social policy is renewed, particularly following the Presidential Summit of the year 2000, with the adoption of the Millennium Development Goals (MDGs) (Pichardo, 2018). Consequently, as indicated by the CLEAR Center for Latin America, the political and administrative positioning of the evaluation topic is high (Pérez & Maldonado 2015, p. 20). However, despite the progress in the institutionalization and the increase in the thematic positioning of evaluation, “the study of public policies in the region is a growing field” (Arellano, 2014, p.7).

More recently, and as mentioned by Pichardo (2018) in its chronological framework, evaluation is at a stage linked to the way of managing state work, not so much as a new paradigm, but as a combination of different perspectives (public, private, development cooperation, evaluation networks and citizen movements) in search of effectiveness, economy and efficiency, aiming at providing a higher quality service (Cardozo, 2006), as well as efficiency with equity. For an overview of the development of evaluation, the courses of action on the Latin American region are presented below.

Table 16: Courses of action or evaluation routes in Latin America and the Caribbean

| Courses of Action or Routes | Global political decisions with an impact on evaluation  | Incidence of international organizations   | Intervention unit / object of evaluation  | Evaluation Moment   | Predominant orientation in the use of the indicators                       |   |
|-----------------------------|--|--|---|---|--|---|
| I.                          | Evaluation derived from the first national planning initiatives under the influence of ECLAC     | Inward development model through an import substitution industrialization economic policy.                           | <ul style="list-style-type: none"> <li>• ECLAC</li> <li>• ILPES.</li> </ul>   | Infrastructure project to support the industrial development policy.          | Ex ante (before execution): Feasibility Studies.                           | Economic-financial (IRR, NPV and other financial indicators).   |
| II.                         | Evaluation associated with national planning experiences influenced by the Alliance for Progress | Proposals for structural social reforms.   | US economic aid program “Alliance for Progress”. (1961-1971).   | Programs in the context of social reforms (in particular national campaigns). | Ex post (execution finished).  | Administration (Workload, Goods or Services and Accomplishments).   |
| III.                        | Evaluation inspired by Humanitarian Aid.   | Weakening and discrediting of the State. Preponderance of Civil Society. Armed Conflict.                             | <ul style="list-style-type: none"> <li>• Governmental agencies.</li> <li>• Universities, Churches, and other Non-Governmental Organizations (NGOs).</li> </ul>  | Project.  | Concurrent Evaluation (during execution): Mid-Term or Progress Evaluation. | Descriptive statistics (comparison between the plan and the effectively executed).  |
| IV.                         | Evaluation guided by Development Cooperation   | State Reform and Modernization.  | <ul style="list-style-type: none"> <li>• OECD.</li> <li>• CE.</li> </ul>  | Program (although also project).  | Concurrent Evaluation. Monitoring and Follow-up.                           | Management and manager (National and international standards).  |
| V.                          | Evaluation under the eaves of Social Protection.   | Renewal of government interest in Social Policy.   | <ul style="list-style-type: none"> <li>• World Bank.</li> <li>• IBRD.</li> <li>• IADB.</li> <li>• United Nations Agencies.</li> </ul>   | Program (with a certain level of complexity).                                 | Base Line Study. Ex Post evaluation.                                       | Sophisticated statistical instruments and econometric models. Experimental and quasi-experimental models with or without control group. |
| VI.                         | Evaluation of and from public management.  | Sectoral reforms, modification of cross-cutting systems of public management and revaluation of the public function. | <ul style="list-style-type: none"> <li>• Multilateral Banking.</li> <li>• United Nations Agencies.</li> <li>• Governments.</li> <li>• Universities.</li> <li>• Professional evaluation networks.</li> </ul> | Public interventions in general.  | Monitoring and Evaluation Systems.   | Management and manager (Public Value Chain).  |

Source: Pichardo A. (2018) “Evaluation of Public Policies. An appraisal from Latin America and the Caribbean” and some slight adjustments and example additions in the second and third column by Alejandro Calvo.



### 3.3.4 The evaluation of the public in the Costa Rican context: brief synopsis

The OECD indicates that "it is generally recognized that a certain degree of institutionalization is necessary for the evaluation to play a role in public administrations" (cit by MPTAP, 2010, p. 39). In Costa Rica there is an important history in the development and legitimization of evaluation which is based on the regulations of the public sphere, but as a practice it has its origins in the national development planning.

In 1963, the Office of Planning (OFIPLAN, for its acronym in Spanish) was created through Law No. 3087 with the objective of coordinating the planning of policies and actions of the public administration. Subsequently, through Law No. 5525 "National Planning Law", OFIPLAN becomes the Ministry of National Planning and Economic Policy (MIDEPLAN, for its acronym in Spanish). Currently, MIDEPLAN is the advisory and technical support body for the Presidency of the Republic and formulates, coordinates, monitors and evaluates government strategies and priorities, defining its medium and long-term goals.

This Ministry has six main functions, which are divided into six thematic axes. The fifth of these functions assigned to the Executive Power is "to promote a permanent evaluation and renewal of the services provided by the State" which is carried out within the sixth thematic axis "to carry out special studies and investigations according to the understanding of the new role of Modern State"<sup>70</sup>. To fulfill its functions, at MIDEPLAN the State Modernization area has three work units: Institutional Reform, Public Investments and Evaluation. Evaluation and monitoring, according to MIDEPLAN, aims at evaluating selected government policies and programs through the National Evaluation System (SINE, for its acronym in Spanish).

In 1994, in the context of a strong political discussion on the reform and modernization of the State, based on the provisions of the National Planning Law, the National Evaluation System (SINE) is created at MIDEPLAN, as a managerial instrument in the charge of the State (García & Ugalde, 2015). Its task is to assess the actions of the public sector, accountability and feedback. Likewise, SINE defines the priorities of the National Development Plan, follows-up, monitors strategic programs and projects and evaluates public performance. In short, it is a system that seeks to improve public management and, in the long term, to strengthen decision making for Costa Rica's government.

In Costa Rica, in parallel to the creation of SINE, a significant event for the country occurred, the creation of the Master's Degree in Evaluation of Social Programs and Projects

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<sup>70</sup> Taken from <http://www.mideplan.go.cr/mideplan/que-es-mideplan>

of the University of Costa Rica in 1995, first in its field in the Latin American region, was created to meet the demand for specialized human resources in the field.

This postgraduate program, supported by the schools of Social Work, Public Administration and its Public Research and Training Center (CICAP, for its acronym in Spanish), has played a very important role in the formation and training of human resources in the public sector. Tasks that, later, together with the Master Program, were strengthened through academic links established with the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, DAAD and the CEval.

In 2001, within the framework of the public regulations related to evaluation, the Law of Financial Administration of the Republic and Public Budgets (Law 8131 from September 4<sup>th</sup>, 2001) is approved, in which a series of guidelines are established to link the Institutional Operational Plan of each public institution with the priorities of the National Development Plan. The abovementioned generated that, for some time, the emphasis of SINE's approach to evaluation was focused on budget execution, and for that purpose they developed a series of instruments that were widely used such as the Institutional Performance Matrix (MDI) and the Commitment of Result (CDR), as instruments for the evaluation of the National Development Plan.

As of 2006, SINE, although always oriented to monitoring and evaluation (of goals and budget), entered a stage of changes and strengthening, incorporating some new instruments such as the Annual Institutional Programming Matrix (MAPI) which had to be included into the Annual Operational Plan (PAO). In the same way, it starts moving towards the monitoring and evaluation of strategic actions at national, sectoral and institutional level.

Subsequently, starting in 2010 and coinciding with the trend in Latin America, using the results-based management model, they strongly encourage the promotion and use of evaluation as a public management instrument to support decision-making. In that sense, in its Evaluation Manual, MIDEPLAN defines this model as “a management strategy that focuses on achieving objectives for development and results (outputs, effects and impacts)” (MIDEPLAN, 2012).

It is in this period, unlike the one before when evaluation was subjected to the planning and monitoring of goals, when an important stage (or change) arises in which the implementation of evaluation, in the context of results-based management, establishes the identification of concrete/tangible benefits achieved through public action as its priority. Thus, during the 2010-2014 government of President Laura Chinchilla Miranda, this change is driven with and under the support of international cooperation through FOCEVAL

Program from GIZ and supported by the German DAAD academic advisory through the figure of the Evaluation Center of Saarland University.

From that moment, MIDEPLAN is committed to (i) capacity building and development of technical instruments, as well as (ii) committed to an initiative to carry out strategic evaluations based on the priorities established by the Presidency of the Republic.

On the first aspect, the political orientation of the government administration aimed at the promotion of the creation of public policy instruments or guidelines, strengthening development-oriented programs, measuring the impact of the budget allocation and transforming findings into improvement actions in order to create or strengthen “public value”. In this line, it has made concrete progress with the support of the German international cooperation, in terms of the definition of its own conceptual framework through the production of the first version of the *Management Manual for the design and execution of strategic government evaluations* (2012), and the *Technical-methodological guidelines for planning, budgetary programming and strategic evaluation in the public sector of Costa Rica* (2014).

On strategic evaluations, as indicated above (justification item), until 2010, the work carried out by SINE focused on the monitoring and verification of institutional goals as well as their budgetary execution, important actions that showed little or nothing about the achievements and impacts accomplished by public investment, which became evident “the absence of formal evaluation practices within the Costa Rican public sector” (García and Ugalde, 2015, p. 220). This fact led MIDEPLAN to focus on the task of raising the need for strategic evaluations, understood as “a systematic and objective assessment of the design, implementation and results of policies, plans, programs and projects promoted by the SINE” (idem, p. 220).

Therefore, for the 2011-2014 government period, and with the support from the Program for Building Capacities in Evaluation in Central America (FOCEVAL) of the German Federal Ministry of Economic Cooperation and Development (BMZ) and the academic advice of CEval, under the “learn by doing” modality, developed the first four strategic evaluations. Subsequently, for the period 2015-2018, the first National Evaluation Agenda of 15 public interventions was proposed<sup>71</sup>.

Nevertheless, and despite the important steps and changes carried out, MIDEPLAN recognizes that the progress in the institutionalization of evaluation still “does not manage

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<sup>71</sup> It should be noted that, so far, none of the evaluations carried out has been an impact evaluation formulated under a quasi-experimental logical model

to impact assertively on public management feedback and accountability due to some weaknesses” (García & Ugalde, 2015, p. 227), which is a wake-up call since 60% of the national budget is not executed by the Central Government (Presidency and Ministries), but by the decentralized sector (public companies and other institutions ) that must also report on the public value of their interventions.

### **3.3.5 The legal framework: evaluation as a normative ordinance**

As stated in the previous section, in Latin America the evaluation of the public is integrated into the planning processes. Costa Rica is no stranger to that trend, but it presents as singularity that evaluation constitutes an ordinance that is located in all areas of the hierarchy of laws. An important aspect that coincides with that indicated by Stockmann & Meyer (2016):

“Evaluation is not only part of society’s control of the state, but also (2) an essential element of democratic governance. Evaluation is used on the one hand by the legislatures, being made compulsory in laws and ordinances for certain purposes and accordingly having to be implemented by the executive agencies. In other words, the legislators use evaluation as a means of keeping an eye on the impacts of executive measures and thus enabling themselves to make objective judgements in further developing legal framework conditions in the parliaments and their subordinate (e.g. specialist) committees” (p.7).

Within that hierarchy, the Political Constitution, as the highest level, in its articles 176 to 182 establishes a set of actions related to the operation of the Public Treasury and the monitoring and evaluation of the budgetary planning. Thus, Article 11 of the Magna Carta states that:

“Public Administration in a broad sense, will be subject to a procedure of results evaluation and accountability, with the consequent personal responsibility for civil servants in the fulfillment of their duties. The Law will indicate the means for this control of results and accountability to operate as a system that covers all public institutions” (p.2).

For its part, the Organic Law of the General Comptrollership of the Republic (CGR, for its acronym in Spanish) 7428 of August 22<sup>nd</sup>, 1994, establishes the control and supervision responsibilities of the legality framework and approval or disapproval of public budgets.

The legal basis of the National Evaluation System (SINE) is determined by the following regulations:

- The National Planning Law 5525 of May 2<sup>nd</sup>, 1974 and its reforms establishes as one of the main objectives “to evaluate systematically and permanently the results

obtained from the execution of plans and policies, as well as its respective programs” (p3).

- The Organic Regulation of MIDEPLAN in the Executive Decree 23323-PLAN of May 27<sup>th</sup>, 1994, establishes a new organizational structure, which institutionalizes MIDEPLAN’s responsibility in the field of evaluation through the Evaluation and Monitoring Area.
- The SIDE decree, through executive decree 23720-PLAN of October 25<sup>th</sup>, 1994, creates the National Evaluation System (SINE) aiming at providing public institutions with a planning tool for the evaluation of their policies, programs, projects, as well as strengthening management capacity.
- Subsequently, Executive Decree No. 24175-PLAN of May 10<sup>th</sup>, 1995, redefined the scope of SINE (Published in Gazette 89 of May 10<sup>th</sup>, 1995).

In 2001 was created the Law 8131 on Financial Administration of the Republic and Public Budgets, which seeks to align the budgetary and operational planning of public institutions with the priorities established in the National Development Plan.

An important change is recorded in 2013, when the Regulation of the Law 5525 of the year 1974 is modified and it is established in its article 7 subsection j: “to direct and coordinate the monitoring and evaluation of results of the execution of development policies, plans, programs and projects” (p.2).

In summary, it can be affirmed that public interventions evaluation acquires a political nature oriented to control and supervise State actions, also as an element that can facilitate the defense of the interests of the stakeholders, and a discursive tool for those who drive or criticize public management.

### **3.4 Evaluation Approach: CEVAL impact-oriented model**

This evaluation is located within the empirical scientific approach and has the purpose of developing a comprehensive evaluation in which the impact of the PRONAMYPE project (micro analysis, “provider”) is estimated, understanding the results obtained within the public policy context in which the intervention works (macro analysis of the “environment”). The foregoing raises the need for an evaluative conceptual framework that allows to understand the various elements and dimensions of analysis inherent to the problem and research questions. To meet this requirement, the Impact Oriented Model of

the Center for Evaluation (CEval)<sup>72</sup> has been chosen as the primary evaluation approach<sup>73</sup>, since its multifunctional nature allows to understand the purposes of the different stakeholders and raises the usefulness of the evaluation exercise towards different areas and spaces of the social system.

CEval Evaluation Model (Stockmann 2009a, 2011b; Stockmann & Meyer, 2016c) proposes as nodal aspect: the determination of empirically observable impacts (recorded as completely as possible) both in the behaviors of the Project's target population as in the determination of the effects provoked in the different areas of the organization and its environment. A key element is the ability to identify the causes of the observed impacts and carefully disagree about the root or base that generates them, understanding that the impacts of the interventions as a social and political-institutional phenomenon can be explained from the multi causality. Thus, the conceptual framework of the CEval impact model poses a set of guiding elements. Some of these concepts applied to the case under study (see Figure 9), are as follows.

### 3.4.1 Impact concept in CEval evaluation approach

The concept of impact is key in this approach, since it constitutes the “*object of assessment*” of the evaluative research. In the broader sense of the concept, “*impact*” should be understood as the empirically verifiable changes that are generated from the interference of an intervention and can be identified and analyzed from different perspectives that allow to recognize a scale or levels of effects. Likewise, the intentionality of the impact is understood as an effect of the intervention and not of the production process, as in fact are the goods or services (outputs) of the project.

From that stance, the sociologist and evaluation theorist, Reinhard Stockmann defines impact as “the positive and negative changes produced by the development of an intervention, direct or indirect, intentional or unintended. This involves the main impacts and effects resulting from the activity in the social, economic, environmental field and in any other development indicator” (Stockmann, 2009a, p 182).

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<sup>72</sup> Another strong reason is that this Center, in the framework of an academic cooperation process with the University of Costa Rica, has carried out in this country a long process of capacity development in academia and government. Therefore, this conceptual model is used as an example of relevance and validation of application to a specific and relevant case politically, institutionally and scientifically.

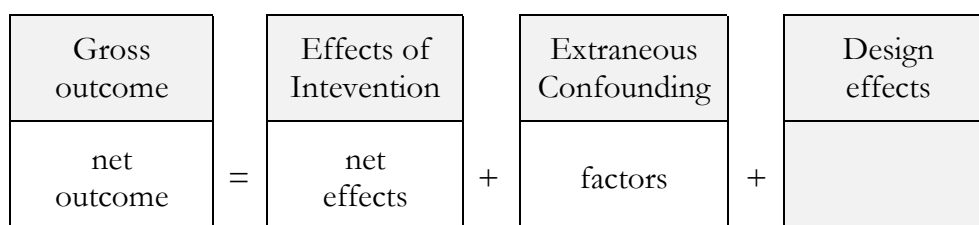
<sup>73</sup> The CEVAL model explicitly states its ability to complement itself with other approaches and techniques, so, in this investigation, the CEVAL approach is complemented at an empirical level with the elements and methodological technical orientations of “*A systematic approach*” by Peter Rossi, Howard Freeman and Mark Linsey, exposed and applied in the next chapter 4 of the Methodology.

To illustrate, the PRONAMYPE case study is used, where the outputs can answer to the number of people who received a microcredit, or the number of intermediary organizations and areas of care covered throughout the country. However, impacts will be directed towards more structural aspects, so they determine the changes of the people subject to credit, as long as these changes have been produced directly or indirectly by the dose (product of the intervention). In that sense, and strictly following CEval's approach “impacts can be classified analytically in three dimensions:

1. Dimension: structure – process – behavior:  
Impacts can relate to structures (e.g., of organizations or social Subsystems), processes and / or individual behavioral patterns.
2. Dimension: planned – unplanned:  
Impacts can occur as planned (intended) or unplanned (unintended).
3. Dimension: positive – negative.  
Impacts which occur as planned or unplanned can either support the objectives of the program or output (+) or go against them (-)” (Stockmann, 2009a p.112; Stockmann & Meyer 2016c, p.74).

Once the analytical dimensions that will help the researcher in the inquiry of the existence of impacts have been defined theoretically and methodologically, the approach is complemented by an equation to analyze these impacts based on their various causalities. The above is presented in the following figure:

Figure 4: **Impact Formula**



Source: Stockmann, 2009a, p.114; Stockmann & Mayer 2016c, p.74.

This equation allows to identify, in a gradient, the different effects that can be reached by an intervention. So, it can be obtained: (i) *Gross impact*: covers all effects; (ii) *Net impact*: it is the impact caused solely by the intervention, so it is free of any external influence; (iii) *Confounding effects*: are additionally generated or independent of the intervention; (iv) *Design Effects*: are internal errors or conditions of the research process that influence the identified effects (Stockmann, 2009a, p.114; Stockmann & Meyer 2016c, p.74)<sup>74</sup>.

This impacts categorization is particularly important because, according to Stockmann (2009), the main objective of this type of evaluation is to define net impacts and to elaborate

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<sup>74</sup> Differentiation that is developed clearly and specifically in chapter 2 item 2.2 *Program Description* table 5 *Summary of the reconstruction of the PRONAMYPE results chain* and chapter 4 items 4.3.1 *The impact theory: a reconstruction*.

their causal mechanisms. This is one of the biggest challenges of this type of evaluation, since, in order to achieve the objective, a truly great effort must be done to differentiate the effects, in the aim to obtain greater accuracy about the impact of the intervention

### 3.4.2 Life-course concept

The concept of “life course research” refers to social processes that are develop over time in the frame of specific institutional or socio-historical contexts (Stockmann, 2009, p. 199). The concept itself constitutes a metaphor, which seeks to conceptually understand a policy, a program or project, as entities that are developed in continuity with a socio-institutional life cycle according to key stages, susceptible of analysis, such as planning, programming and execution. In that sense:

“Programmes are ideally derived from a political strategy, planned and implemented in individual stages, and as a rule funded for a limited period of time in order to bring about certain desired impacts. The *time axis* connects the various individual phases with one another, in each of which the implementation of specific plans and operations ensures that resources are accumulated successively. In addition to that, programme courses are a multi-dimensional process; they are made up of different programme areas (e.g., development of programme strategy, organizational development, financing etc.) (Stockmann & Meyer 2016c, p. 99).

The concept represents the progress of a life, where different people, institutions and characteristics of the environment mold different stages, from the decision making and context factors. Therefore, the concept itself is an analytical tool that allows a project to be understood within the framework of the uniformity of its linear design (ideal), although, as it happens in people's lives, it incorporates a notion of change which allows to identify the “ups and downs” or unforeseen events<sup>75</sup> that may occur in the (real) development of a project.

In that sense and as an empirical support for the conceptual assumption, Stockmann & Meyer (2006c) establish that “the life course of a programme can be divided roughly into three main phases: the (1) planning and (2) implementation phases during the course of the actual programme, and (3) the period following termination of the funding (sustainability phase)” (p.100). Consequently, a Project can be understood and analyzed according to its three main stages, which are linked and closely related, being clear that these stages should not be understood in isolation from the environment but, on the contrary, are closely linked to the development of parallel processes that are between cross and influence.

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<sup>75</sup> For example, an internal aspect may be the reprogramming of an annual goal of its Annual Operating Plan. One aspect of the project linked to its context may be the decrease in the inter-annual budget or the existence of some social or economic phenomenon at regional or national level that affects its ordinary implementation.



### 3.4.3 Organizational and impact model<sup>76</sup>

Stockmann & Meyer point out that “from among the host of theory-of-organization approaches, an explanatory model presents itself here which understands organizations as open social systems, which are, in terms of their intention, rationally organized in order to achieve specific aims” (2016, p.103). From that perspective, thinking about an organization as an open system allows to understand that there is a natural relationship between internal actions and the environment where that organization develops. This is very important because, as explained above, CEval's notion of impact considers that organizations produce impacts voluntarily or involuntarily when fulfilling the functions for which they were created.

Thus, the analytical model proposes that the organization (project) executes its activities and offers its goods or services within an open social system, in direct interaction with two large areas that determine its actions<sup>77</sup>. The organization is located at the center of the model, which operates within a first level, and which, in turn, is surrounded by an external context or environment within which some subsystems underlie<sup>78</sup>.

On the first level of the model, Stockmann (2009, p.125-130) places the different elements that make up the organization implementing the intervention, in order to better understand how they relate to the environment. These elements are:

- (i) The *objectives*: that can be of a very diverse nature, but their general basis is the guide and rationale of organizations, so they delimit the fields of action and the paths of execution of the organization;
- (ii) The *Members*: people involved in the achievement of organizational objectives;

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<sup>76</sup> The use of this model is due to three academic reasons of chronological type:

a) As a result of inter-university academic cooperation between CEval-UdS and Master in Evaluation-UCR, the scientific work of Stockmann, R. and Meyer, W. is published in Spanish by the editorial board of the University of Costa Rica in San José In this line of action, the first book “*Quality assessment and development: impact-based quality management principles*” was published in 2009; the second “*A manual for professionals on evaluation*” (2011) and finally, the third, “*Functions, methods and concepts in evaluation research*” (2016).

b) The publication and access of these works have a direct influence on the author of this thesis, both in the initial conceptualization and in its design, which is carried out in late 2014 and early 2015.

c) Therefore, for the moment when this evaluation was running, new theoretical-methodological elaborations with analytical dimensions as “Institution-related success factors”, “System-related success factors” and “Design and implementation-oriented success factors” (Stockmann, 2018), could not be used because the evaluation was at an advanced stage of data collection. Likewise, it was not fully known to the author.

<sup>77</sup> For that reason, chapter 5 of results is divided into two parts that are different but are part of a continuum.

<sup>78</sup> See figure 5 and 35 that contains the model applied according to the case under.

- (iii) The *formal structure*: refers to the various forms of how it can be structured to fulfill its objectives;
- (iv) The *technology*: the way in which different organizations use mechanisms in search of the fulfillment of their objectives and the way in which they produce their goods or services;
- (v) The *financial resources*: an element of utmost importance in terms of the performance and functioning of the organization, especially in the public sphere and finally, in relation to,
- (vi) The *environment*: understood as the context where the executing organization is immersed and where each organization has a particular context, as explained in the second level.

The second level of the model refers to the external environment of the organization, its conceptual axiom states that within this level a set of subsystems coexists with which the program/organization under study interacts. These subsystems are important to be taken into consideration, since they can favor or affect the fulfillment of the goals and purposes of the intervention, or, in some way, condition and influence the functioning of the program/organization. Some of the subsystems that Stockmann (2009) points out as main are the political, economic, social and cultural, although of course, the type and quantity will always depend on the specificity of the project and the complexity of its environment.

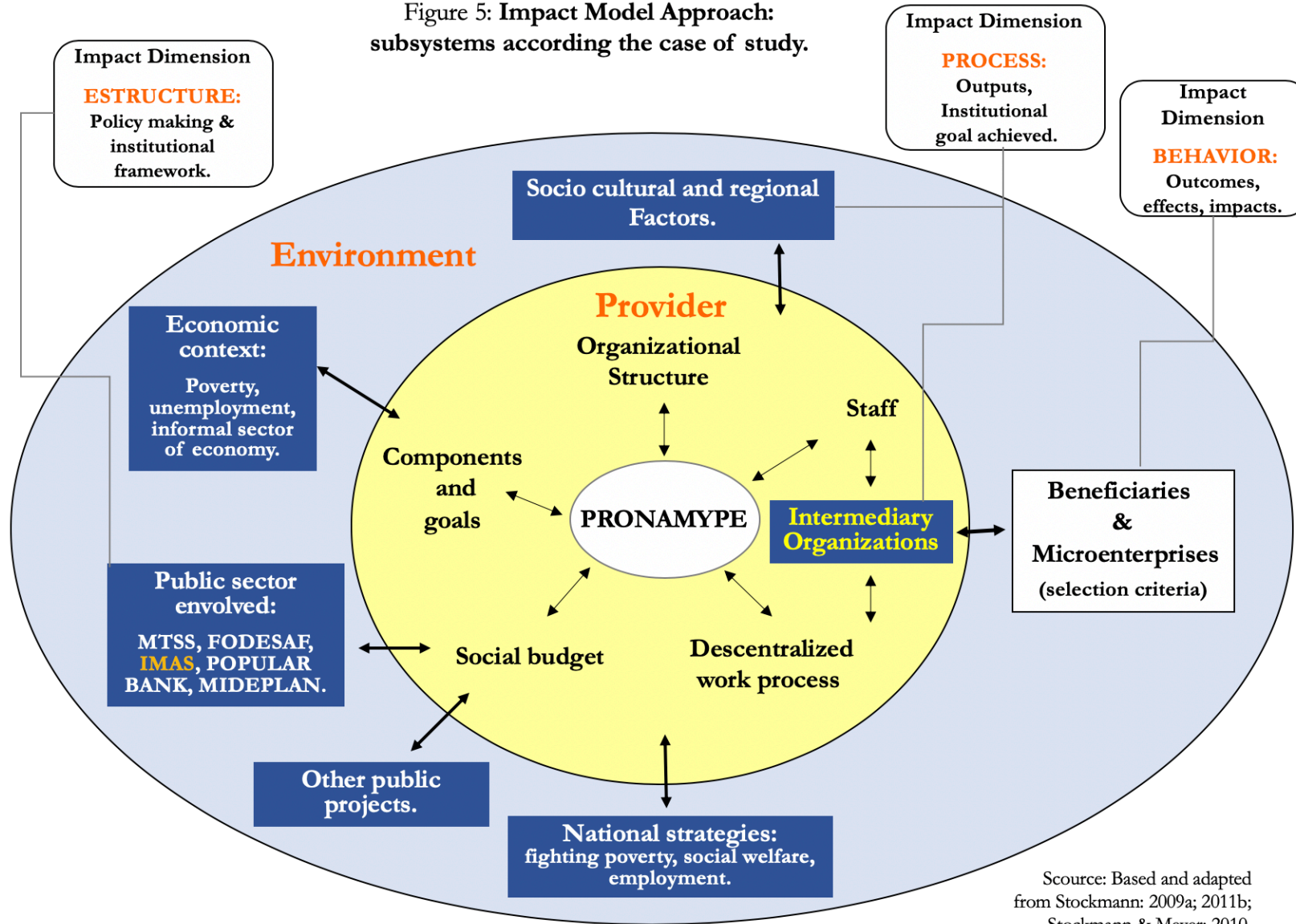
The author emphasizes that the existence of these subsystems and their interaction with the organization under study, can generate a dynamic in which the environment and impacts are influenced by these subsystems, thus generating a causal relationship that is essential for understanding the impacts of the organization (in its environment) and thus be able to know how far a subsystem allows or prevents the generation of the desired impact in the environment.

Therefore, based on this conceptual approach to the organization's operation, the CEval model formulates that “the impact model, as part of the evaluation conception being presented here, admits of various different causal ways of looking at the situation. Two analysis perspectives can be taken up one after the other: first, the programme interventions are viewed as independent variables (IV) and the organizational elements as dependent variables (DV), in order to verify whether or not the interventions (inputs) – under given framework conditions – have brought about any changes in the various different dimensions of the implementing organization.” (Stockmann & Meyer 2016, p. 105)<sup>79</sup>. For a better understanding of the impact model applied to this case study, Figure 5 is presented in which the program is surrounded by the internal and external system in which different dimensions of impact are located according to structure, process and conduct.

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<sup>79</sup> See item 4.3.2 “Theoretical definition of the causal explanatory method”.

Figure 5: Impact Model Approach:  
subsystems according the case of study.



Source: Based and adapted from Stockmann: 2009a; 2011b; Stockmann & Meyer: 2010.

### 3.5 Summary

This chapter was developed in three sequential and logically interrelated analytical levels, with the purpose of constructing an analytical framework of theoretical foundation for the present evaluation of sectorial public policy (socio-labor) based on a focused Program study object.

The first level (macro), exposes a set of dimensions and concepts necessary to understand the thematic field within which the national program object of study in this research is developed. As a broad and constitutive element of the field of study, the exhibition strategy goes from the general to the particular, firstly the concept of the State, the general theory that explains it and the definition of public policy are defined (item 3.1), which in turn, is analyzed according to the specificity of this research, placing its analytical focus on the understanding of the welfare state and social policy, as well as the trends of social policy that raise the debate between public intervention of scope universal and focused. Each of these elements of sociology and political science has an explanatory scope that facilitates the understanding of PRONAMYPE as a program of national importance with limited resources and directed at the targeted target population.

The second (intermediate) level (item 3.2) develops those theoretical and operational categories that help to understand the social phenomenon or intervention problem of PRONAMYPE, offering the possibility of fully explaining the quantitative and qualitative findings of the research, for the construction of a pertinent, valid and useful evaluative judgment. Thus, this level develops the concepts of poverty, the labor market, the informal sector, and microfinance and microcredit as instruments of socio-labor policy.

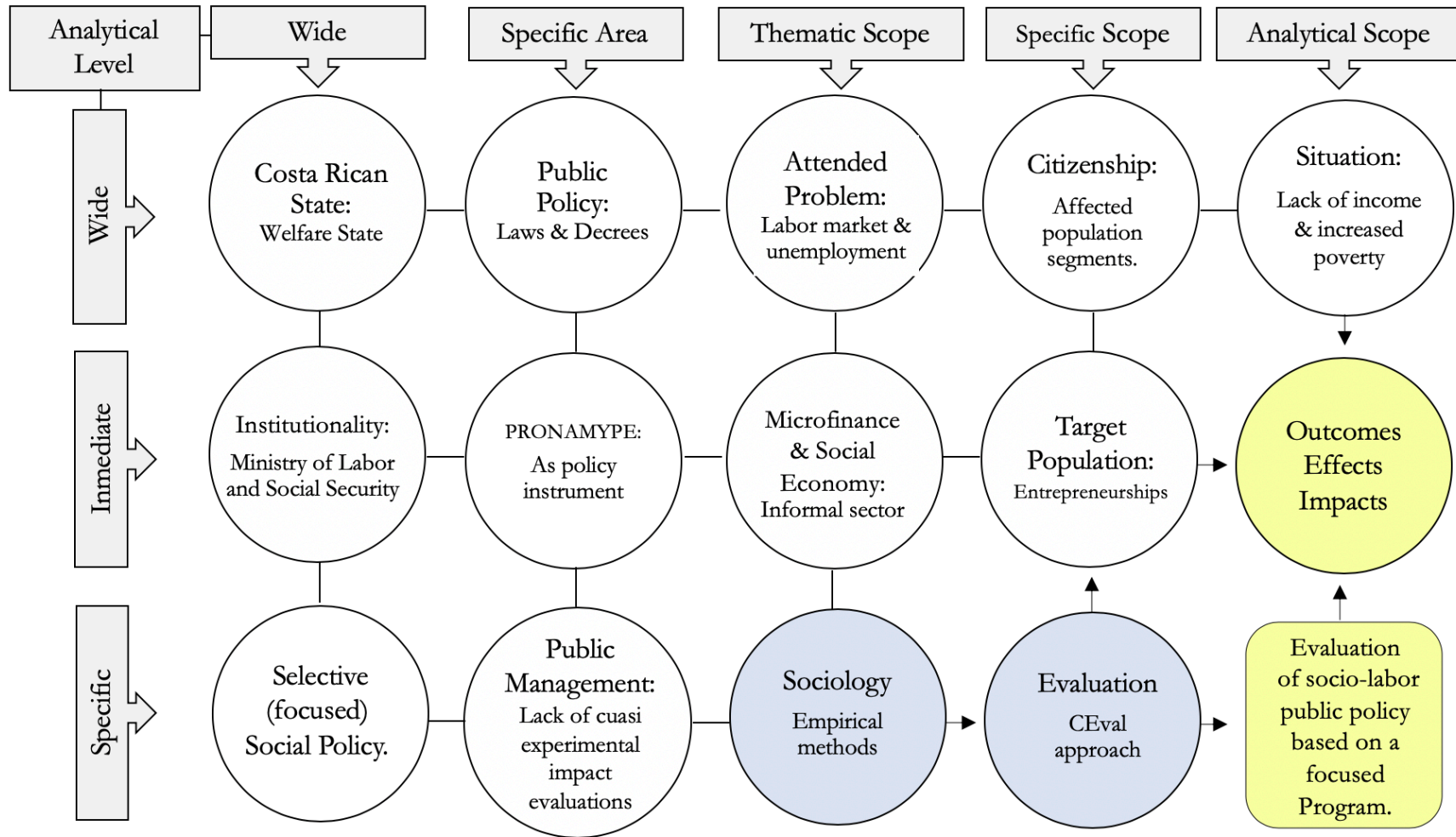
The third level (specific), focuses on the link between evaluation and public policy as a field of study (item 3.3), given the role and importance of evaluation for public administration today; It also provides a brief analysis on the institutionalization of evaluation in the public sphere at the regional level of Latin America and local in Costa Rica.

Finally, item 3.4 shows the evaluation approach that anchors this work: the CEval impact-oriented model which is developed from the use of the impact concept, the life-course concept and the organizational and impact model, all of them applied to the program object of study (see figure 4).

For a better understanding of the sequentially of the proposed analytical levels, a general summary is presented to the reader in figure 6.

Figure 6

Summary of Theoretical framework to sectorial public policy evaluation according the case of study



Source: Own elaboration based on second and third chapters.

The great tragedy of science:  
the ugly slaying of a beautiful hypothesis by an ugly fact.

*Thomas Huxley*

A pinch of probability is worth a pound of perhaps.

*James Grover Thurber*

Everybody has a plan until they`ve been hit

*Old boxing saying*

## CHAPTER 4: METHODOLOGY

### 4.1 The methodological approach: positioning of mixed method in impact evaluation.

Methodologically, this work has been formulated from a perspective that seeks to integrate the inductive and deductive method, trying to avoid improper interpretation and evaluative judgment, caused by the separate use of data collection and analysis techniques<sup>80</sup>. This is important, since specialists in impact assessment warn that “many evaluations are commissioned toward the end of the program and do not have very reliable information on the conditions of the project and comparison groups at the time the program began. This makes it difficult to determine whether observed differences at the end of the project can be attributed to the effects of the program or whether these differences might be due, at least in part, to preexisting differences between the two groups...If these preexisting differences are not identified, there is a risk of overestimating the effects of the loan program” (Bamberger, 2012a, p. 5).

Therefore, to achieve convergence between these two methods, the research strategy of this work is formulated from the mixed methodology approach of empirical social research (Tashkkori & Teddlie, 1998a, 2003b, Creswell & Plano Clark, 2011). It is based on the epistemological principle that social reality is complex and diverse, which is why the researcher assumes a position open to understanding the context of the study units as well as to new or deeper dimensions to those originally proposed, in order to reach results and conclusions of greater validity and reliability overcoming the false antagonisms between both methods (Cook & Reichardt, 1998, p.25-58). All of the above based on the definition that establishes that:

“Mixed methods research is a research design with philosophical assumptions as well methods of inquiry. As a methodology, it involves philosophical assumptions that guide the direction of the collection and analysis and the mixture of qualitative and quantitative approach in mane phases of the research process. As method, it focuses on collecting, analyzing and mixing both quantitative and qualitative data in a single study or series of studies. Its central premise is that the use of quantitative and qualitative approaches, in combination, provides a better understanding of research problems that either approach alone.” (Creswell & Plano Clark, 2011, p.5)

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<sup>80</sup> Likewise, the complexity of the political, social and institutional dynamics that underlies the object of study [impacts] of this [evaluative] research, factually entails the possibility of a falsified interpretation of the “reality” that is sought to be determined and understood.



In the field of evaluation, the Mixed Method (MM) is a recognized alternative and has been implemented especially in evaluations of programs that are carried out in complex situations and with a broad institutional context (Fitzpatrick et al, 2004). In that sense, Michael Bamberger (2012) points out: “one of the many ways in which the two approaches can be combined is to use QUAL methods to study the project implementation process and the influence of contextual variables on project performance in some of the communities where a QUANT survey of project participants is being” (p.15).

However, the use of MM requires an adequate logical justification according to the nature of the research question that is formulated. For this reason, this research is methodologically based on the MM, since its main question of evaluation fits perfectly into four of the six types of research problems (and their situations) that the specialized literature document as highly recommended problems to be examined through the MM approach. Table 1 presents an analysis of the association between the evaluation problem that this work addresses, and the characteristics of the classification of problems suggested by the specialists.

Table 17:

**Analysis of the relevance of the use of Mixed Methods  
according to the nature of the research problem.**

| What Research Problems Fit Mixed Methods?  | Synthetic definition   | Applies to this case study? |     |
|--|--|-----------------------------|-----|
| 1. A need exists because one data source may be insufficient.                        | ...we know that qualitative data provide a detailed understanding of a problem while quantitative data provide a more general understanding of a problem (p.8)                 | Yes                         | --- |
| 2. A need exists to explain initial results.   | ...the results of a study may provide an incomplete understanding of research problem and there is a need for further explanation (p.9)  | ---                         | Not |
| 3. A need exists to generalize exploratory findings.                                 | ... may not know the questions that need to be asked, the variables that need to be measured, and the theories that may guide the study (p.9).                                 | Yes                         | --- |
| 4. A need exists to enhance a study with a second method.                            | ... a second research method can be added to the study to provide and enhanced understanding of some phase of the research (p.10).   | Yes                         | --- |
| 5. A need exists to best employ a theoretical stance.                                | ... a situation may exist in which a theoretical perspective provides a framework or the need to gather both quantitative and qualitative data in a mixed method study (p.10). | ---                         | Not |
| 6. A need exists to understand a research objective through multiple research phase. | ... projects that span several years and have many components, such as evaluation studies... (p.11).   | Yes                         | --- |

Source: Own elaboration based and adapted from Creswell J. & Plano Clark V. (2011), Chap 1, p. 9-13.



The specificity of the research problem operates<sup>81</sup> in two interrelated and complementary dimensions that guide the inquiry: (i) the macro sociological sphere considering the implications of the context of the results found, and (ii) the microanalytic sphere aimed at estimating the impacts both for the beneficiaries and their productive undertakings.

The first macro level (i) has a more structural approach<sup>82</sup> that analyzes public and social policy as programmatic tools for the generation of self-employment in the population in condition of poverty, vulnerability and in activities within the segment of the labor market of the informal sector of economy. In the second micro level (ii), methodologically, the target undertakings attended by PRONAMYPE are taken as study units, in order to estimate the effects and impacts, with strongly quantitative classical instruments, complemented with the qualitative approach.

In the end, the proposal sets out a bottom-up analysis, where the direct and indirect results (meso level) are analyzed with the use of quasi-experiments. These results are also analyzed contextually, according to the purposes of the intervention and the legal framework of the Law for the formulation of the Program, the FODESAF Law and the social policy guidelines of the MTSS (macro level).

Having said that, in order to achieve the articulation of the mixed method with the nature of this research, the principle of Burke & Onwuegbuzie (2004) has been taken, “choose the combination or mixture of methods and procedures that works best for answering your research question” (p.5). In this line of action, the possibilities offered by the typology of five possible designs were analyzed<sup>83</sup> (Creswell et al 2002, p.224) assuming the “*Explanatory Sequential*” as MM design. This design consists in the collection and analysis of quantitative data followed by the qualitative data and its objective is that the use of the qualitative approach can explain the results of the quantitative study. It is basically a two-phase model, where information is collected alternatively and expressed with the symbol → (see figure 7).

Therefore, in the chosen model, the quantitative approach is a critical and dominant (deductive theoretical thrust), through the development of a quasi-experimental impact evaluation, complemented with the qualitative approach according to the results that the

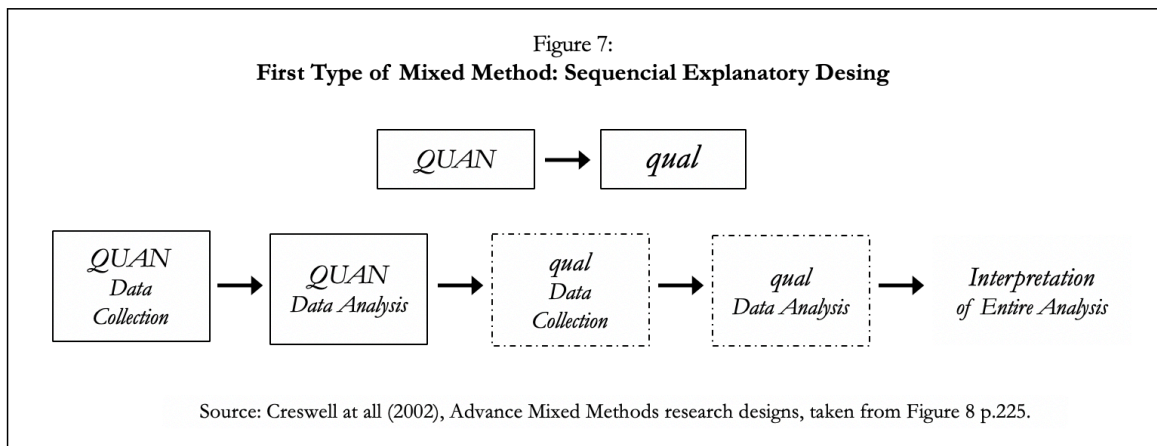
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<sup>81</sup> See problem and its hypothesis in chapter 1, item 1.3, table 1.

<sup>82</sup> It implies that the interpretation of the results and findings is made from the theoretical framework.

<sup>83</sup> The five designs are: sequential explanatory, sequential exploratory, sequential transformative, concurrent triangulation, concurrent nested, concurrent transformative.

first approach provided, and with an interpretation of the data done in combination<sup>84</sup>. According to Morse (2002), this design can be especially useful when unexpected results arise from a quantitative study, such as the present case.



The articulation between both methods was carried out during the selection of the informants for the qualitative inquiry. According to the logic of the MM type of design and aiming to seek additional and complementary explanation of the numerical data, the selection of the subjects of the qualitative phase was obtained in a representative way according to the trends of the quantitative study results. Under this guidance, the qualitative sample was selected from the most representative participants with extreme scores (effect size) or those who had deferred in points, with those values or parameters previously established as significant and relevant<sup>85</sup>. Figure 8 presents a visual model that details the different phases of the research, the levels at which the different techniques act and the development of the core activities within the framework of a methodological strategy based on MM.

In summary, from the MM approach, the analysis at the micro level assumes that the effects and impacts in the clients of PRONAMYPE occurred within the productive dynamic of their undertaking, but also within the beneficiary's family setting and in the local environment where their enterprise and its Intermediary Organization belongs.

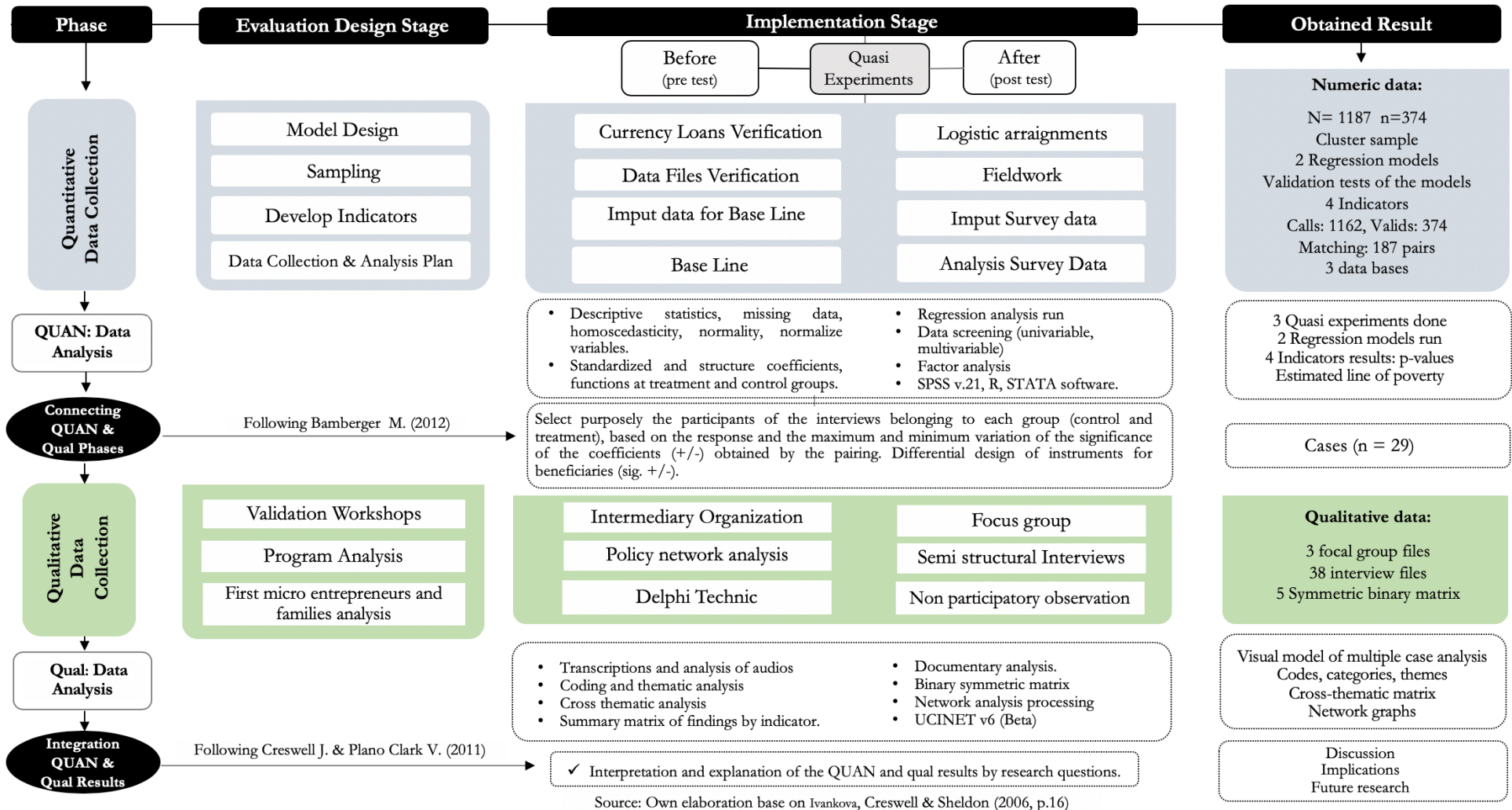
At the macro level, the results attributable to the microcredit and training services perceived by the entrepreneurship of this socio-productive program were analyzed from a perspective based on the sectoral implications of the social and employment public policy to which the intervention belongs. Therefore, based on a broader and more flexible methodological strategy, it is sought to guarantee results and conclusions of a higher validity and reliability for the different stakeholders.

<sup>84</sup> See last item of this chapter, figure x.

<sup>85</sup> This operation is widely explained in the item 4.5.2

Figure 8:

**Visual Model for Mixed Methods: Sequential Explanatory Design and Procedures**



## 4.2 The evaluation design

### 4.2.1 Justification of the chosen quasi-experimental design.

Social phenomena and problems should not be defined in a simple and isolated way, taking in consideration that within their complexity can be found a set of interrelated factors that explain them according to their social order and context. This premise is important, since “the objective of social research is to explain the consequences and observe (the) trends” (Héritier, 2013, p.81) that are to be understood (explanandum) according to the set of explanatory factors, whether dependent or independent.

In this line of thought and according to the specialized literature, “for the tasks of impact-oriented evaluation research, the structure of quasi-experimental analysis with comparison groups is especially appropriate (see Kromrey 2002: 10, Diekmann 1995: 320)” (Stockmann, 2009a, p.265). Therefore, and based on the above, in this work the search for causal mechanisms explaining the problem is made from the formulation and development of a polyfunctional quasi-experimental analysis.

Likewise, following Caroline Danielson (2007), the social experiments in public policy “might test the efficacy of a welfare-to-work program”, because, “it is standard for those who conduct experiments to make the claim that theirs is the only methodology that can with certainty isolate the impact of the program under evaluation. Social experiments alone can assure that “any differences that emerge over time in employment, earnings, or other outcomes can reliably be attributed to the program” (p.381).

As is well known, the decision to carry out an experimental or quasi-experimental design in impact evaluation requires first a reflection of the conditions under which the Program operates and the manner in which its beneficiaries were selected. Hence, taking in consideration that this study is an on-going evaluation of a socio-labor program, of a selective (focused) type, it is not possible to propose a pure experimental design with a randomized selection of the target population (treatment); considering the search for the perfectibility of a model that could have previously isolated the possible intervening factors in the selected populations.

However, quasi-experiment is an alternative when the individuals that make up the treatment and control groups are not selected randomly (a characteristic that marks the main difference from pure experiments). This model of quasi-experimental analysis should be applied when the entrance to the program depends on the eligibility criteria chosen by the administration of the program. In the present study, admission to the program does not

depend on chance; it is subjected to an eligibility process and a final decision of the administrators according to the criteria that they consider for the selection of the group of beneficiaries, a very common characteristic of social programs (Millán & Rojas, 2010, p.11).

For the development of a quasi-experiment within an evaluative investigation, having previously defined the program theory (see chapter 1), the first step is to conceptualize the quasi-experimental design according to the specificity and conditions existing within the program or project. The second one is to analyze and establish the respective “Impact Theory” on which the estimation indicators should be defined (response variables). Third, the statistical regression model should be developed according to the indicators and in a consistent way with the type of quasi-experimental design chosen. In the following sections, each of these aspects will be explained according to each phase and step<sup>86</sup>.

#### **4.2.2 Quasi-experimental Design #1: failed by program conditions**

The quasi-experimental designs thus classically defined by Campbell and Stanley (1973), have the same application difficulties as the experimental designs, especially because of the need to form control groups and the randomized assignment of the people who form those groups. Both aspects are very important, since they affect the internal and external validity of the evaluation results.

Therefore, understanding that the specificity of the PRONAMYPE<sup>87</sup> program places it as a focused program, whose selection criteria segment its population in selected cases and rejected cases, it was considered a quasi-experimental evaluation design that: a) was functional, b) methodologically, would take advantage of the operating conditions and data of the Program, and c) whose design would be relevant according to its specificity and focused nature.

Consequently, in the first phase of this research (first stage, from Germany), an evaluation design was proposed that (for reasons that will be explained later) could not be carried out but will be explained below by the value of the lesson learned.

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<sup>86</sup> Being the first impact evaluation in Costa Rica based on a quasi-experimental design for a program product of a public policy, this chapter is developed with the objective of providing added value to the field of evaluation, and very particularly to the National System of Evaluation (SINE) of MIDEPLAN and the Evaluation Area of FIDESAF. For this reason, the evaluating researcher, writes with scientific and methodological language, but with a pedagogical perspective that allows and facilitates the methodological and technical use of this evaluative experience.

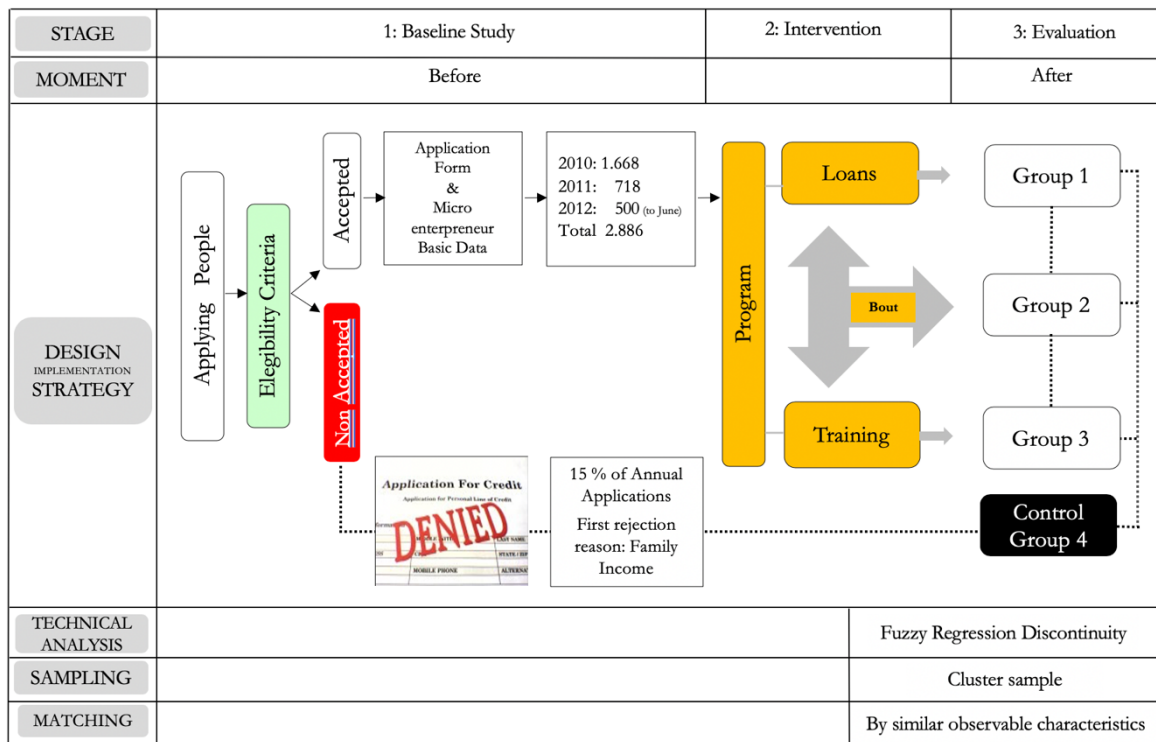
<sup>87</sup> Mainly: i) of a public nature, ii) it is located within the National Development Plan, iii) within the strategy of poverty reduction via increased of income of populations living in poverty, iv) it is a focused program, v) its main criterion of selection is the level of income of its applicants.

The authors Bamberger, Rugh & Mabry (2006) in their work “Real World Evaluation: Working Under Budget, Time, Data, and Political Constraints”, state that, fundamentally, there are seven most widely used impact evaluation designs (p. 49-51) within each of them, a series of methodological strategies can be developed for the implementation of the chosen design.

In that first phase above referred, the specificity of PRONAMYPE was analyzed and a quasi-experiment was defined according to a *Pre-test and post-test in the target group and comparison group*, developing a statistical design called *Fuzzy Regression Discontinuity Analysis*.

In evaluative research “the regression-discontinuity design is a special case that stands between experimental and quasi-experimental design” (Mohr, 1995, p.133), which, according to Lawrence Mohr in his text *Impact Analysis for Program Evaluation*, “operates as follows: Assignment of subjects to treatments -to score on  $T$ - is based on their scores on some assignment variable,  $A$ , such that those who are higher on  $A$  go into one group and those who are lower go into another. The variable  $A$  may well be related to  $Y$ . That would automatically make  $T$  related to  $Y$  as well, even without the treatment’s being causal, because  $T$  is merely a division into high and low  $A$ ” (Idem, p.135). The practical application of the conceptualization applied to PRONAMYPE, was presented with a design that is expressed graphically in the following figure.

Figure 9  
**First Design Proposal Failed.**  
**Quasi Experimental Design: Pre Test - Post Test in target group and comparison group**



As stated above, the discontinuous regression designs are a special case of natural experiments, where it is possible to identify the average effect of the treatment at least locally. But above all, they are ideally used to evaluate focalized social programs that select their beneficiary target population using an index or score as the main selection criteria (Baker 2000, Bamberger, 2006, Bamberger, Rugh & Mabry 2006, Navarro et al, 2006). Usually, it is used with programs aiming at reducing poverty, with their target population consisting of people from households below a poverty index or income level.

All the above corresponds to the case of PRONAMYPE, whose main selection criterion is the level of the total economic income of the household of the applicant to micro credit (if it is below or not below the poverty line), resulting in approved population and rejected population. Which is equivalent to say that, under the assumption that the evaluator has an estimable number of observations, he uses the results of the variable income level of the applicant as the eligibility index, as a threshold<sup>88</sup>. Therefore, the evaluator can select units within two groups that are approximately equal according to their proximity or distance position (threshold) from the eligibility index.

Following that line of action, the fundamental idea of the first quasi-experimental design was based on the assumption that using a discontinuous regression would help to estimate the counterfactual, based on the analysis derived from the selection of the control and treatment groups. The latter would be carried out based on a continuous eligibility index and a criterion or cutting value ad-hoc (cut off) well defined that distinguishes one group from another, but without any relation to the effect of the intervention.

Now, with the objective of guaranteeing the quality standards of this research, the original proposal maintained that the average treatment effect could be identified around the discontinuity of a variable, as long as some basic conditions are met. These conditions, applying what was proposed by Lawrence Mohr, would be the following: that the units (beneficiaries) are ordered continuously around an index variable A (level of economic income), and that the result variable T (acceptance or rejection of credit) is also continually related to the index variable, in addition to observing the assignment to the treatment in relation to a defined threshold on the *index variable*, which generates a discontinuity in the observed result as a *function of the index*.

Consequently, due to the similarity of the individuals above and below the threshold, the difference in the result would be the effect of the average treatment around the threshold

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<sup>88</sup> “The concept of a threshold is useful because it recognizes the obligation of program managers and evaluators alike to identify the level at which outcomes are minimally satisfactory, and because it recognizes the natural dichotomies that are ubiquitous in social policy discourse” (Lipsey, 1997, p10).



(matching). The fact that the treatment effect is locally identifiable around A indicates that we are assuming that the individuals around T are comparable, both in their observable and unobservable characteristics. Meaning, it is as if the treatment had been randomly assigned around A, which gives the design a natural experiment, being the basis of the general experiment the *Fuzzy Regression Discontinuity Analysis*.

The previous design was developed in the first phase of research in Germany and was based on the information previously obtained in Costa Rica in the consultations to the professional and technical staff of the program; at that time, it had been considered suitable by the researcher, for the research effects. However, back to Costa Rica for its implementation, it was not possible to carry out due to the lack of records and quality of the data posted by the organizations studied. There were also other aspects that have been considered important to analyze below, since this is a first experience of impact evaluation in the Costa Rican area, the reflections can be taken into account in future public evaluation work of the current National Evaluation Agenda developed by MIDEPLAN's SINE.

#### **4.2.3 Causes and factors that affected the implementation of Quasi-Experiment Design # 1**

The specialized literature has indicated that “although the social sciences have several models of clarification for social phenomena and also well-tuned methods; these often cannot be applied sufficiently within the framework of evaluations “(Stockmann, 2009a, p.104). Rossi, Lipsey and Freeman (2004), expand, and point out that “for several reasons, evaluators are confronted all too frequently with situations where it is difficult to implement the very best impact design. First, the designs that are best in technical terms sometimes cannot be applied because the intervention or target coverage does not lend itself to that sort of design” (p.238). As these authors quote, this was precisely the situation suffered with the first design. All the issues that affected the “very best impact design” chosen, are here registered for learning purposes as well as for future evaluations.

In summary, it is observed that the limitations to carry out the evaluation through this design are fundamentally the following, quoting Pichardo (1997): (i) “lack of clarity and precision to conceptualize the desired situation sought” (ii) “deficiencies in the information records and in the construction of indicator systems”; “Operational deficiencies” observable among the operating scheme between the Program Administration and the IOs (p.193-197). Likewise, there are two aspects of program management that are highly interrelated, (iv) a high vulnerability of the program to the change in the criteria and variations in the technical instruments of work, (v) as well as a certain historical inability to visualize the processes of monitoring and evaluation within the program management cycle. The detail and a brief



analysis of the limitations and specific difficulties of administrative and technical nature identified in the Program, are systematized in the following summary table.

Table 18:

**Analysis of the causes and factors that forced the design change**

| Stakeholder                       | Causes  | Factors   |
|-----------------------------------|---|---|
| <i>Key question</i>               | <i>Why could not be made a list of rejected cases?</i>  | <i>Why the data is not homogeneous in the entry forms?</i>  |
| <b>Program</b>                    | <ul style="list-style-type: none"> <li>The rejected cases were not documented in any database or record of any kind. When a case/file was rejected, the credit analyst only returned the documents to the IO but without a copy.</li> <li>In the few cases in which the form had the economic income registry, the data were irregular and unreliable. The reason why was asked, and the answer was that the Administration never considered it relevant to keep a record of the rejected persons, since PRONAMYPE gives emphasis on the registration of the information that will generate disbursements, and therefore help the fulfillment of their goals.</li> <li>Conclusion: The Program does not collect data to perform monitoring, analysis and evaluation, but only the information related to the mandatory fulfillment of goals.</li> </ul> | <ul style="list-style-type: none"> <li>The application form was designed and changed several times over time, depending on the criteria of the person who held the position of Executive Director.</li> <li>When the program only worked with the resources of the Dutch fund, the entry date was not included in the form, since it was not assessed as relevant, even though the program was aimed at low-income people, it was more focused on checking if they had registered real estate.</li> <li>It was only later, when DESAF began to provide resources, that DESAF demanded the information from the Program, in order to know with more certainty if the people were in poverty or not.</li> </ul> |
| <b>Intermediary Organizations</b> | <ul style="list-style-type: none"> <li>None of the IO kept records of the rejected cases/files.</li> <li>PRONAMYPE is unaware of the operation and management of the information within each IO.</li> </ul>   | <ul style="list-style-type: none"> <li>Although the IO used the form requested by PRONAMYPE, it must be taken into account that the form always suffered constant modifications, and that is the reason why the income was sometimes kept and sometimes not.</li> </ul>   |
| <b>Popular Bank</b>               | <ul style="list-style-type: none"> <li>This type of information is not relevant for the Bank, since they only require the data of the persons who acquire a credit, for the respective file and execution of the disbursements.</li> <li>They have not expressed the need to handle this information.</li> </ul>  | <ul style="list-style-type: none"> <li>The Bank participates in these decisions in the Special Committee, where the designated officials give their opinions and contributions.</li> </ul>  |

**4.2.4 Quasi-experimental Design #2: executed thought new strategy**

Understanding that “within a counterfactual framework of causation, a design is essentially a method of estimating the counterfactual” (Mohr, 1995, p85.), and facing the fact that the first design option was not able to be develop, the criterion from Rossi, Lipsey and Freeman

(2004) is accepted, in the sense that “the evaluators must review the range of design options in order to determine the most appropriate one for a particular evaluation” (p.85).

Therefore, this research faced the evaluative dilemma of chosen between “perfect versus good enough impact assessments”. Given that it was no longer possible to estimate the counterfactual by constructing control and treatment groups within the same project, the task was to build a control group with a simulated project or with secondary source data (official statistics). Fortunately, after 7 months of work and negotiation, it was possible to find a program with the same intervention and characteristics, differentiated only from PRONAMYPE in its selection process (see comparative analysis in item 4.2.1.4).

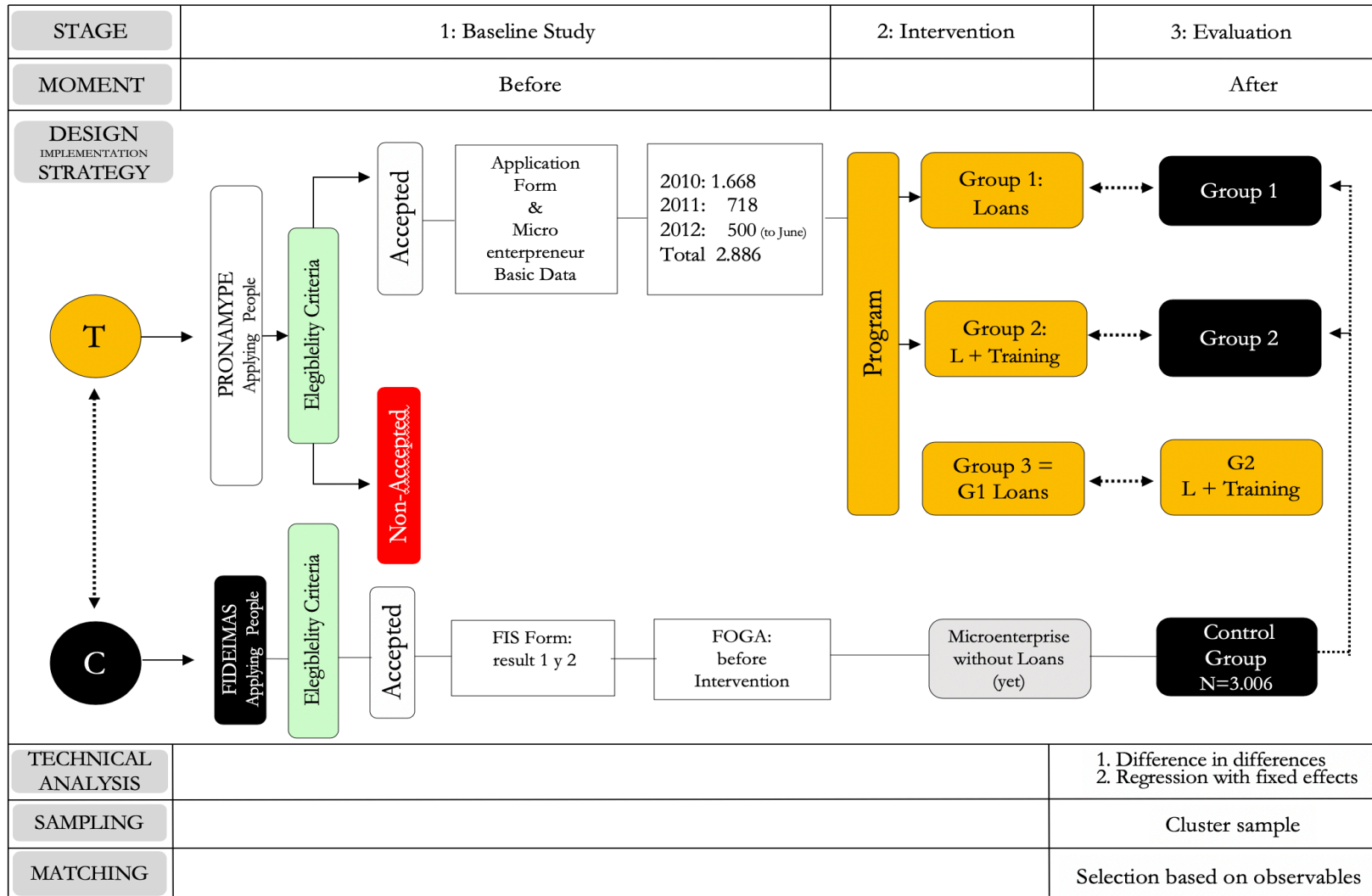
Having a new project to build the control group, the advantage of being able to maintain the same design typology according to Bamberger (v5) was had, but varying the pairing technique, since unlike Design #1 (using discontinuous regression diffuse) where the untreated group was nonexistent and only possible from the theory conceptualization and possible statistical construction; Design #2 had the factual possibility of building a control group with available individuals and statistical data. That is why another matching technique called “observational-based selection” was used, through controlled matching of variables, thanks to availability of databases and the goodness of the available data.

It should be noted that PRONAMYPE does not make a randomized selection of the beneficiaries, which is a fundamental aspect to consider when deciding to use a quasi-experimental design. In the subsection that deals with the calculation of the sample and the selection of it, the specific criteria used by the evaluator for the selection of the beneficiary individuals are reviewed, where for administrative reasons it is established a kind of filter that will be explained later. On the other hand, the alternative for defining the control group was found with the FIDEIMAS project. These reasons justify maintaining the use of a quasi-experimental design in this inquiry.

Once the arguments have been exposed these, the three quasi-experiments that were carried out in the impact evaluation of PRONAMYPE are going to be described. This program has three components: credit, training and technical assistance. However, the technical assistance component was never put into operation, therefore, the impact evaluation in statistical terms focuses on evaluating each of the two components in operation and the mixture of both. Meaning, it was evaluated the impact of the program on the beneficiaries to whom credit had been granted, the impact of the program on the beneficiaries who have obtained training and credit, and finally the impact of the training among the beneficiaries of the program, such as detailed in the following figure of the Design #2.

Figure 10

**Second Design Proposal Executed.**  
**Quasi Experimental Desing: Pretest – Post test in target group and comparison group**



In this way, the initial conceptualization of the research could be maintained, using the same design typology: *posttest in target group and comparison group*, and allowing, at the same time, an impact estimation. Three quasi-experiments (QE) were made based on the same design concept, segmenting the treatment group databases according to the two project components (credits and training) and calculating a valid sample according to the power test (see item 4.3.6.2). The evaluative purpose and conformation of each of the three quasi-experiments, according to the conceptualization of the design, is explained as follows:

- ⇒ The Q-E1, evaluated the impact of the credit component of PRONAMYPE, within which the treatment group was composed by the beneficiaries of only credit of PRONAMYPE and the control group was formed by the credit applicants of FIDEIMAS.
- ⇒ The Q-E2 evaluated the impact of both components of the program, credit and training. The treatment group was composed by the beneficiaries of credit and training of PRONAMYPE and the control group was formed by the applicants of the credit of FIDEIMAS.
- ⇒ The Q-E3, had a different methodological approach (of confirmatory type), since an impact evaluation was done within the program, as it evaluated the impact of the training among the beneficiaries of PRONAMYPE. The treatment group formed by PRONAMYPE credit and training beneficiaries and the control group was composed by PRONAMYPE beneficiaries of only credit.

Finally, the design, now with a better and similar control group, allowed the development of two different statistical models (see item 4.3.3.4), according to the nature of the variables of the impact indicators of the program theory (see item 4.3.1), thus giving greater internal and external validity to the evaluative design (Figure 8).

#### **4.2.5 Comparative analysis between projects according to Design #2**

To carry out the comparative analysis between the programs, a matrix with 18 analysis criteria was constructed (see appendix), which allowed the generation of an institutional equivalence analysis according to the nature of the intervention and target population. The result obtained was 72.2% similarity (12/18 criteria). This percentage is due to an equality in aspects such as: both projects have governmental nature, are selective, have the same objective and are aimed at the same target population. However, the substantive difference lies in two important aspects of great relevance for the impact results obtained: the application mechanism and its request form, and the system to analyze the beneficiary's eligibility. Below, the comparative analysis carried out will be briefly described.

Among the criteria of analysis are: the start year, the sectorial location, linkage with the goals of the National Development Plan (PND, for its acronym in Spanish), source of financing, legal framework, central objective of the program, effect or expected result, components of the program, execution of resources, target population, technical selection tool, selection criteria, selection process, operator or trust, type of coverage, current coverage, historical coverage, and the level of articulation with PRONAMYPE. For the case of the start year, PRONAMYPE began its work in 1992 in the sector of Labor and Social Security and FIDEIMAS in 2002 in the social sector and the fight against poverty, which places the two programs in the sectoral strategy.

Regarding the link with the PND, both projects are part of the National Strategy to Combat Poverty (NSCB), within the PND 2010-2014, its institutional work was located in the strategic line called *Employment Generation Program through Microenterprise and cooperative organizations* and the *Strengthening Program of the MSMEs* with training and qualification according to their needs in order to compete in the market, as well as the *Cooperative Management Strengthening Program*.

Subsequently, in the PND 2014-2018, they are located within the strategic lines 1.5 *Program for the promotion and strengthening of micro, small and medium-sized enterprises* as of 1.5.1. *The promotion of potentially viable productive enterprises* through the provision of technical advisory services in business management and 1.5.2 *Train micro, small and medium enterprises (MSMEs)* to improve their business technical capabilities. The above evidences the governmental actions to provide social assistance.

In the case of the type of financing, both programs used public funds from FODESAF and the trust itself. In the case of FIDEIMAS, is supported the credits since it does not finance them, it only gives a subsidy at the rate of 3% per year for each credit, that is, it pays this percentage month by month to the organization (BNCR) that lends the money to the person, so that person pays a lower fee (Corrales, 2015).

Analyzing the legal framework, both programs operate from their own creation decrees, which is important since they comply with the principle of legality proper to the Public Administration. In terms of the strategy, both projects aim to improve the conditions of poverty through credits and training. The effects or results of both projects, as stipulated in their respective Annual Operating Plans, entail processes of income generation, productivity, self-employment, improvements in working capital, and towards the strengthening of productive capacities of micro-enterprises.

In the case of the components of the programs, they both focus on credit, training and technical assistance, FIDEIMAS also includes subsidized interest rates and guarantees for credit. However, two differences can be mentioned, the first, the hiring process is different, FIDEIMAS has contracts with state universities and PRONAMYPE works through administrative contracting. The second, FIDEIMAS only trains microentrepreneurs and PRONAMYPE does not, since it also seeks employability, which has been the strongest axis in recent years, which is currently being changed to give more emphasis to support people who have credit or who have an idea to execute it (Corrales, 2015).

In relation to the type of execution of financial resources, in both cases it is decentralized, which implies the participation of intermediary organizations and the State Bank that is part of the trust. Regarding the target population, both programs have the same focus of intervention, in what they differ is in the way of defining that target population, given that the Mixed Institute of Social Assistance (IMAS) uses the Social Information Sheet (FIS, for its acronym in Spanish) to classify the beneficiaries, and PRONAMYPE uses an institutional form. In the selection criteria, both programs are based on the INEC poverty line, adding in the case of FIDEIMAS the use of the FIS, as mentioned above.

It is in the selection process where the difference between both programs lies, since PRONAMYPE uses a decentralized process where the Intermediary Organizations (IOs) decide if the applicants meet the requirements; in FIDEIMAS that process is centralized.

In this aspect, PRONAMYPE (treatment), operates through a working mechanism that is called “*second-tier banking*”, a decentralized scheme that uses the IOs located throughout the country. They are responsible for selecting the beneficiaries, carrying out a study based on a Request Form that is verified in the Data Capture, Verification and Loading System (SICVECA) of the Superintendence of Financial Institutions (SUGEF, for its acronym in Spanish) of Costa Rica. On the other hand, FIDEIMAS (control), operates throughout the national territory, however, the beneficiaries reach the program directly. This means that the people potentially eligible to receive a microcredit go directly to any of the Regional Managements of the Joint Institute of Social Assistance (IMAS, for its acronym in Spanish), where the eligibility analysis is performed according to the result indicated by the universal instrument called FIS of the Information System of the Target Population (SIPO, for its acronym in Spanish) of Costa Rica.

So, although both projects have a different selection process, the two programs serve the same target population through a focalized type of coverage, since the programs respond to the post structural adjustment economic policy of the 1990s. This is an essential

characteristic, since both programs do not seek universal coverage, but focus on population segments as part of a policy of reducing and containing poverty.

Regarding the current coverage, both programs operate massively in their target populations, the scope is defined annually according to the budgetary capacity. In relation to the financial operators, the two programs work in the state bank, PRONAMYPE with the Popular Bank of Community Development and FIDEIMAS with the National Bank of Costa Rica (BNCR, for its acronym in Spanish).

Therefore, this comparative analysis concluded that, in terms of execution, both programs are very similar. They include work with intermediary organizations (in the case of FIDEIMAS the BNCR), which are the institutions that have direct contact with the loan applicant. In turn, both generate a formal endorsement of the credit that is made on interest rates.

It is interesting to note that the results or benefits posed by PRONAMYPE aim to change the quality of life of the beneficiaries, on the other hand in FIDEIMAS, the results are seen in more operational terms, that is, more achievable according to the goals and proposed objectives. Similarly, in terms of training, the programs run the same themes in the case of productive ideas, with the difference that those who train in FIDEIMAS are professionals from state universities which have hiring agreements. PRONAMYPE performs, as mentioned Corrales (2015), administrative contracts with the professionals who will perform the training.

In summary, the treatment and control groups are ideal, comparable and equivalent to work the quasi-experiments, since in its services and benefits both are very similar, as well as access into information records, which allowed to develop a pairing controlled by sociodemographic variables in the target populations.

### **4.3 Development of the statistical models**

To analyze the causal mechanisms and “assuming that we have empirically observed a systematic relationship between a cause and a certain consequence, we are interested in going further and analyzing the character of the process that links the independent variable with the dependent variable to identify the underlying causal mechanism” (Héritier 2013, p.84). That is to say, one must have clarity about the possible set of generalizable cause - effect relationships, and that this causal reconstruction “is not abstraction and simplification to the maximum, but the concreteness and the necessary complexity” (Héritier 2013, p.90). Therefore, an epistemological approach is assumed that affirms that the observable results

are the product of the effects of the multicausality attributable to the social phenomena that are investigated.

In this evaluative investigation, causal reconstruction as an explanatory problem rejects and questions the argumentations and explanations of social phenomena as simple, homogeneous and ahistorical entities. On the contrary, it assumes that theoretically and methodologically “impact analyzes will face the problem of identifying causal relationships between program interventions (as independent variables) and the effects recorded (as dependent variables) under the constellation of conditions and specific possibilities for action” (Stockmann, 2009a, p.255) of policies and programs in their contexts which are sociopolitical and institutional, specific and complex.

Also, taking into account the premise that “the quality of a research model depends therefore on the extent to which all relevant effects can be recorded, and the problems related to the causes can be resolved” (Stockmann, 2009a, p. 255). In this work, the construction of the two statistical models was based on a rigorous process and met all the rigorous methodological standards. The following sections explain, step by step, the formulation of the statistical analysis design with the results achieved in terms of the data collected.

#### **4.3.1 The impact theory: a reconstruction**

According to the evaluative theory (classic) presented in the systemic approach of Rossy, Lipsey, Freeman (2004) “the first step in developing measures of program outcomes is to identify very specifically what outcomes are relevant candidates for measurement. To do this, the evaluator must consider the perspectives of stakeholders on expected outcomes, the outcomes that are specified in the program’s impact theory, and relevant prior research” (p. 208).

In this line of action, the first step was to understand the operation of the program and propose the program theory (see chapter 2, Results Chain). Afterward, identify the theory of the process (see appendix), and finally, design and validate the impact theory of PRONAMYPE as factual assumptions that are verified by the predictive values of the indicators of the statistical model.



The impact theory<sup>89</sup> (Rossi, Lipsey & Freeman, 2004, p. 141-155, Gertler, Martínez, Premand, Rawlings & Vermeersch, 2011, p.22), was developed by analyzing the official and strategic documents of PRONAMYPE; then, was consulted and validated in individual and group interview sessions with the program staff. The importance of the impact theory on the statistical development consists in the possibility of identifying and evidencing the causal chain of the results expected from the application of the intervention and its programmatic components.

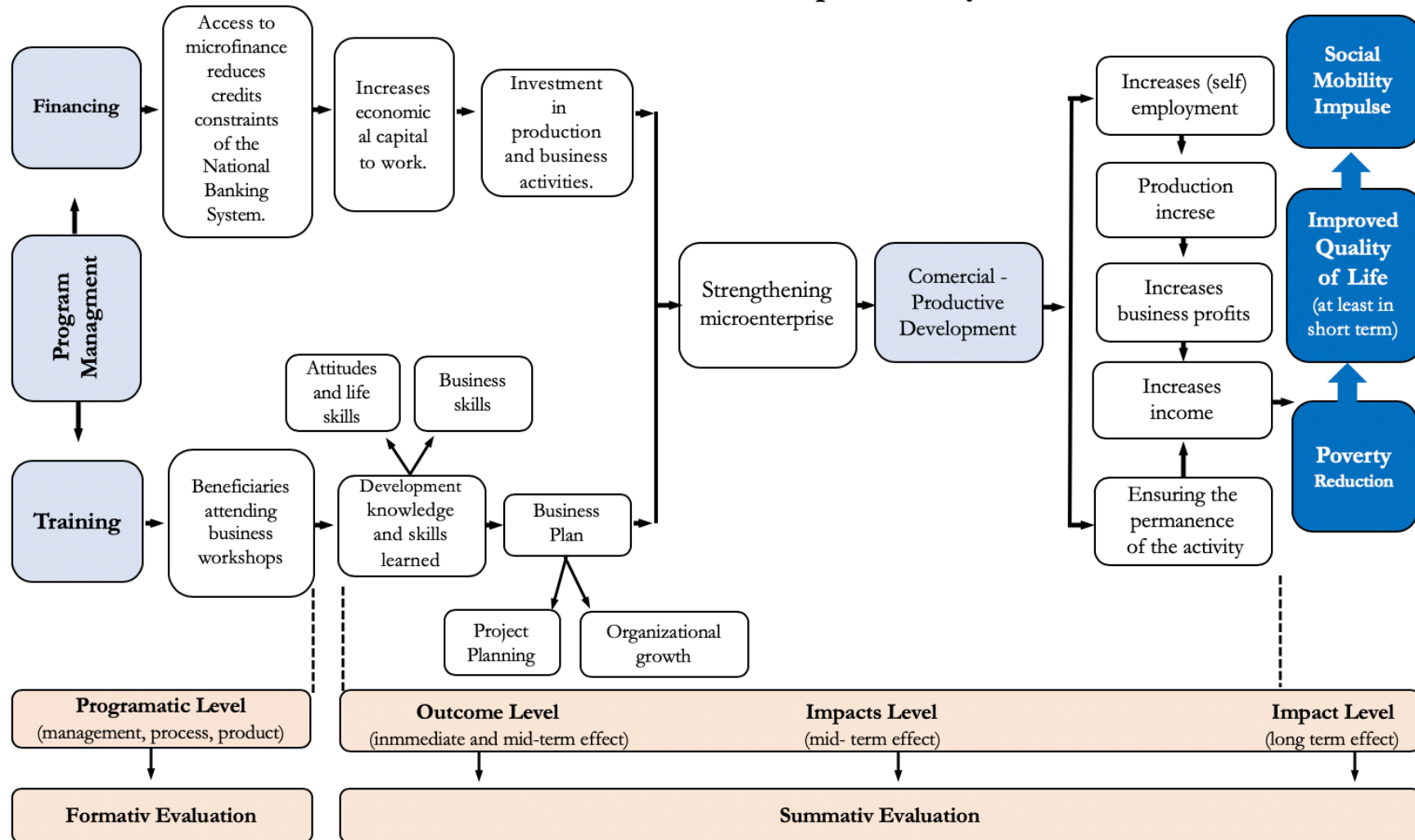
Therefore, the **level of relationship** between the program theory using the results chain and the participatory formulation the impact theory is absolute, because the construct called *Commercial - Productive Development* and the five *impact indicators* are derived from the hypothesis: (Hypothesis B> A) (Hypothesis C> D) established in the results chain according to the technical and legal criteria of the purpose of the intervention (see table 5, page 33).

Figure 11 presents the impact theory prepared for PRONAMYPE, which originally starts from the two main components of its intervention, (i) the granting of credits and (ii) the offer of training, provided through a sequence of activities [programmatic level], aimed at achieving “the strengthening of micro-enterprises” [outcome level], which leads to a “commercial and productive development” [nodal construct] that improves, as a mid-term effect, four aspects of the microenterprise: employability, productivity, profits and the permanence of the enterprise” [proximal impact level]. Likewise, based on the strategic and sectoral objective of the social policy to which PRONAMYPE belongs, the causal logical model raises three final levels of long-term impact: poverty reduction, improved quality of life and social mobility impulse [distal impact level]. Finally, the causal model shows at a lower level, to what extent the evaluation was developed as formative and summative.

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<sup>89</sup> Understanding that “consists of assumptions about the change process actuated by the program and the improved conditions that are expected to result. It is operationalized by the program-target transactions, for they constitute the means by which the program expects to bring about its intended effects” (Idem, p. 139). In essence, the “causal theory describing cause-and-effect sequences in which certain program activities are the instigating causes and certain social benefits are the effects they eventually produce” (Idem, p. 427).

Figure 11  
**PRONAMYPE Impact Theory**



Source: Own elaboration based on PRONAMYPE `s official documents and staff interviews.

The contribution of this impact theory to the statistical work of this program consists in showing which “aspects” can provide evidence about the results that are expected to be obtained from the effective application of the components; aspects that were the very basis for the first definition of a set of variables and, finally, for the four fundamental indicators of the regression models. At this point, it is important to indicate that in order to estimate the counterfactual and analyze the impact of this program, three possible strategies were evaluated:

1. To prepare different indicators for the four constructs: employability, productivity, permanence of the activity and profits. Once elaborated, these can be used as dependent variables in different regression models, that is, for each quasi-experiment, four different regression models will be carried out, one for each indicator.
2. To use structural models, this approach allows working the productive commercial development variable as a construct, for which it is not necessary to have observed values of that variable.
3. To prepare an indicator that represents the commercial and productive development construct, which would be composed by the four indicators mentioned in the first analysis approach. This indicator would be the dependent variable in a regression model for each quasi-experiment.

When analyzing these options, it was determined that structural models have limitations in terms of the type of variables that can be part of the model (only continuous variables). On the other hand, developing a single indicator to estimate “commercial and productive development” has the risk that the impact on each of the four variables will be diluted among the other variables, so the decision was to estimate the impact<sup>90</sup> using the variables employability, productivity, permanence of activity and profits, in regression models for each one of them.

#### **4.3.2 Theoretical definition of the causal explanatory model**

Using a quasi-experimental design with its own causal model within the quantitative approach, the underlying question that arises in social experiments in public policy is:

“if we implement X program, will Y outcome result (or, in the case of a program already implemented: Did X program produce Y outcome that we envisioned)? Policy evaluation is fundamentally a test of means. Simplifying the real complexities of the process of policy making, one can say that policy makers seek to achieve an end. The ideal evaluation of policy would answer the question,

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<sup>90</sup> It is understood as “positive and negative, primary and secondary long-term effects produced by a development intervention, directly or indirectly, intended or unintended” OECD/DAC (2002).

does one particular means as compared to another advance us toward that end?”  
(Danielson, 2007, p. 386).

To solve this problem in the case of study of this evaluation, within the impact theory, the dependent variables (Y) of the models were defined according to the four indicators that work as predictor variables (response); and the independent variables (X) were defined as the socioeconomic variables of the subjects participating in the study, which by its nature, could eventually intervene in the behavior of the dependent variable (Y). So, the predictor variables selected for the models are the following:

1. The identifier of the match: to control the regression by the pairing elaborated.
2. The treatment: this variable indicates whether the subjects and their businesses have received PRONAMYPE intervention or not. The treatment condition varies within the quasi-experiments, as presented in the previous section:
  - a) Quasi-experiment 1 (Q-E1): the treatment is PRONAMYPE’s credit.
  - b) Quasi-experiment 2 (Q-E2): the treatment is the credit and training of PRONAMYPE.
  - c) Quasi-experiment 3 (Q-E3): the treatment is PRONAMYPE’s training.
3. Age, in years reached, of the subjects in the sample.
4. Schooling: it is an indicator of educational level that goes from 1 to 8 (see question CS5 of the questionnaire).
5. Area of residence: Urban or Rural.
6. Entrepreneurship activity: it is an indicator of 1 to 3, according to the economic sector in which the enterprise is performed, the primary sector (1) is agriculture, livestock and related activities, the secondary sector (2) is the industrial sector and the tertiary sector (3) is the trade and services sector.
7. Other credit interventions for the business.
8. Other training interventions for the management of the business.

As mentioned in the definition of the evaluative design (see item 4.2.1.3), the estimate of the counterfactual was made using regression models, specifically, a fixed-effect model and a conditional logistic regression model. The main reason for using these two models is that both allow to control the pairing (through the partner identifier variable) and the applied treatment, which gives to the research an **added value**, since they allow to obtain not only the value of the predictive variable, but also, to which of the groups the effect is attributable. In other words, the type of model allows knowing if the value is significant, but also to which of the two programs it is attributable, as will be explained later (item 4.3.3.4).

According to García (1995), a causal analysis expressed in the program theory “can be converted into a system of equations that reflect the unions represented in the diagram. To

each endogenous variable corresponds an equation that includes the variables that directly affect it” (p.151). Such is the case that, to elaborate the models, there were considered a set of indicators and the variables that could have relation with the performance of the type of micro-enterprise. It is important to keep in mind that the beneficiaries of PRONAMYPE are people in conditions of poverty, extreme poverty and with low subsistence undertakings or (very) low productivity.

In the end, 17 variables were defined as baseline which, at the same time, operationalized the 4 indicators or sub-constructs of the impact theory (see in appendix the whole operationalization of the evaluative framework):

- Employability (increases employment)
- Profit (increases business profits)
- Productivity (production increase)
- Continuity of the activity (ensuring the continuity of the activity)

The following sections will explain in a very detailed way the elaboration process of the indicators both in their theoretical - conceptual and technical - statistical aspects.

#### **4.3.3 Construction of impact indicators according to the explanatory model**

At this point of the investigation, the theoretical constructions begin to bridge more strongly with the method and the technique. The four response indicators that operationalize the nodal construct of evaluative approach have their genesis in the impact theory. We understand as a construct the theoretical construction that is developed to solve the evaluation problem, so that, in epistemological terms, the construct is a theoretical statement that carries with it a concrete expression that can be measured when it is operationalized as an observable object.

In that sense, following Mark Wilson (2005) in his remarkable work *Constructing Measures* “we assume that the construct we wish to measure has a particularly simple form -it extends from one extreme to another from high to low, small to large, positive to negative, or strong to weak. There may be some complexity in what happens in between these extremes, but we are primarily interested in where a respondent stands on this range from one extreme to the other” (p.6).

The construction process of the fourth indicators<sup>91</sup> can be summarized in a general way in six steps. In the first (i), the 72 variables of the impact dimension of the total evaluative

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<sup>91</sup> As a unit of measurement, it can be assumed that “an indicator makes visible a phenomenon that can be measured directly through the use of empirical method” (Stockmann 2009a, p.246). For the

framework were analyzed, then (ii) all the variables that were more related to the profile of the beneficiary and the performance of their micro-business were taken, based on the nature of the Program and on a detailed study of similar evaluations carried out in other countries and regions. Subsequently (iii), the 17 variables that were associated with the case under study were selected, in order to be able to measure them properly, a base pilot questionnaire was carried out to be consulted by experts.

For this research it is important to bear in mind that the beneficiaries of PRONAMYPE are people in conditions of poverty or extreme poverty, who are characterized by low schooling, without any educational level or, the majority of them, with incomplete primary and secondary education, a factor that, together with others, places them in situations of social vulnerability and even exclusion. So, this was a fundamental aspect in the selection of variables to perform the fourth step (iv) of operationalizing the construct called "*commercial and productive development*" in the four indicators. In the fifth step (v), a study was carried out aimed at conceptualizing and adapting each of these variables according to the national context. And finally (v), after the posttest and with the databases obtained, validation tests of the indicators were carried out.

#### **4.3.3.1 Impact indicators: operational and theoretical foundation**

##### **a) Employability**

The employability indicator quantifies whether the number of current paid employees of the enterprise has increased, remained or decreased in relation to the number of paid employees with which it started.

In accordance with the objectives of PRONAMYPE and its Program Theory, it is expected that when allocating a loan to a micro entrepreneur, they will firstly self-employ and subsequently, if possible, generate more job opportunities. For this reason, the indicator takes as value one (1) when the enterprise increased or maintained the paid employees, and it takes as value zero (0) when the enterprise decreased the paid employees. Table 19 presents the composition of the indicator, the estimation operation and the values that it finally acquires (1/0) in the regression model.

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construction of the indicators, the guidelines established for evaluation purposes were followed (Stockmann 2009a, pp. 246-254, and Stockmann & Mayer, 2011b, pp. 222-248)

Table 19:  
**Employability indicator: composition and estimation**

| Indicator                  | Variables  | Operation  | Values for the indicator                                |
|----------------------------|--|--|---|
| Increases in employability | (GE4) Number of paid employees they currently have.                    | Subtract the number of current paid employees minus the initial paid employees | Subtraction<br>$\geq 0 = 1$<br>(Increased or decreased) |
|                            | (GE7) Number of paid employees with which they started the enterprise. |  | Subtraction<br>$< 0 = 0$<br>(Decreased)                 |

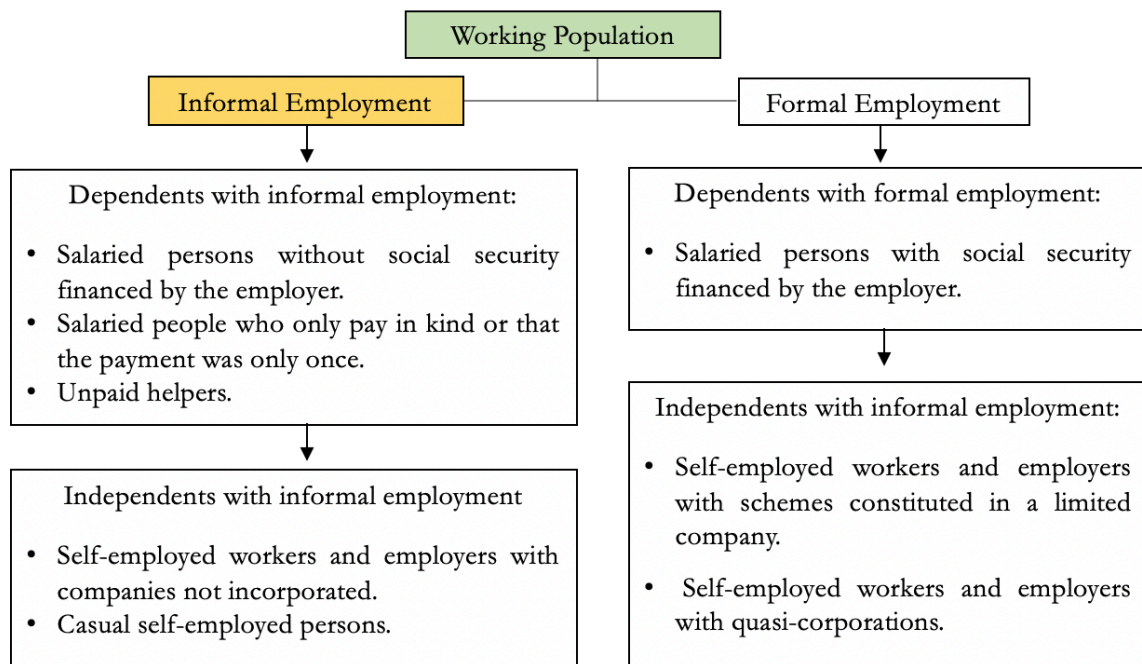
For the MTSS, employability is "the set of knowledge, attitudes and skills that allow people to effectively and efficiently perform a productive activity" (MTSS, 2010, p.27). For the MTSS, there are some elements that allow employability to increase, among them can be mention: improvements in human capital (access to education, professional development and training), efficient labor intermediation services (adequate technological bases of supply and demand for employment), and conditions that stimulate economic activity, production and employment (stimuli in production and in the market).

According to the Program Theory, the generation of self-employment represents an important element within the general objective of PRONAMYPE, highlighting that the purpose of self-employment is to facilitate social mobility. Likewise, it is assumed that the target population belongs to sectors of society at risk of social exclusion, therefore, self-employment creates the necessary conditions so that, in addition to receiving a higher income from the ongoing business, people can go through processes to gain experience and prepare to enter the labor market.

In this same line, for the MTSS the work implies a "physical or mental effort directed to the production of goods and services in order to satisfy people's needs" (MTSS, 2010, p.28). This work can be *productive*, within a commercial or *reproductive* market, the latter refers to subsistence work and family production. In addition, the MTSS uses the definition of working person that dictates the Labor Code, which states that "worker is any physical person who renders to another or others his material, intellectual or both kinds of services under an express or implicit contract of employment, which can be verbal or written, individual or collective. The same denomination will correspond to collectors, commercial agents, sellers and everyone who receives a commission as payment" (article 4). Based on the official definitions of INEC, the following outline summarizes the characteristics that comprise formal and informal employment in Costa Rica:

Figure 12

**Structure of formal and informal employment in the Continuous Employment Survey of INEC.**



Source: Own elaboration based on Continuous Employment Survey, INEC, Costa Rica (2016).

It is important to consider the definition that INEC proposes for the application of the Household and Multiple Purposes Survey on the category of Underemployment, which is understood as "a situation that exists when a person is inadequate with respect to certain standards, such as the insufficiency of the volume of employment (visible underemployment) or the low levels of income (invisible underemployment)" (INEC, n.d.). Within this definition can also be found the visible underemployment<sup>92</sup> and invisible underemployment<sup>93</sup>.

Executive Decree No. 33848-MTSS-MEIC establishes that SMEs are "informal micro-enterprises with low productivity (subsistence, simple accumulation and extended accumulation type)" (N ° 33848-MTSS-MEIC, Article 08). In this definition of SMEs, there is a direct relationship between employability and the ability of small businesses to self-employ or hire more people, moving from a small company to a medium-sized one due to the number of workers that are owned. Therefore, the CGR (2012) defines that a company of 1 to 5 workers will be a micro company, 6 to 30 workers will be a small company and 31

<sup>92</sup> "Refers to employed persons who usually work less than a total of 47 hours per week in their main occupation and secondary occupation (if they have one), who wish to work more hours per week and are available to do so, but do not because they do not get more salaried or independent work" (INEC, n.d.).

<sup>93</sup> "Refers to employed persons who habitually work a total of 47 hours or more per week in their main occupation and in their secondary occupation (if they have one), and their monthly primary income is lower than an established minimum which is the minimum wage" (INEC, n.d.).



to 100 workers will be a medium-sized company, thus gaining importance within the national market.

### b) Business profits

The profit indicator quantifies the increase in the profits of the undertaking during the time that has elapsed since the moment of granting the loan, whose value is taken from the baseline ( $t_0$ ), until the moment of the posttest ( $t_1$ ).

To ensure that the amounts were comparable, since the undertakings started in different years, all the amounts were deflated using the Consumer Price Index (CPI) reported by the Central Bank of Costa Rica (BCCR) (see item 4.3.6.4.1). It is important to note that in the variables used to perform this indicator, some missing values were reported, which were imputed with the average earnings of the undertakings of the same activity; at the same time, the four upper and lower extreme values were assigned with the fifth value of each end. Table 20 explains the values that this indicator can take (equal to the employability indicator).

Table 20:  
**Profit Indicator: composition and estimation**

| Indicator             | Variables                | Operation  | Values for the indicator                           |
|-----------------------|--------------------------|--|--|
| Increases in profits. | (IN1)<br>Initial profits | Subtraction of current deflated earnings and deflated initial gains. | Subtraction $\geq 0 = 1$<br>(Increase or maintain) |
|                       | (IN2)<br>Current profits |  | Subtraction $< 0 = 0$<br>(Decreased)               |

In this sense, it is important to reaffirm that the profits are understood as the profits of the productive economic process, that is, the total income less the expenses will result in the amount corresponding to the net profits of the business. Those are net profits because the expenses corresponding to the specific period have already been subtracted. The gross profits are those previous to the subtraction of the expenses in that period.

The business profits are an element that shows the success of the micro-enterprises, thus creating two components of progress in the productive process: the increase of investment in the business and the savings. Both options, it is assumed, will generate in the short term a greater accumulation of income and therefore can influence to improve the living conditions of people, in access to better credit opportunities and increase in productivity. In relation to the results chain, the generation of profits will help strengthen the ongoing

microfinance of entrepreneurship, which will favor investment in the micro business, and access to quality goods and services for entrepreneurs.

### c) Productivity

The productivity indicator quantifies how the enterprise has implemented various strategies that could demonstrate that production capacities have increased or are consolidating. To construct this indicator, different variables were used, such as the increase in the products it offers, an increase in the number of activities or processes, an increase in marketing channels or points of sale, as well as purchase or investment in equipment.

Table 21 contains the variables that are incorporated into each of the indicators, as well as the values that each of the variables can take, the mathematical operation according to the dummy variable and the fixed values taken by the indicator.

Table 21:  
**Indicator of productivity: composition and estimation**

| Indicator           | Variables  | Values of the variables            | Indicator construction                              |
|---------------------|--|------------------------------------|---|
| Production Increase | (IP1) Increase of products offered by the entrepreneurship.  | Yes, it has=1<br>It doesn't have=0 | Sum of the value obtained in each of the variables. |
|                     | (IP2) Increase in the number of activities or new processes. | Yes, it has=1<br>It doesn't have=0 |   |
|                     | (IP3) Increase in marketing channels                         | Yes, it has=1<br>It doesn't have=0 |   |
|                     | (IP5) Bought or invested in infrastructure or facilities.    | Yes, it has=1<br>It doesn't have=0 | The values of this indicator go from 0 a 6          |
|                     | (IP6) Bought or invested in tools or equipment.              | Yes, it has=1<br>It doesn't have=0 |   |
|                     | (IP7) Bought or invested in vehicles or transportation.      | Yes, it has=1<br>It doesn't have=0 |   |

Starting from the economic premise that productive resources are always scarce, it is important to take into consideration the credit of the undertakings, the use/destination of the credit, and the contribution that both aspects make in productivity, in search of economic profit maximization, and growth in marginal yields of production. Based on this, investment plays a central role in accelerating the production and positioning an entrepreneurship in the consumer market.

At the same time, it is important to take in consideration elements that can influence the enterprise's productive and financial way of development, and that in many cases have an impact on the shut-down of micro businesses. Jaime Bedoya (2010) makes reference to elements such

as: finance fixed assets<sup>94</sup> with short-term loans, not even up the purchase and sales term, high levels of inventory, handling discounts, an internal rate of return lower than the cost of capital<sup>95</sup> (that is, when you pay more in liabilities<sup>96</sup> that the income that is obtained by the capital), purchase of obsolete technology equipment (for example: machineries) that entail a high cost and does not adjust to market strategies, do not increase the billing in greater proportion than costs and expenses, that financial expenses are equal to the increase in financial liabilities, not having sources such as long-term loans to finance activities in the short term, and finally, that the free cash flow does not cover the debt service of the enterprise.

#### d) Permanence of the activity

The permanence of the activity indicator quantifies how the enterprises fulfill different characteristics that usually consolidated businesses have, since PRONAMYPE proposes that by providing credits and training, businesses would consolidate rather than disappear in the short term. To quantify this, the indicator included variables that show the formalization of the enterprise, such as the use of accounting tools and compliance with national regulations regarding business and profit activities.

Table 22 contains the variables that are incorporated into each of the indicators, as well as the values that each of the variables can take, the mathematical operation according to the dummy variable and the fixed values that the indicator takes.

Table 22:  
**Indicator of Ensuring the permanence of the activity:  
composition and estimation**

| Indicator                               | Variables  | Values of the variables            | Indicator construction                              |
|---|--|------------------------------------|---|
| Ensuring the permanence of the activity | (PA1) Use of accounting record                             | Yes, it has=1<br>It doesn't have=0 | Sum of the value obtained in each of the variables. |
|   | (PA2) Has a business plan                                  | Yes, it has=1<br>It doesn't have=0 |   |
|   | (PA3) Has a legal identity card                            | Yes, it has=1<br>It doesn't have=0 |   |
|   | (PA4) Has a legal patent                                   | Yes, it has=1<br>It doesn't have=0 |   |
|   | (PA6) Registration in the direct taxation system           | Yes, it has=1<br>It doesn't have=0 | The values of this indicator go from 0 a 7          |
|   | (PA7) Registration in the Social Security System           | Yes, it has=1<br>It doesn't have=0 |   |
|   | (PA8) Handles separately the money of the entrepreneurship | Yes, it has=1<br>It doesn't have=0 |   |

<sup>94</sup> Assets are tangible objects that give their owner the right to dispose of them to their liking. It can be machinery, equipment, buildings, and vehicles, among others.

<sup>95</sup> Capital refers to all the assets owned by the company, both in financial terms and in assets.

<sup>96</sup> Liabilities are the requirements or debts payable that are pending to cover them in the future.

In this sense, it is assumed that improvement in key aspects of production conditions can generate sustainable processes, which will allow in the long term to maintain profits and improve living conditions and access to opportunities for social mobility and poverty reduction.

Within the conception of sustainable undertakings, mainly stand out elements that generate positive net income, self-managed ventures, innovation in production, the relations of productive processes that can be developed and the capacities of workers.

Regarding the definitions of the variables of this indicator:

- Use of the accounting record refers to the process of recognition of assets, liabilities and capital. In addition to the use of balance sheets where it can differentiate income from expenses, and above all, have control of expenses, inventory and billing of the venture.
- Business plan: includes the planning and strategies of the enterprise, as well as the characterization of technical, market, administrative and environmental studies, among others. For these purposes, the most important aspect of the business plan is the location of the product, price, characteristics of the market and the customers, as well as the positioning of the product within the market.
- Owns a legal identity card: it refers to the registration of the enterprise as a figure of public scope, that is, as a limited company, private company, limited liability or unlimited liability.
- Patent: registration in the Municipality to carry out activities that involve special permits in order to remain through time. In addition, it includes the licenses for the exploitation of liquors and the sale of certain types of products.
- Registration in the General Tax Office of the Revenue Area of the Ministry of Finance: in this case, the company must report annually the total expenses and revenues that occurred in the period, from this amount reported a tax payment is executed on the entrepreneurship, also called direct taxation.
- Registration in the Costa Rican Social Security Fund (CCSS): this registry implies the enrollment of the workers within the medical insurance system.
- Separate management of the company's income: hand in hand with the accounting record, consists of the separation in the management of money and a differentiated recording of income and expenses.

#### 4.3.3.2 The models of regression by indicator

This section presents the elaboration of regression models, with their corresponding linear regression equations. Taking into account that “if the research problem is expressed in a form that either specifies or implies prediction, multiple regression becomes a viable candidate”, it is a good option because “the goal of multiple regression is to produce a model in the form a linear equation that identifies the weighted combination of independent variables in the study to optimally predict the criterion variable” (Meyers, Gamst and Guarino, 2006, p.149) which is why they are widely used.

Therefore, according to what is stated in Figure 8 (p.98) called "Second Design Proposal Executed. Quasi Experimental Design: Pretest - Posttest in target group and comparison group", multiple linear regression models were used, in which is constructed an equation where Y is a dependent variable (which is the variables to be estimated). This Y is conceived as a linear function of different independent and predictor variables ( $X_1, X_2, X_3, \dots, X_n$ ). This function is called the regression equation and can be expressed mathematically as follows:

$$Y = f(X_1, X_2, X_3, \dots, X_n) = a_0 + a_1X_1 + a_2X_2 + a_3X_3 + \dots + a_nX_n + e$$

Taking in consideration that the values  $a_1, a_2, a_3, \dots, a_n$  are the regression coefficients and represent the "weights" of each of the independent variables  $X_1, X_2, X_3, \dots, X_n$ , the value of e represents all the factors that affect Y that are not considered by the model, normally this value behaves like a random variable, is also known as the error.

It should be noted that the regression coefficients were later standardized to transform them into "betas", which allowed the analysis and comparison of the weight of the variables within the regression model that were previously in different magnitudes and units that did not allow comparison between them.

Having said this, different scenarios to evaluate within this program are then proposed, and now, each of them is outlined with its proper equation of the multiple linear regression model.

##### **Credit component**

The aim is to know and measure the existence of some level of impact in the microcredit beneficiary population from PRONAMYPE.

- Control group: People with entrepreneurship without credit and without training obtained from FIDEIMAS.

- Treatment group: People with entrepreneurship who have obtained Credit and without training PRONAMYPE.

#### 4.3.3.3 Difference-in-Difference Estimation

It is important to clarify why there is no intercept in the models discussed above. The regression models with fixed effects and conditional logistic regression models used in this research are *differences in differences models*. These models are one of the most rigorous in quasi-experimental research, used to measure the effect of a treatment in a matched design, since it uses information from the treatment and control groups with and without dose (treatment), adding a baseline to the evaluation, therefore, the requirement and main characteristic that the control group must have is to be as identical as possible to the treatment group before the implementation of the program (Mohr, 1995, p.4-5), requirement which this design fulfills very satisfactorily.

However, when using these models, a model per treatment is made, where the intercepts are supposed to be equal, therefore when subtracting the models, the intercepts are eliminated. In the following equations of regression models the above is illustrated (Brenes, 2014, p.18):

$$\text{Treatment Model 0: } f(y_{i0}) = \alpha + \beta_{x_{i0}} + 0 + \delta_{c_i} + (\xi_i + \varepsilon_{i0})$$

$$\text{Treatment Model 1: } f(y_{i1}) = \alpha + \beta_{x_{i1}} + \lambda(1) + \delta_{c_i} + (\xi_i + \varepsilon_{i1})$$

Where:

$\beta$  = Coefficients for variables that vary by person and time (xit y zit).

$\lambda$  = Coefficient for a dummy variable of treatment (1=treatment, 0=control).

$\delta$  = Coefficients for variables that vary by person but fixed over time.

$\xi_i$  = Invariant error per pair.

$\varepsilon_i$  = Error that varies by pair and individual.

By subtracting previous models, it is getting the following:

$$f(y_{i1}) - f(y_{i0}) = \alpha + \beta_{x_{i1}} + \lambda(1) + \delta_{c_i} + (\xi_i + \varepsilon_{i1}) - [\alpha + \beta_{x_{i0}} + 0 + \delta_{c_i} + (\xi_i + \varepsilon_{i0})]$$

So,

$$f(y_{i1}) - f(y_{i0}) = (\alpha - \alpha) + \beta(x_{i1} - x_{i0}) + \lambda(1) + (\delta_{c_i} - \delta_{c_i}) + (\xi_i + \varepsilon_{i1} - \xi_i - \varepsilon_{i0})$$

Hence,

$$f(y_{i1}) - f(y_{i0}) = \beta(x_{i1} - x_{i0}) + \lambda(1) + (\varepsilon_{i1} - \varepsilon_{i0})$$

In the daily practices of statistics, some researchers usually eliminate the intercept to increase the  $R^2$ , which could be an error in the use of regression, however, in the case of models of

differences in differences is a statistically justified action that does not imply consequences in the obtained results (Idem).

It is important to indicate that a typical linear regression model has a response variable (Y) that is characterized by being a continuous variable (that is, it can take any value within an established or not established interval), and predictor variables (x), which can be continuous, discrete or dummy.

However, in this research, two more complex regression models were used, which are **the Fixed Effects Regression Model (FERM)** and the **Conditional Logistic Regression Model (CLRM)**. But, how does FERM and CLRM differ from a common linear regression model? Let's see.

- a) The Fixed Effects Regression Model (FERM), makes it possible to carry out and use the pairing of the sample design, which guarantees that pair 1 is compare between themselves (that is, subject 1 of the treatment group with the subject 1 of the control group), therefore, the model with fixed effects allows the pairing to be effective.
- b) The Conditional Logistic Regression Model (CLRM), its explanation is divided in two aspects:
  1. Allows the response variable (y) to be a dummy variable. In this case, this variable is translated as follows:
    - $y = 0$  The employability indicator is not maintained nor increased, or the profit indicator is not maintained nor increased, depending on which of the two indicators is used.
    - $y = 1$  The employability indicator was maintained or increased, or the gains were maintained or increased.

For that reason, the indicators are changed to dummy variables, because the variable “earnings” can present errors of data reporting, which could damage the analysis, the same for the indicator of “employability”, since the data presented a distribution a bit asymmetrical.

2. It is conditional, since the model allows to condition the analysis of the data to one or more predictor variables (x), in this case, that variable is the “pair identifier”. In other words, this model, like the fixed effects model, allows the pairing between the subjects of the sample.

In conclusion we move from the traditional linear regression models in the evaluations, to the two models, one **Fixed** and one **Conditional** aiming at being able to carry out the

planned pairing with the sampling. With this, it is possible for the matched couples to compare themselves effectively and that the matching (whose objective was to pair **individuals with similar characteristics**) serves its initial purpose.

According to several cases analyzed in the literature and after consulting with experts on quasi-experimental evaluation (Interviews, W. Mayer 2014, 2016, Ch. Müller, 2014, 2016, G. Brenes, 2016), it was observed that the impact evaluations define indicators (response variables Y) to identify the effects of the programs, and agree on placing sociodemographic<sup>97</sup> variables as the predictor variables (x's), which is why the same was repeated with the variables from i3 to i5 of the next list:

- x<sub>1</sub> = Treatment (Beneficiaries of Credit, Training or Credit and Training)
- x<sub>2</sub> = Identifier of the pair
- x<sub>3</sub> = Age
- x<sub>4</sub> = Schooling
- x<sub>5</sub> = Area
- x<sub>6</sub> = Entrepreneurship activity
- x<sub>7</sub> = Other credit interventions
- x<sub>8</sub> = Other training interventions (include in the quasi-experiment 2 and 3).

The predictor variable i1 is the treatment of each experiment, which is the most important at the moment of making the interpretations, because, given the existence of the treatment, it is the variable that indicates whether or not there was an impact on the indicator.

The predictor variable i2 is the identifier of the pair, through which the pairing is made in the fixed effect model and in the conditional logistic regression model<sup>98</sup>.

The variables i7 and i8 are control variables, in this investigation they are very pertinent because most of the subjects have received other interventions, which may have caused differences, although later it was observed that they do not provoke any, because they are not significant variables according to the coefficients of the model.

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<sup>97</sup> According to Herbert Simon's (1952) classic approaches to causal relationship in sociology, an indispensable condition "for there to be a causal relationship between X and Y, (is that) the covariation between both variables should not disappear when controlling the effects of other variables that could be incidental to X and Y" (García, 1995, p. 152).

<sup>98</sup> It is not necessary to place the variable "sex", since the pairing of the subjects of the control group and the treatment group was carried out according to the province and sex. Additionally, when placing the sex variable and run the model in the SPSS and STATA program, no coefficient was generated because, for example, in pair 1 both individuals were women, and when sex is repeated, the value of the coefficient is not generated.



In relation to the results, **it is inferred that there may be effects of one group or another according to the coefficient symbol.** It is known that the treatment is a dummy variable (1=treatment, 0=no treatment). Then, when the coefficient is positive, a reference is made to the treatment group and it is interpreted (if it is significant), otherwise if the coefficient is negative, a reference is made to the control group.

So, for example, for the indicator of "Permanence" in Quasi Experiment 1 (see table 23), it is observed that the treatment coefficient is significant with a significance of 5%, but as its symbol is negative, differences are detected between the control group and the treatment group. That is, with respect to the "Permanence" indicator, PRONAMYPE beneficiaries have 1,125 points less than the credit applicants of the FIDEIMAS control group. This shows that in this aspect PRONAMYPE did not generate the planned impact.

Table: 23:  
**Coefficients of the treatment model  
 according to control variables**

| Variables           | Model with treatment |         |
|---------------------|----------------------|---------|
|                     | Coefficient          | p-value |
| <b>Permanence</b>   |                      |         |
| Treatment           | -1,125*              | 0,001   |
| Age                 |                      |         |
| Schooling           |                      |         |
| Area                |                      |         |
| Activity            |                      |         |
| Other interventions |                      |         |

\* Significant coefficient.

- **Stepwise: adjustment method to regression models**

To determine the possible causal effect of the predictive variables (X) in the results achieved by the Program, a method of adjusting the regression models was used, in which the choice of the predictive variables is carried out by an automatic procedure. It is a method widely used and validated in the scientific literature (Archdeacon, 1994, Wang & Jain, 2003), since:

“Is a useful procedure for selecting variables into a model, particularly when a large number of variables are involved, it renders hypothesis testing, such a F and t test, meaningless. Hypothesis testing is a statistical procedure for accepting or rejecting the null hypothesis on the basis of estimates of a specified model. Stepwise performs the modeling by analyzing a large number of variables and selecting those that fir well. Thus, the t values for the selected

variables are likely to be significant, and hypothesis testing loses its inference power” (Wang & Jain, 2003, p. 57).

Therefore, to perform the stepwise, the following models were developed:

1. Model only with treatment.
2. Model with treatment and age.
3. Model with treatment, age and schooling.
4. Model with treatment, age, schooling and area.
5. Model with treatment, age, schooling, area and activity.
6. Model with the treatment, age, schooling, area, activity and other interventions.

As stated by Wang & Jain (2003), the objective is to determine if the significance of the coefficients changes by adding variables to the model. In this case, it was of greater interest to analyze if the significance of the treatment variable changes when introducing other variables, all of which allows to make more firm conclusions about the significance values of the coefficients (effects) of the treatment variable, which, in short, constitutes an added value for this research and the final conclusions about the public program that is being assessed.

#### 4.3.3.4 Fixed Effects Regression Model & Conditional Regression Model

Below are the four models that were used by quasi-experiment:

1. **Regression model with fixed effects for the dependent variable: permanence of the activity:**

$$\hat{y} = \beta_1 x_{i1} + \beta_2 x_{i2} + \beta_3 x_{i3} + \beta_4 x_{i4} + \beta_5 x_{i5} + \beta_6 x_{i6} + \beta_7 x_{i7} + \beta_8 x_{i8}$$

Where:

$\hat{y}$  = Permanence of the activity

$x_{i1}$  = Treatment (Beneficiaries of Credit, Training or Credit and Trainig)

$x_{i2}$  = Identifier of the pair

$x_{i3}$  = Age

$x_{i4}$  = Schooling

$x_{i5}$  = Area

$x_{i6}$  = Entrepreneurship activity

$x_{i7}$  = Other credit interventions

$x_{i8}$  = Other training interventions (include in the quasi-experiment 2 and 3).

2. **Regression model with fixed effects for the dependent variable productivity:**

$$\hat{y} = \beta_1 x_{i1} + \beta_2 x_{i2} + \beta_3 x_{i3} + \beta_4 x_{i4} + \beta_5 x_{i5} + \beta_6 x_{i6} + \beta_7 x_{i7} + \beta_8 x_{i8}$$

Where:

$\hat{y}$  = Productivity

$x_{i1}$  = Treatment (Beneficiaries of Credit, Training or Credit and Trainig)

$x_{i2}$  = Identifier of the pair

$x_{i3}$  = Age

$x_{i4}$  = Schooling

$x_{i5}$  = Area

$x_{i6}$  = Entrepreneurship activity

$x_{i7}$  = Other credit interventions

$x_{i8}$  = Other training interventions (include in the quasi-experiment 2 and 3).

#### 4.4.2.2.4 Conditional logistic regression model

### 3. Conditional logistic regression model for the dependent variable employability:

$$\ln \left[ \frac{\hat{\pi}_i}{1 - \hat{\pi}_i} \right] = \beta_1 x_{i1} + \beta_2 x_{i2} + \beta_3 x_{i3} + \beta_4 x_{i4} + \beta_5 x_{i5} + \beta_6 x_{i6} + \beta_7 x_{i7} + \beta_8 x_{i8}$$

Where:

$$\ln \left[ \frac{\hat{\pi}_i}{1 - \hat{\pi}_i} \right] = \text{Employability}$$

$x_{i1}$  = Treatment (Beneficiaries of Credit, Training or Credit and Trainig)

$x_{i2}$  = Identifier of the pair

$x_{i3}$  = Age

$x_{i4}$  = Schooling

$x_{i5}$  = Area

$x_{i6}$  = Entrepreneurship activity

$x_{i7}$  = Other credit interventions

$x_{i8}$  = Other training interventions (include in the quasi-experiment 2 and 3).

### 4. Conditional logistic regression model for the dependent variable earnings:

$$\ln \left[ \frac{\hat{\pi}_i}{1 - \hat{\pi}_i} \right] = \beta_1 x_{i1} + \beta_2 x_{i2} + \beta_3 x_{i3} + \beta_4 x_{i4} + \beta_5 x_{i5} + \beta_6 x_{i6} + \beta_7 x_{i7} + \beta_8 x_{i8}$$

Where:

$$\ln \left[ \frac{\hat{\pi}_i}{1 - \hat{\pi}_i} \right] = \text{Profits}$$

- $x_{i1}$  = Treatment (Beneficiaries of Credit, Training or Credit and Training)
- $x_{i2}$  = Identifier of the pair
- $x_{i3}$  = Age
- $x_{i4}$  = Schooling
- $x_{i5}$  = Area
- $x_{i6}$  = Entrepreneurship activity
- $x_{i7}$  = Other credit interventions
- $x_{i8}$  = Other training interventions (include in the quasi-experiment 2 and 3).

To conclude this section, it is important to reaffirm that there is no intercept in the models discussed above, because the regression models with fixed effects and conditional logistic regression models used in this research are *models of differences in differences*, these models are a quasi-experimental technique that is used to measure the effect of a treatment in a matched design.

#### 4.3.3.5 Test of consistency

The assumptions of an analysis affect the ability to trust our results and validly draw inferences about your results (Glass, Peckham & Sanders, 1972). For that reason, it's necessary to develop the assumption testing. In the present analysis, all regression models were examined, evaluating their normality and homoscedasticity (equality of variances), besides it was examined that the covariances did not have a high degree of multicollinearity.

In this sense and according to the statistical criterion of G. García (interview, 2018), the observed results of the tests, show that in all the models there is a good compliance of the assumptions, since the distributions among expected residues are adjusted to a normal distribution. In addition, with a 5% significance there is no statistical evidence to reject the assumption of equality of variances ( $p$  value is greater than 0.5 in all models).

Also, the Variance Inflation Factor (VIF) index has values below  $3.7 < 10$  which suggests that there is no multicollinearity between each of the covariates within the estimated models.

The detailed results are shown in the following table 24 (in the annexes section, the graphs of each test can be found).

Table 24:  
Assumption's test of estimated regression models

| Model according to Quasi Experiment  | Assumptions            |  |                              |      |
|--|------------------------|--|------------------------------|------|
|  | Normality <sup>1</sup> | Homocedasticity  | Multicollinearity            |      |
|  |                        | Breusch-Pagan Cook-Weisberg test for heteroskedasticity <sup>2</sup> | Cofactor                     | VIF  |
| Regression model with fixed effects for the dependent variable: Permanence of the activity, Quasi-experiment 1 | Met                    | $\chi^2 = 0.98$<br>$(p = 0.3221 > 0.05)$                             | Treatment                    | 2,44 |
|  |                        |  | Age                          | 2,91 |
|  |                        |  | Schooling                    | 2,90 |
|  |                        |  | Area                         | 2,55 |
|  |                        |  | Activity                     | 3,28 |
|  |                        |  | Other credit interventions   | 2,01 |
|  |                        |  | Other training interventions | 1,88 |
|  |                        |  | Other training interventions | 1,88 |
| Regression model with fixed effects for the dependent variable: Productivity, Quasi-experiment 1               | Met                    | $\chi^2 = 0.04$<br>$(p = 0.8448 > 0.05)$                             | Treatment                    | 1,20 |
|  |                        |  | Age                          | 3,55 |
|  |                        |  | Schooling                    | 2,35 |
|  |                        |  | Area                         | 3,32 |
|  |                        |  | Activity                     | 2,80 |
|  |                        |  | Other credit interventions   | 2,38 |
|  |                        |  | Other credit interventions   | 2,38 |
|  |                        |  | Other training interventions | 1,88 |
| Regression model with fixed effects for the dependent variable: Permanence of the activity, Quasi-experiment 2 | Met                    | $\chi^2 = 0.34$<br>$(p = 0.5614 > 0.05)$                             | Treatment                    | 2,44 |
|  |                        |  | Age                          | 2,91 |
|  |                        |  | Schooling                    | 2,90 |
|  |                        |  | Area                         | 2,55 |
|  |                        |  | Activity                     | 3,28 |
|  |                        |  | Other credit interventions   | 2,01 |
|  |                        |  | Other training interventions | 1,88 |
|  |                        |  | Other training interventions | 1,88 |
| Regression model with fixed effects for the variable: dependent Productivity, Quasi-experiment 2               | Met                    | $\chi^2 = 0.98$<br>$(p = 0.3221 > 0.05)$                             | Treatment                    | 2,44 |
|  |                        |  | Age                          | 2,91 |
|  |                        |  | Schooling                    | 2,90 |
|  |                        |  | Area                         | 2,55 |
|  |                        |  | Activity                     | 3,28 |
|  |                        |  | Other credit interventions   | 2,01 |
|  |                        |  | Other training interventions | 1,88 |
|  |                        |  | Other training interventions | 1,88 |
| Regression model with fixed effects for the dependent variable: Permanence of the activity, Quasi-experiment 3 | Met                    | $\chi^2 = 1.78$<br>$(p = 0.1861 > 0.05)$                             | Treatment                    | 1,92 |
|  |                        |  | Age                          | 2,92 |
|  |                        |  | Schooling                    | 2,53 |
|  |                        |  | Area                         | 3,20 |
|  |                        |  | Activity                     | 3,65 |
|  |                        |  | Other credit interventions   | 3,51 |
|  |                        |  | Other training interventions | 2,03 |
|  |                        |  | Other training interventions | 2,03 |
| Regression model with fixed effects for the dependent variable: Productivity, Quasi-experiment 3               | Met                    | $\chi^2 = 2.18$<br>$(p = 0.1424 > 0.05)$                             | Treatment                    | 1,92 |
|  |                        |  | Age                          | 2,92 |
|  |                        |  | Schooling                    | 2,53 |
|  |                        |  | Area                         | 3,20 |
|  |                        |  | Activity                     | 3,65 |
|  |                        |  | Other credit interventions   | 3,51 |
|  |                        |  | Other training interventions | 2,03 |
|  |                        |  | Other training interventions | 2,03 |

Notes:

<sup>1</sup> Normality was examined with the Q-Q plot, of the standardized residuals, in all cases where it was adjusted to the line between the expected and observed value, it is graphically satisfied with the assumption of normality.

<sup>2</sup> The test assumes the constant variance as a null hypothesis. VIF = Variance Inflation Factor, VIF values greater than 10 assume that the multicollinearity factor is high.

<sup>3</sup> See graphs in appendix.

#### **4.3.3.6 Instrument**

The questionnaire was designed after the elaboration of the indicators and the establishment of the variables of interest that were to be included in the data analysis model for each of the groups of the three quasi-experiments.

The application mode was by telephone interview and simultaneous registration, for which a template was developed in the CsPro software, to immediately enter the data to the Laboratory server, at the time of the interview.

The questionnaire and the CsPro template were previously tested with 20 beneficiaries of the study population at various times of the day, whose data allowed the construction of several versions of the instrument until the tests were considered consistent. Likewise, expert validation was made with the support from professors who offered their collaboration in the revision of the instrument, Prof. MSc. Fernando Ramírez, Director of the Statistics School, Prof. Dr. Gilbert Brenes, Director of the Central American Population Center (CCP, for its acronym in Spanish), Prof. Dr. Patricia Cárdenas of the Master in Evaluation of Development Programs and Projects, all from the University of Costa Rica. At the end of the process, the final version was consulted with the two senior officials of the PRONAMYPE program.

It is important to mention that the main challenge in the design of the questionnaire was the adaptability of it to the type of entrepreneurship (and context of operation - urban, rural, and dispersed rural, of the interior of the country or of coastal zones) that the interviewees had. That is, the questionnaire was adapted to the type of activity performed by people in their micro-businesses, varying aspects such as the type of questions, the language used and the hours of call.

The final version of the questionnaire has an extension of 6 pages and contains 8 modules with a total of 69 questions: 40 closed, 11 semi-open and 18 open. The questionnaire had an average application duration of 17 minutes (see annex).

#### **4.3.4 Sampling and internal validity test**

##### **4.3.4.1 Synthesis of the general procedure**

Normally, for the application of an ordinary survey, it would be necessary to apply a formula that determines a simple random sample. However, this does not correspond to the present case, since this research is located within the action field of quasi-experimental design, which requires a sample calculation to hypothesis testing of treatments comparison; therefore, it is

a test of equality from the definition of a comparison of means (ANOVA), which parts from the following assumption:

$H_0$ : the residues from the treatment  $i$  are normal.

$H_1$ : the residues from the treatment  $i$  are NOT normal.

The test then, for purposes of comparing projects (PRONAMYPE and FIDEIMAS), seeks to determine whether the treatment (microcredits and training) is effective or not. Once this approach was defined, the design was carried out in the following way.

**First.** The definition of the sampling frame. To form the control group, the standard data bases of the SIPO about the applicants of microcredits (without doses), were obtained. For the treatment group, there was a set of Intermediary Organizations (IOs) that made the selection of beneficiaries. Being that of the total of 27 IOs, 11 of these selected and had 89% of the beneficiaries, it was decided to make a selection of cases by blocks, also called by conglomerate. In this section, the table of the total number of selected IOs is recorded and in the annexed section, is the total, corresponding to the 27 IOs located throughout the country.

**Second,** since a sample was needed to compare two means, it was very important to consider that:

“The problem of comparing two means is raised when the objective pursued is the study of a variable of continuous type (response) versus a variable of categorical type that identifies two types of treatment (predictor). More specifically, what is intended to investigate is the behavior of the mean of the response variable for both treatments. The contrasts that may arise are presented in the "work hypothesis" section” (Pintado, 2014, p.19).

Therefore, the approach of the work hypothesis for its verification is the following: when dealing with a quasi-experiment it is necessary and a requirement of scientific rigor, to **control the type I error**. Since when this type of error is made, **the researcher rejects the null hypothesis when it is true**, and the probability of committing a type I error is  $\alpha$ , which corresponds to the level of significance that is established for a hypothesis test. An  $\alpha$  of 0.05 indicates the willingness to accept a 5% chance of error by rejecting the null hypothesis. To reduce this risk, a lower value must be used for  $\alpha$ . However, if a lower value is used for alpha, it implies being less likely to detect a true difference, if it really exists.

**Third.** To control this error and thus reduce the likelihood of wrongly affirming that a treatment had an effect or not, a power test calculation was performed to estimate the probability of arriving at valid results. This was done in accordance with what was

established by the parents of the power test calculation Shein, Chung and Chow (2012) in their texts, particularly the scientific procedure called “a note on simple size calculation for mean comparison based on non-central t – statistics”. Hence, the power of the test reflects the "**sensitivity**" of a hypothesis test, that is, its **ability to detect significant differences** between the groups (Brenes, 2011). To calculate the size of the sample, the Treatment Sum of Squares (SSTR) and the Mean Square Error (MSE) were calculated.

#### 4.3.4.2. Sample Design

Below are addressed the topics related to the delimitation of the study population, the procedure for calculating the sample size, as well as the data provided by PRONAMYPE and FIDEIMAS for the selection of the sample. An essential aspect of PRONAMYPE is the characteristic of being a national coverage program. To guarantee this coverage, the program has links with intermediary organizations around the country that receive the requests of those interested in obtaining a loan from the program, carry out the process of selecting the beneficiaries and are also the ones in charge of collecting the fees from the people who accessed to the credit after the selection process.

PRONAMYPE works with 27 intermediary organizations around the country, in table 25 the organizations are ordered according to the number of PRONAMYPE beneficiaries with which they worked between 2007 and 2013. The selection of the sample was taken from the list of the program beneficiaries between 2007 and 2013. These databases contain the information about the beneficiaries provided by the IOs, which contains the following variables: name of beneficiaries, province, canton and district of residence of the beneficiaries, age, sex, ID, amount of credit, activity of the micro entrepreneurship, per capita income of family members of the beneficiaries, number of persons in the family nucleus, number of persons under 17 who study, term to pay the credit, date in which the credit was turned over and guarantee.

In the first part of this section (justification for the use of a quasi-experimental design), it was explained that one of the reasons for using this evaluation design is that in the method of sample selection, some criterion from the program administration or the evaluator it is used or intervenes. In this case, the evaluator, after a few working sessions with PRONAMYPE's staff, decided that only ten intermediary organizations [clusters] would be taken into account to select the individuals that would participate in the quasi-experiments. The selected intermediary organizations that made up the sampling frame are:



Table 25:  
**Distribution of beneficiaries from PRONAMYPE  
 by Intermediary Organization from 2009 – 2013**

| OIs             | 2009        | 2010        | 2011       | 2012       | 2013       | TOTAL       |
|-----------------|-------------|-------------|------------|------------|------------|-------------|
| <b>Total:</b>   | <b>1327</b> | <b>1166</b> | <b>718</b> | <b>733</b> | <b>335</b> | <b>4279</b> |
| ADESTRA         | 1           | 27          | 1          | 0          | 0          | 29          |
| APACOOOP        | 0           | 37          | 46         | 53         | 31         | 167         |
| APIAGOL         | 61          | 59          | 53         | 35         | 20         | 228         |
| ASOPROSANRAMÓN  | 123         | 90          | 9          | 35         | 24         | 281         |
| ASPROA          | 8           | 0           | 0          | 0          | 0          | 8           |
| CAC HOJANCHA    | 20          | 1           | 0          | 0          | 0          | 21          |
| CAC PUNTARENAS  | 0           | 18          | 24         | 14         | 11         | 67          |
| CEMPRODECA      | 44          | 17          | 8          | 0          | 12         | 81          |
| COOCIQUE        | 0           | 0           | 2          | 0          | 0          | 2           |
| COONAPROSAL     | 0           | 6           | 0          | 0          | 0          | 6           |
| COOPEBRISAS     | 0           | 15          | 3          | 1          | 1          | 20          |
| COOPECIVEL      | 0           | 0           | 8          | 0          | 0          | 8           |
| COOPEDOTA       | 0           | 0           | 141        | 43         | 0          | 184         |
| COOPELIBERTAD   | 0           | 0           | 0          | 5          | 3          | 8           |
| COPELLANOBONITO | 179         | 206         | 192        | 233        | 0          | 810         |
| COOPEMUPRO      | 0           | 0           | 0          | 74         | 7          | 81          |
| COOPEOROTINA    | 17          | 8           | 0          | 0          | 0          | 25          |
| COOPEPURISCAL   | 0           | 15          | 20         | 16         | 7          | 58          |
| COOPESABALITO   | 0           | 0           | 0          | 0          | 67         | 67          |
| COOPESANMARCOS  | 59          | 57          | 0          | 0          | 0          | 116         |
| COOPEZARCERO    | 0           | 0           | 5          | 4          | 3          | 12          |
| EDESA           | 21          | 1           | 0          | 0          | 0          | 22          |
| FIDERPAC        | 242         | 230         | 64         | 0          | 0          | 536         |
| FUDECOSUR       | 139         | 68          | 75         | 116        | 99         | 497         |
| FUNDACIÓN MUJER | 143         | 105         | 22         | 19         | 0          | 289         |
| FUNDEBASE       | 90          | 58          | 45         | 85         | 50         | 328         |
| FUNDECOCA       | 180         | 148         | 0          | 0          | 0          | 328         |

Source: Own elaboration on based on PRONAMYPE and IOs data bases.

From this framework, 10 intermediary organizations were selected under the following **criteria:**

1. By representativeness of the national population and size of the IO's, meaning the ones covering the largest number of geographical areas in the country, especially the areas with the lowest rates of social development according to the INEC.
2. The IO's with greater national coverage, and the ones that concentrate the greatest number of beneficiaries.
3. That provided the two components of the program (training and credit), since the vast majority of these do not provide a significant amount of training to their beneficiaries, an aspect that is central to this project.

4. IO's that are characterized for being good administrators and that have a good management of the information of the beneficiaries they have in charge, since the information of the beneficiaries (telephone numbers, address of the house, among others) is managed by the intermediary organizations

The IOs finally selected were the following:

Table 26:  
**Intermediary organizations selected according to coverage area.**

| I.O.            | Coverage area                             |
|-----------------|---|
| ADESTRA         | Greater Metropolitan Area                 |
| APIAGOL         | Osa, Golfito                              |
| APODAR          | Zarcero                                   |
| COOPEZARCERO    | Zarcero                                   |
| ASOPROSANRAMÓN  | San Ramón, Palmares, Alfaro Ruíz, Naranjo |
| CEMPRODECA      | Hojancha, Nicoya                          |
| COPELLANOBONITO | San Rafael de Llano Bonito, León Cortés   |
| COPEMUPRO       | Throughout the country                    |
| FUDECOSUR       | Pérez Zeledón, Buenos Aires, Coto Brus    |
| FUNDEBASE       | GAM, Cartago, Guanacaste, Limón           |
| FUNDECOCA       | San Carlos, Boca Tapada, Zona Norte       |

Source: Own elaboration based on PRONAMYPE and IOs data bases.

It is important to indicate that each one of the databases for IO treatment group had to be refined in the SPSS program. Also, a frequency was made to analyze how the population is distributed by the variable Intermediary Organization. After verifying that there are no missing data or people that do not have an assigned IO, the filter command is selected, where a new data file is created where the intermediary organizations defined above are selected, this is done through the following command:

```
DATASET ACTIVATE Conjunto_de_datos1.
FILTER OFF.
USE ALL.
SELECT IF (OI = 1 | OI = 5 | OI = 8 | OI = 14 | OI = 20 | OI = 22 | OI = 23 | OI = 4).
EXECUTE.
```

#### 4.3.4.3 The Power of the test

This is one of the most important factors affecting the sample size, the scientific quality of collected data and the validity of the information (evidence) with which the evaluator argues and determines his evaluative judgment: “The statistical power of a test refers to the probability that a project’s “real” effect, will be rejected by the statistical significance test.

The conventional power level is 0.8 meaning that there is only a 20% chance that a real effect would be rejected. When a higher level of precision is required, the Power can be raised to 0.9 or higher” (Bamberger, Rugh, Mabry, 2006, p.57).

Following the authors in reference, the question then is “which is the Influence on sample size? The higher the power level the larger the sample”. (Idem, p.57). In this sense, evaluations of poverty reduction programs at the global level (Baker, 2000), and particularly those promoted in the regions of the developing countries by the World Bank, recommend a standard in experimentation or quasi-experimentation of the order of 0.8 (Ozler, 2017).

This evaluative research, understanding the possible institutional consequences and political impact of its results, assumed the challenge of **using the global standard**. Therefore, its final results have a level of statistical certainty of **0.8**, since the definition of the sample used the power of the test<sup>99</sup>, which, as indicated above, is the characteristic procedure of sample calculation in experimental or quasi-experimental quality designs<sup>100</sup>.

However, to apply this procedure it was necessary to estimate the **Treatment Sum of Squares (SSTR)** and the **Mean Square Error (MSE)**, which will be described<sup>101</sup> in the following sections, where the rigor of the procedure used is detailed.

#### 4.3.4.4 Treatment Sum of Squares (SSTR)

The first requirement to estimate the test power is to use a continuous variable as a reference, in order to propose the null and alternative hypothesis. In this case, one of the four response variables of the regression models that were used was included. Nevertheless, it is important to make clear that the PRONAMYPE program did not have a previous program theory, nor an estimated parameter of the result level of their intervention, neither the different intermediary organizations could answer the question of what is the expected level of change in the undertakings with the support provided.

A better and more precise (objective) solution to this problem was to use one of the variables in the databases that come from the Program and the Intermediary Organizations, and to

---

<sup>99</sup> This, summed up to the randomized selection made in a representative sample frame of IOs, adds to this work a greater added value.

<sup>100</sup> As Rossi, Lipsey and Freeman warned, “the use of quasi-experiments, therefore, requires extreme care to ensure as much equivalence as possible between the groups that will be compared” (2004, p.275).

<sup>101</sup> The calculation of the sample was supervised and validated by the statistician and demographer, Prof. Dr. Gilbert Brenes, Director of the Central American Population Center of the University of Costa Rica.

use a **proxy variable** for some of the variables present in the models presented above, that has relation with the commercial and productive development.

Among the response variables of the models, the variable “*increase in profits*” can be located in the microenterprise, for which a proxy variable was found among the variables in the databases of the program beneficiaries, this variable is *per capita income of the family members of the beneficiaries*. Now, why use the per capita income of the persons in the beneficiaries' homes as a proxy variable to estimate the increase in the profits of the microenterprises?

The justification for this selection of variables is that the beneficiaries of PRONAMYPE are people in poverty or extreme poverty, who had a micro-enterprise or an idea of micro-entrepreneurship; in addition, the beneficiaries are family heads who are characterized by low economic income, generated in most cases by these activities. These microenterprises, in general, have only one employee (the beneficiary) who receives collaboration from their family (this is the reason why the Program's strategic objective is self-employment), and they are engaged in activities such as sewing , artisanal fishing, cultivation of a smallholding, preparation of confectionery, administration of a little convenience store, in other words, they have very small businesses that fulfill the function of generating profits that are destined directly to the families, *profits that finally would be translated as per capita income* of family members of program beneficiaries. This is the reason why, given the lack of information provided by PRONAMYPE and the Intermediary Organizations, the previously mentioned variable was chosen as the proxy variable for the increase in profits in the business. This is not the ideal scenario; however, it is part of the type of research decisions that must be made by the investigator-evaluator when applying the theory to the specific case and the circumstances encountered.

Returning to the above mentioned: the power of the test, reflects the “sensitivity” of a hypothesis test, that is, its ability to detect significant differences between groups. For the calculation of the power of the test, a specific value is needed for the parameter in the alternative hypothesis. This parameter is extremely important, since it determines what difference is expected between the per capita income of the family members of the beneficiaries before receiving the PRONAMYPE intervention and the per capita income after receiving the intervention. The evaluator, taking into account the opinion and the technical criteria of the Program staff, considered that the percentage that would be expected to increase in per capita income by households was between 15% and 30% as a result of the intervention received (credit) in the micro entrepreneurship or undertaking.

To establish this percentage, the average of the per capita income of the family members of the beneficiary's variable was calculated before receiving the intervention (for the list of

beneficiaries for 2010 and 2011), whose result was ₡205,216.99. The decision of the evaluator was that the difference to be received would be 25%, which is equivalent to ₡51,304.25. From this 25%, the null and alternative hypotheses of the power of the test can be proposed, through which the Treatment Sum of Squares (SSTR) could be calculated.

$$H_0: \mu_1 - \mu_2 = 0$$

$$H_1: (\mu_1 - \mu_2) = 51304.25$$

Therefore, the calculated SSTR corresponds to 51,304.25 Costa Rican colones.

#### 4.3.6.2 ANOVA Power Test

Obtained the SSTR, the power test formula was proposed in ANOVA in the following way:

Table 27

#### Approach and formula in R of the power of the test

For the unidirectional analysis of the use of a variance:

**pwr.anova.test (k = , n = , f = , sig.level = , power = )**

where k is the number of groups and n is the number of the sample size for each group.

For a one-way ANOVA effect size, it is measured by f where:

$$f = \sqrt{\frac{\sum_{i=1}^k p_i * (\mu_i - \mu)^2}{\sigma^2}}$$

where  $p_i = n_i / N$ ,  
 $n_i$  = number of observations in group i  
 $N$  = total number of observations  
 $\mu_i$  = mean of group i  
 $\mu$  = grand mean  
 $\sigma^2$  = error variance within groups

Cohen suggest that f values of 0.1, 0.25, y 0.4 represent a lower, medium and high effect respectively.

The above applied to PRONAMYPE and taking into consideration the estimated value of the SSTR, results in that:

The alternative hypothesis can be re-expressed as:

$$H_1: 2 * T_1 = 51304,25$$

Or as:

$$H_1: T_1 = 51304,25/2$$

And if the SSTR is equivalent to:

$$SSTR = (\mu_1 - \mu)^2 + (\mu_2 - \mu)^2 = 2 * T_1^2$$

Under the new alternative hypothesis:

$$2 * T_1^2 = 2 * (\pm 51304,25/2)^2 = 1316062906 = SSTR$$

#### 4.3.4.5 Calculation of the Mean Square Error (MSE)

In the next step it was necessary to calculate the Mean Square Error. The MSE is a kind of “theoretical” value of the variation of the continuous variable used, in this case it is a real value of the variation of the per capita income per person in the household variable, and the ENAHO was used to determine this value.

Given that the Program under study is public, national and uses official parameters, the information from National Household Survey (ENAHO, for its acronym in Spanish) 2010 and 2012 database was used to calculate the SME; the information was available on the Central American Population Center website (CCP, for its acronym in Spanish) of the University of Costa Rica. Then, from the CCP platform, the data about total net income per person for 2010 and 2012 were issued (since in the ENAHO 2011 there is no such variable), which was the most similar information to per capita income of the members of the family of the beneficiaries, and it contained the same information.

The information of the requested variables of the site was the following (the official code is indicated): total net income per person (itpn), of people where the main job is self-employment and the size of the company or establishment is less than 10 employees (this variable works by category and the lowest category was less than 10 employees). In addition, this information was disaggregated by occupation (c9a). In the following images, the definition of the table that was completed when requesting information from the CCP databases is displayed.

Figure 13:

#### Definition of the table for the information requested in the 2012 Household Survey

#### Encuesta de Hogares Costa Rica 2012

Definición de la tabla 

|              |  |
|--------------|--|
| Selección    | c12==1 & c10<=10   |
| Fila         | c9a  |
| Columna      |  |
| Control      |  |
| Sumarización | itpn   |
| Ponderación  | <input checked="" type="radio"/> Sí <input type="radio"/> No |

Procesar Limpiar Diccionario Ejemplo Ayuda

Opciones

Valores fuera de rango:

Contenido:  Frecuencias  Media  Desv. Est.

Figure 14:  
**Definition of the table for the information requested  
in the 2010 Household Survey  
Encuesta de Hogares Costa Rica 2010**

**Definición de la tabla** 

|              |  |
|--------------|--|
| Selección    | posiempa==22 & c10<=10                                       |
| Fila         | c9a  |
| Columna      |  |
| Control      |  |
| Sumarización | itpn   |
| Ponderación  | <input checked="" type="radio"/> Sí <input type="radio"/> No |

**Opciones**

Valores fuera de rango:

Contenido:  Frecuencias  Media  Desv. Est.

The information for those two years was tied to each other by occupation codes, then the difference between them was obtained, after that it was divided between two (taking in consideration that two years are being used, 2010 and 2012), and the variance of these values was calculated. The variance obtained is the Mean Square Error, which is equal to 11619302024. To obtain the sample size by the power of the test, the corresponding command was entered in the statistical software R. The following is the command used and the output that was obtained from it, where it can be observed that the value of the sample is 70 for a 5% of significance, and a power of 80% for each of the groups in each of the quasi-experiments.

Table 28  
**Command in R of the power of the test and outputs**

```
power.anova.test(groups=2, between.var=1316062906, within.var= 11619302024,
power=0.80, sig.level=0.05)
Balanced one-way analysis of variance power calculation

  groups = 2
    n = 70.26968
between.var = 1316062906
within.var = 11619302024
sig. level = 0.05
power = 0.8

Note: n is number in each group (treatment and control) for each one of the three quasi
experiments.
```

Source: Own elaboration according the R outputs.

Before proceeding with the description of the sample selection process, the final composition of the sample frame used according to components and cleaned databases is exposed. In the case of FIDEIMAS loan applicants, there were 2661 cases in total, whose final refining was 1187. On the other hand, the Table 28 shows the distribution of the people who are being considered to select the sample from PRONAMYPE, organized by IO. These beneficiaries are from 2010 and 2011, said years are the study time defined by the evaluator.

Table 29:  
**Distribution of beneficiary population selected by sample selection groups according to components received and IO.**

| Intermediary Organization | Credit beneficiaries | Training and credit beneficiaries | Total       |
|---------------------------|----------------------|-----------------------------------|-------------|
| <b>Total</b>              | <b>10</b>            | <b>137</b>                        | <b>1187</b> |
| ADESTRA                   | 24                   | 7                                 | 31          |
| APIAGOL                   | 112                  | 0                                 | 112         |
| APODAR<br>(COOPEZARCERO)  | 5                    | 12                                | 17          |
| ASOPROSANRAMÓN            | 99                   | 0                                 | 99          |
| CEMPRODECA                | 24                   | 54                                | 78          |
| COPELLANOBONITO           | 398                  | 0                                 | 398         |
| COPEMUPRO                 | 0                    | 30                                | 30          |
| FUDECOSUR                 | 143                  | 0                                 | 143         |
| FUNDEBASE                 | 103                  | 0                                 | 103         |
| FUNDECOCA                 | 142                  | 34                                | 176         |

Source: Own elaboration based on PRONAMYPE and IO's data bases.

#### 4.3.4.6 Controlled Matching / Sampling

Once the necessary sample size was obtained through the power of the test, the final selection of the sample was carried out via pairing. To carry out this procedure, as mentioned in the justification section of the quasi-experimental design, a **selection** was made **based on observables**, specifically the technique called **control matching** by variables was used, thanks to the fact that databases obtained from each of the Programs provided the researcher-evaluator with the necessary information and the socioeconomic and demographic profile of the beneficiary<sup>102</sup>.

In this matching technique, each of the individuals present in the treatment group has an “even” individual in the control group with similar characteristics; these characteristics are the variables by which the matching is controlled.

<sup>102</sup> This gave the evaluator the unbeatable opportunity to match individuals in the treatment and control groups according to exactly the same characteristics (which is a more reliable situation, than the calculation of a propensity score).



The variables used in each of the quasi-experiments were province, canton, district, age, sex and activity of the enterprise. Given the large sample size for the first two quasi-experiments, the main difficulty was that the final list of the control group (FIDEIMAS) was slightly shorter than the treatment, for the understandable reason that the quasi-experiment required credit beneficiaries (without intervention) with entrepreneurship but without having received the loan yet; however, in the end the pairing could be made.

The only variable that was not used in all cases was the *business activity*, because not all cases of the list of applicants for credit from FIDEIMAS had the specification of the commercial category, agriculture, livestock, services or industrial. On the other hand, many of the beneficiaries reported by PRONAMYPE had not received the two interventions (training and credit), while the intermediary organizations did not provide the necessary collaboration to refine the information on these variables.

Finally, the procedure that was proposed to match was the following: (i) 3 documents were created in a spreadsheet book (MS Excel), the first document contained the list of only credit beneficiaries of PRONAMYPE and the applicants for credit in FIDEIMAS, the second document contained the list of training and credit beneficiaries from PRONAMYPE and the persons applying for credit in FIDEIMAS, and the third document contained the list of training and credit beneficiaries from PRONAMYPE and the only credit beneficiaries of this same program. After having these documents (ii) people were organized by the control variables: province, canton, district, age and sex and (iii) couples were selected that had coincidence in these variables.

For each one of the quasi-experiments the intention was to choose 70 people for each group (treatment and control) meaning 140 people in total, however foreseeing the rejections and the non-responses that could be presented in the field work, all the possible couples were formed in each of the quasi-experiments with the available people. For the first quasi-experiment 150 pairs were formed, for the second quasi-experiment 96 pairs were formed and for the third quasi-experiment 80 pairs were formed.

#### **4.3.4.7 Field work results and georeferenced sampling**

To carry out the telephone interviews, there were five interviewers: the researcher and four advanced students of the bachelor's degree in Sociology at the University of Costa Rica. It should be noted that the process had the technical accompaniment of a PRONAMYPE official assigned to collaborate with the consultations or requirements that arose during the gathering of information. The interviewing students had an induction to the subject of study, carried out by the evaluator and, later, a training and practice exercise in laboratory, which lasted two and a half hours.

Within the training, the researcher made a brief review of the research project that contextualized the content of the questionnaire, then proceeded to read the questionnaire and make examples of how it should be applied, also answered the questions of the interviewers. Examples were made to show how the template was used in the *CsPro* software, and the corresponding questions were answered. Finally, it was explained the use of the “roadmap” that was going to be used to keep records of the calls made (at most they had to make five calls to each beneficiary), as well as the dates when they called, the interviewer who made them (a number was assigned to each interviewer), among other details.

The field work was carried out in four stages, with all the equipment available in the Laboratory of the Statistical Services Unit of the Statistical School of the University of Costa Rica. At all times, the work was supervised by the researcher. The first stage was carried out from May 13 to June 10, 2015. In which none of the quasi-experiments was able to complete the 70 couples needed for the analysis. In the second stage, which took place from July 28 to August 8, 2015, interviews were conducted to complete couples, that is, with complete interviews of the first stage of the field work; and also new partners were formed in case it is not possible to complete the cases explained above.

Given that in the first and second stage many interviews were conducted but for quality control reasons many were discarded, at the end of the second stage two alternatives were presented, expanding the sampling frame to form new pairs in the last experiments, or decrease the power of the test when calculating the sample. Both options were used, the evaluator incorporated to the sampling frame a new intermediary organization of PRONAMYPE (Fundación Mujer, which added 127 only credit cases), with which couples were formed. On the other hand, a new test power of 70% was defined for the last two quasi-experiments, which translates into 55 pairs for each of them.

The third field stage was held from August 25 to September 15, 2015, during this stage interviews were conducted with people from the second stage who could not be contacted due to problems with telephone numbers (telephone numbers had already been corrected), and interviews were conducted with the selected beneficiaries of Fundación Mujer with their respective partners. In this stage, the 55 couples were completed in the quasi-experiment 3.

Finally, in the fourth stage of the field work in situ, carried out from September 15 to September 23, 60 pairs were completed for the quasi-experiment 2. In Table 30 (also see Map 1) a summary is presented of couples completed in the four stages of field work and the number of couples completed at the end of this stage.

Table 30:  
Couples formed by quasi-experiment according to field work stage.

| Results            | First stage | Second stage | Third stage | Fourth stage | Total of couples |
|--------------------|-------------|--------------|-------------|--------------|------------------|
| Quasi-experiment 1 | 58          | 12           | 0           | 0            | 70               |
| Quasi-experiment 2 | 36          | 18           | 0           | 6            | 60               |
| Quasi-experiment 3 | 34          | 16           | 5           | 0            | 55               |
| Total:             | <b>128</b>  | <b>46</b>    | <b>5</b>    | <b>6</b>     | <b>185</b>       |

Source: Own elaboration from the impact evaluation survey results.

In addition to the above, the fieldwork took about 6 months, due to problems to contact the beneficiaries of PRONAMYPE. This is a result for the evaluation of the program, since the difficulty of contacting the beneficiaries shows the way in which the administration of the program is done. Each time that PRONAMYPE was requested to carry out a correction on telephone numbers, it took to them between ten and fifteen days, which extend the field work. In view of this situation, fieldwork was quantified in terms of calls made.

Table 30 shows the number of calls made by interview results according to field work stage and quasi-experiments. The results of the interviews refer to whether the interviews were carried out, rejected or pending (interviews not carried out fundamentally by incorrect telephone numbers). This table shows the significant number of pending interviews, which justifies why the fieldwork had to be carried out during several phases.

Table 31:  
Number of calls made per interview result according to stage of field work and quasi-experiment.

| Result   | First Stage |            |            | Second Stage |            |           | Third Stage | Quarter Stage | Total       |
|----------|-------------|------------|------------|--------------|------------|-----------|-------------|---------------|-------------|
|          | QE 1        | QE 2       | QE 3       | QE1          | QE 2       | QE 3      | QE 3        | QE 2          |             |
| Pending  | 179         | 101        | 106        | 12           | 111        | 9         | 34          | 11            | 563         |
| Done     | 214         | 171        | 76         | 18           | 60         | 19        | 15          | 9             | 582         |
| Rejected | 4           | 11         | 0          | 0            | 2          | 0         | 0           | 0             | 17          |
| Total    | <b>397</b>  | <b>283</b> | <b>160</b> | <b>30</b>    | <b>173</b> | <b>28</b> | <b>49</b>   | <b>20</b>     | <b>1162</b> |

Source: Own elaboration from the impact evaluation survey results.

On the other hand, Table 32 shows the distribution of the subjects of the completed couples for each of the quasi-experiments, by intermediary organization, at the end of the fieldwork. Below it is presented the georeferenced maps of the sample of each of the quasi-experiments, to visualize the total distribution of the samples in the Costa Rican territory.

Table 32:  
**Distribution of the subjects of the completed couples  
 by Organization.**

| Organization                 | QE 1       | QE 2       | QE 3             |
|------------------------------|------------|------------|------------------|
| <b>FIDEIMAS (Control)</b>    | <b>72</b>  | <b>60</b>  | <b>Not apply</b> |
| <b>PRONAMYPE (Treatment)</b> | <b>72</b>  | <b>60</b>  | <b>110</b>       |
| ADESTRA                      | 11         | 6          | 12               |
| APIAGOL                      | 1          | 0          | 0                |
| APODAR (COOPEZARCERO)        | 1          | 11         | 12               |
| ASOPROSANRAMÓN               | 8          | 0          | 15               |
| CEMPRODECA                   | 2          | 15         | 18               |
| COPELLANOBONITO              | 0          | 0          |                  |
| COPEMUPRO                    | 0          | 7          | 7                |
| FUNDACIÓN MUJER              | 0          | 0          | 4                |
| FUDECOSUR                    | 14         | 0          | 0                |
| FUNDEBASE                    | 20         | 0          | 1                |
| FUNDECOCA                    | 15         | 21         | 41               |
| <b>Total</b>                 | <b>144</b> | <b>120</b> | <b>110</b>       |

**Source:** Own elaboration from the impact evaluation survey data.

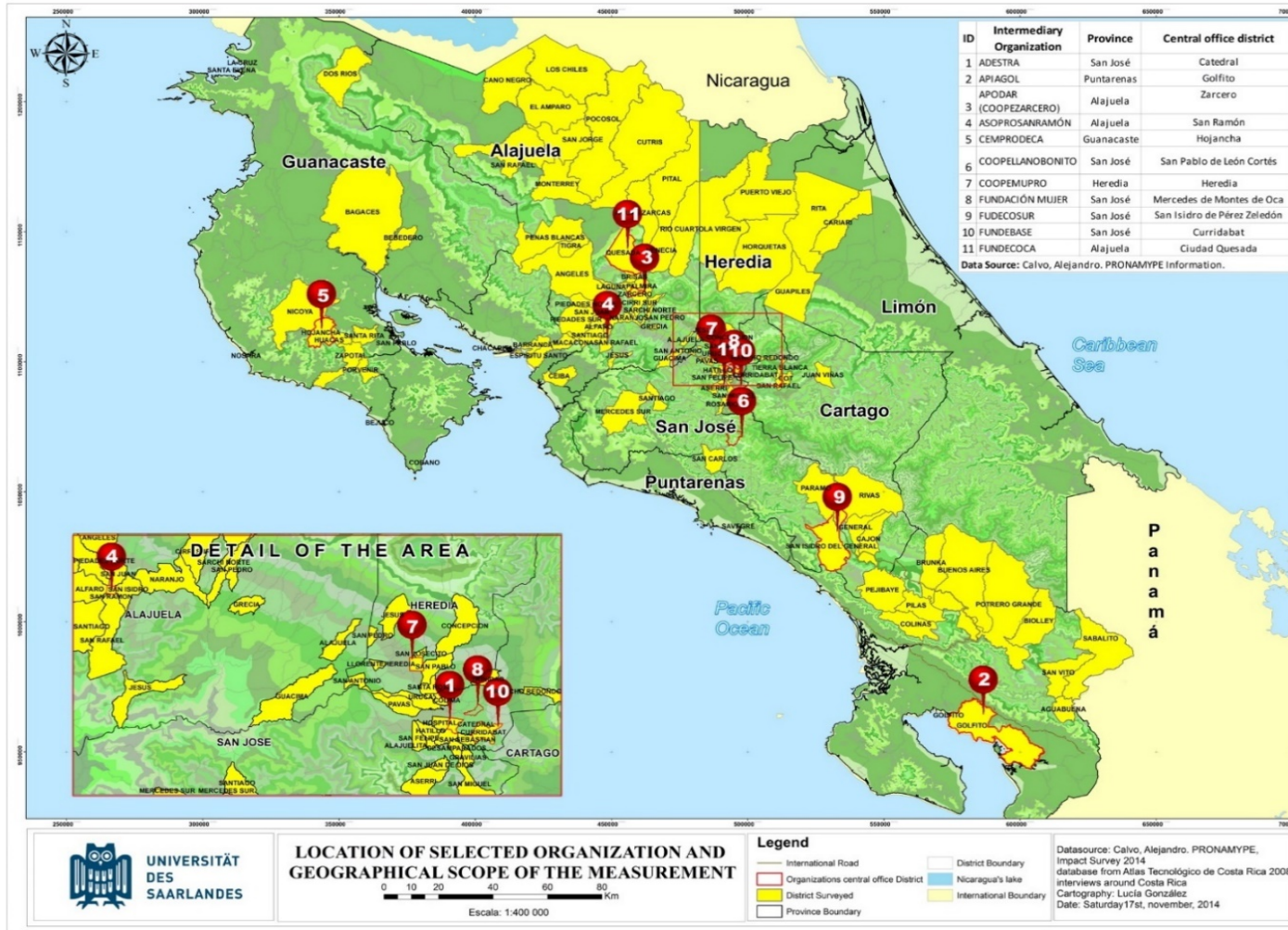
The fieldwork stage was undoubtedly the most complex and exhausting, due to the limited number of interviewers and the problems of contacting the beneficiaries of PRONAMYPE by telephone in all the intermediary organizations in the country.

Finally, map 1 integrates and represents geographically, the scope of the field work carried out in terms of the regional location of the intermediary organizations and the place of residence of all the beneficiaries interviewed in the post test.

It is important to note that the areas covered and the population interviewed are located in the cantons of the country with the lowest social development, a situation that becomes relevant in terms of the value of the results, both projects being part of the national employment generation strategy and poverty reduction (see in annex the map for each quasi-experiment).

Map 1

Location of selected organization and geographical scope of the measurement



Source: Own elaboration base on quasi experiments samples.

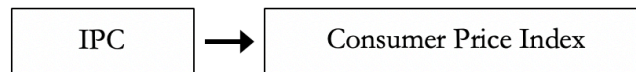
#### 4.3.4.8 Normalization of variables

As we know, money loses or gains value over time, which in economic terms is known as Time Value of Money (TVM). The question is, why is it important to calculate the results obtained from the economic activity of the enterprises in real or constant prices? This has direct and high incidence in the quasi-experiments and regression models, since the pre-test was performed with the economic income and earnings data registered in the application form ( $t_0$  moment, base line) of the intervention (credit), later, in the post-test ( $t_1$  moment, survey) the same data was collected from the direct consultation with the beneficiaries.

In other words, there were values that economically speaking, corresponded to two different moments, and therefore, were different in nominal terms, which made it necessary to place them in real terms. That is to say, given that real (declared) income does not take into account inflation, it becomes necessary to know the real value of the income obtained, in order to adequately estimate its increase or decrease, as well as to estimate (before and after) if the beneficiary is inside or outside the poverty line, indicator which has as main data the net income obtained. In summary, in evaluative terms, the risk was identified that this factor would distort the validity and comprehension of the data obtained.

Therefore, it was necessary to **normalize** all the data obtained from the income variables and the technique used was the deflation. To deflate means, transform an economic magnitude in monetary terms at current prices/values. That is, convert a quantity measured in nominal terms into another expressed in real terms, but at prices of year zero or base year ( $t_0$ ), with the objective of eliminating the effect of inflation or price increase from the value of said magnitude. This is done using a price index as a deflator.

In this case, the official indicator called the Consumer Price Index (CPI) of Costa Rica was used, which is defined as “a statistical indicator that measures the variation of the prices of a basket of goods and services representative of the consumption of Costa Rican homes, in a given period of time. This indicator is a source of information for estimating inflation, updating monetary policy and, in general, for the economic planning of the country. It is also used in salary adjustments” (INEC, 2015, p.47). This indicator is generated by the INEC to estimate the purchasing power of the population's income and their welfare, which is why the CPI is a very relevant indicator for the general population. It is also used by the Central Bank of Costa Rica to carry out its economic measures (BCCR, 2013). The formula used for normalization was as follows:



$$\frac{\text{Average ICP of Base year} - \text{Average IPC 2010} \times 100}{\text{Average IPC Base year}}$$

The procedure used was developed in 4 steps:

- Step 1: Use official source and determine the value of the CPI for each year study.
- Step 2: Estimate the CPI for the entire evaluation period.
- Step 3: Calculate the year-on-year variation for each year within each of the groups.
- Step 4: To deflate case by case in both groups (n=374).
- Step 5: Homogenize all the databases.

#### 4.4 Policy network analysis and issue networks.

Public policies, programs and projects are the product of a complex relationship of situations and actors that converge in a political arena and are also the result of the interaction of a series of public and private actors where the State can be or not a dominant agent. Therefore, the socio-political and institutional behavior of “the public thing” can be understood and explained in terms of the set of relationships that connect the different actors or units of analysis.

From that perspective, the Social Network Analysis (SNA) is nowadays a technical instrument that allows to understand the public management and the context where it is developed, since “the relational patterns of social actors in a system incorporate in turn limiting and enhancing dimensions of social action. In this line, the analysis of networks tries to explain the behavior of elements of the network and the system as a whole by resorting to the characteristics of the interactions between elements, looking for those limiting and enhancing dimensions” (Rodríguez, 1995, p.10).

From the SNA field, it is interesting to use the so-called “policy network analysis”, a political-social research approach with many orientations (Klijn, 1998), but which, applied to the present case study, is interesting insofar as it analyzes the links and inter-dependencies between the government instances, with the aim of understanding the formulation process, the management and the results of the policies. It is particularly interesting to highlight the classic concept of Hecho (1978), called **“issue network”** which allows to visualize the present program under study and its related programs, as a “thematic network that shares knowledge in reference to some aspect (or, defined by the network, some problem) of public policy” (p.226).

Therefore, for the context analysis of PRONAMYPE, this approach was used, with the objective of identifying the set of similar projects, the origin of their resources, their relationship within the public institutional framework, how they are or are not part of the national entrepreneurship policy in Costa Rica and, in general, how the existing thematic network could eventually affect the results obtained by PRONAMYPE. Methodologically, to obtain the data, processing and finally analyzing the context, the following steps were developed:

- Step 1: Documentary analysis for the identification of all the projects in Costa Rica.
- Step 2: Definition of 9 categories for the analysis and comparison of projects.
- Step 3: Call or visit project managers.
- Step 4: Construction of the symmetric binary matrix.
- Step 5: Export data to UCINET 6, Beta version.
- Step 6: Generation of visualization sociograms of project networks.
- Step 6: Estimation of indicators.

Technically, once the main information was obtained, the data was placed in a matrix form, so that the relationships between the different units or actors were determined by their location in the matrix. According to the projects or aspects of interest (variables) they were placed as cases in columns and, at the same time, in rows, there being always the same number of columns and rows, being this symmetric or asymmetric

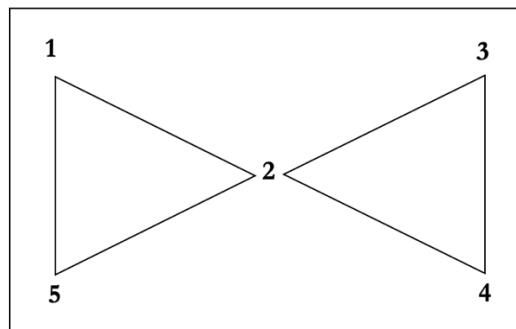
Having the above, of the identification of the connections or lack of them between the different projects in the affiliation matrix, the binary information is derived within the matrix, since a value of (0) was placed when there was no relation (link) and (1) when there was a link between the projects (nodes) or relationship between the variables (see attached diagram).

A binary analysis was then used to observe reciprocity or non-reciprocity and, in this way, to identify possible relations of asymmetry and power within the networks of projects and eventual incidence for PRONAMYPE, which finally allowed to develop the visualization of the network in a sociogram (its density, directionality), the distances between projects (path distances) and indicators such as centrality and betweenness. As a result, four sociograms were obtained that are located in the first section of chapter 5.



Figure 15  
**Affiliation network matrix**

|   | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|
| 1 | - | 1 | 0 | 0 | 1 |
| 2 | 1 | - | 1 | 1 | 1 |
| 3 | 0 | 1 | - | 1 | 0 |
| 4 | 0 | 1 | 1 | - | 0 |
| 5 | 1 | 1 | 0 | 0 | - |



Source: Own elaboration.

## 4.5 The qualitative procedure

### 4.5.1 Function of the qualitative component within the MM design

About the nature of qualitative research, M. Q. Patton in his text *Qualitative Research and Evaluation Methods* says, “the approach here is pragmatic, some questions lend themselves to numerical answers, others not.” (2002, p.13). This research also assumed that premise, for that reason the *Sequential Explanatory Design* (see figure x, p.4) was chosen, oriented to take advantage of both approaches (QUAN-QUAL) in the understanding of the intricacies of an impact evaluation, since “uses of qualitative research methods are particularly well-positioned to generate hypotheses, hunches, and speculations from which theory can built” (Rallis & Rossman, 2003, p.518).

In the study of institutional, social and economic dynamics, lies the risks inherent to the bias of the use of research approaches, and with it the undesirable consequences of a false interpretation of reality, which lead to short-range results and judgments of evaluation with little balance. To try to avoid these situations, the MM method offers the possibility for the evaluator to operate and articulate the theoretical, methodological and data analysis levels; in that sense “one of the many ways in which the two approaches can be combined is to use QUAL methods to study the project implementation process and the influence of contextual variables on project performance in some of the communities where a QUANT survey of project participants is being conducted” (Bamberger, 2002, p. 15).

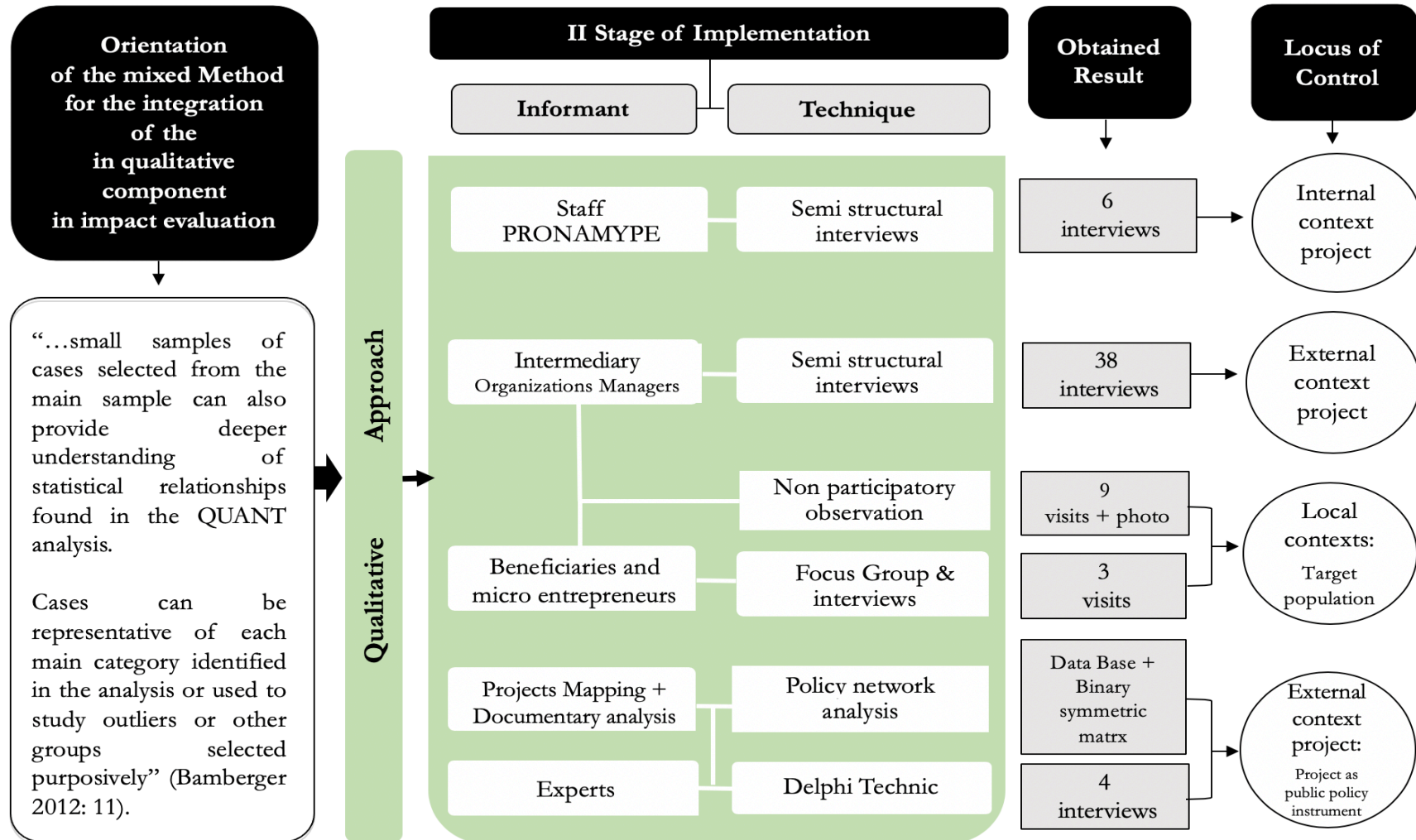
Following that line of action, the figure 16 details the qualitative techniques used according to the research phase and the levels at which they act according to the locus of control desired within the framework of a methodological strategy based on MM. At this point and understanding that “typically, qualitative data are used to help explain quantitative results” (Mertens, 2003, p.155) the question is how this research managed to crystallize the sequential character of a mixed model with a dominant approach in the quantitative method, complemented in this second phase, with a qualitative approach?

In this case, the answer lies in the selection of the informants and the content of the qualitative instruments, based on the quantitative data of the first phase, in order to better understand and analyze the results obtained in the process. In this regard, the following warning was taken into account that:

“Many evaluations are commissioned toward the end of the program and do not have very reliable information on the conditions of the project and comparison groups at the time the program began. This makes it difficult to determine whether observed differences at the end of the project can be attributed to the effects of the program or whether these differences might be due, at least in part, to preexisting differences between the two groups. If these preexisting differences are not identified, there is a risk of overestimating the effects of the loan program”. (Bamberger, 2002, p.5)

Figure 16

Visual Model: Development and intentionality of the qualitative approach within the mixed method



Source: Own elaboration.

Interpreting for this case what Bamberger referred to, if the estimates from different sources coincide, the research will increase the validity and credibility of the results obtained and thus their interpretation. But if the different estimates are not significant, contradict or are difficult to interpret from the quantitative approach, researchers will continue to investigate to understand the causes of contradictions or inconsistency of results, which reliably leads to a thorough analysis of the object of study and better answer to the questions raised.

In order to operationalize the sequence of the approaches, once the gathering of the quantitative data of the quasi-experiment was completed and knowing the results (significant/non-significant); from the *Sequential Explanatory Design*, the effectiveness of the quality of the information provided, the data processing and the effectiveness of the statistical model were analyzed, among many other related aspects. Subsequently, the following technical-methodological recommendation was taken into account “small samples of cases selected from the main sample can also provide deeper understanding of statistical relationships found in the QUAN analysis. Cases can be representative of each main category identified in the analysis or used to study outliers or other groups selected purposively.” (Bamberger, 2002, p.11)

Therefore, regardless of the significance of the results, the methodological strategy proposed in a second phase, to design the semi-structured interview instruments, according to the practical significance (+ / -) of the obtained results for each one of the couples (subjects).

As stated above, the qualitative component depends directly on the results of the quantitative phase for the selection of informants and design of their logistics. At the same time, it allowed the integration of quantitative data analysis and qualitative information that facilitated, through the inductive method, understanding the meaning given by the different subjects or groups, to the associations found in the analysis of quantitative data. This is also very important, because all the people selected from the Intermediary Organizations, both in the Greater Metropolitan Area (GAM, for its acronym in Spanish) as well as the provincial headers and rural areas, manage their projects in a context that needs to be located, described and analyzed, in such a way that the results can be understood according to the factors and processes that affect them both in the micro family environment and in their local or regional environment.

In summary, from the integration of the qualitative component with the quantitative one, it will be understood that the effects and impacts will be those changes that occur

in the clients of PRONAMYPE, as a financial institution and social program, both at the individual level of the enterprise, and in their family and productive environment, which may be attributable to the microcredit and training services they have received.

#### **4.5.2 Intentional qualitative sample according to results of the QUAN phase**

The two methodological variations implemented consist of:

- a. Unlike traditional approaches in which a deliberate qualitative sample is used (theoretical sampling), in this case a representativeness criterion was used to select a small but representative sample of the QUAN sampling frame.
- b. The selection of the subjects in the sample is done 1) for each quasi-experiment and 2) according to the effect size of the results obtained in the quantitative estimation.

On the development of this second aspect, the statistical and technical operations were the following:

b.1 The units were selected from the predicted values of the regression models developed for each of the indicators of employability, productivity, permanence of the activity and profits of each quasi-experiment.

b.2 The selection criterion was, in the case of models with fixed effects, the predicted values (effect size/magnitude) of the regression models with all the variables; and in the case of conditional logistic regression models, convergent models with a greater number of variables were selected.

b.3 Two types of interview questionnaire were designed and applied, one for cases with significant response values, and the other for cases of entrepreneurships without results. The intentionality of each questionnaire was oriented to investigate from the inductive perspective, the possible causes involved in the success or failure of the productive activities financed by PRONAMYPE.

b.4 Based on the quantity, the four cases with the highest predicted values and the four cases with the lowest predicted values were selected, that is, those that, according to the regression models, have better or worse performance in the indicators constructed for the response.

The following table presents the cases chosen according to the quasi-experiment and the response values. The selected cases are identified in blue for those with positive values, and red for non-significant cases.

Table 33  
**Qualitative sample of beneficiaries selected according to quasi-experiment and regression response values obtained.**

| I.D. Couple                | Group     | I.O.         | Response values/effect size |               |              |            |
|----------------------------|-----------|--------------|-----------------------------|---------------|--------------|------------|
|                            |           |              | Profits                     | Employability | Productivity | Permanence |
| <b>Quasi experiment 1</b>  |           |              |                             |               |              |            |
| 25                         | Treatment | FUNDECOCA    | 0,00                        | 0,00          | 2,19         | 0,20       |
| 24                         | Treatment | ADESTRA      | 0,00                        | 0,00          | 2,58         | 3,30       |
| 19                         | Treatment | FUNDECOCA    | 0,00                        | 0,00          | 2,76         | 3,86       |
| 112                        | Treatment | COOPEMUPRO   | 0,00                        | 0,00          | 2,85         | 2,20       |
| 5                          | Treatment | ADESTRA      | 1,00                        | 1,00          | 4,51         | 3,06       |
| 97                         | Treatment | CEMPRODECA   | 1,00                        | 1,00          | 4,93         | 6,65       |
| 49                         | Control   | FIDEIMAS     | 1,00                        | 1,00          | 5,62         | 6,40       |
| 31                         | Control   | FIDEIMAS     | 1,00                        | 1,00          | 5,66         | 4,46       |
| <b>Quasi experiment 2</b>  |           |              |                             |               |              |            |
| 43                         | Treatment | FUDECOSUR    | 0,00                        | 0,00          | 1,39         | 0,18       |
| 104                        | Treatment | FUNDEBASE    | 0,00                        | 0,00          | -0,72        | 0,99       |
| 58                         | Treatment | FUDECOSUR    | 0,00                        | 0,00          | 1,48         | 1,04       |
| 2                          | Treatment | FUNDECOCA    | 0,00                        | 0,00          | 2,52         | 1,25       |
| 118                        | Control   | FIDEIMAS     | 1,00                        | 1,00          | 4,85         | 4,70       |
| 124                        | Control   | FIDEIMAS     | 1,00                        | 1,00          | 5,98         | 5,26       |
| 12                         | Control   | FIDEIMAS     | 1,00                        | 1,00          | 5,43         | 5,49       |
| 18                         | Control   | FIDEIMAS     | 1,00                        | 1,00          | 3,60         | 5,80       |
| <b>Quasi experimento 3</b> |           |              |                             |               |              |            |
| 14                         | Treatment | FUNDECOCA    | 0,00                        | 0,00          | 0,92         | 0,74       |
| 72                         | Control   | FUNDECOCA    | 0,00                        | 0,00          | 1,91         | 1,00       |
| 93                         | Control   | FUNDECOCA    | 0,00                        | 0,00          | 1,72         | 1,43       |
| 84                         | Control   | FUNDECOCA    | 0,00                        | 0,00          | 3,04         | 1,92       |
| 38                         | Control   | CEMPRODECA   | 1,00                        | 1,00          | 2,64         | 4,24       |
| 88                         | Control   | FUNDECOCA    | 1,00                        | 1,00          | 2,41         | 4,35       |
| 57                         | Treatment | ADESTRA      | 1,00                        | 1,00          | 1,36         | 4,71       |
| 64                         | Treatment | COOPEZARCERO | 1,00                        | 1,00          | 0,42         | 4,84       |

Source: Own elaboration based on the impact results.

### 4.5.3 Other techniques and field work scope

In qualitative evaluation, essentially “qualitative findings grow out of three kinds of data collection: (1) in-depth, opened interviews; (2) direct observation; and (3) written documents. Interviews yield direct quotation from people about their experience, opinions feelings, and knowledge. The data from observations consist of detailed descriptions of people’s activities, behaviors, actions, and the full range of interpersonal interactions and organizational processes that are part of the observable human experience. Document analysis includes studying excerpts, quotations, or entire passages from organizational, clinical, or program records, memorandum and correspondence; official publications and reports; personal responses to questionnaires and surveys” (Patton, 2002, p. 4).

Therefore, in addition to carrying out the semi-structured interviews and their respective instruments according to informants, as shown in figure x, it was very important to carry out the focus groups in the communities of residence, and part of the interviews with beneficiaries in the workplace of the enterprises. This is important to mention, since as the sample was not selected for convenience, but for the quantitative response values, this implied that the geographic scope of the qualitative field work demanded a logistics that encompassed many provinces and remote areas of the country; which in turn involved time and additional economic costs that were covered by the researcher<sup>103</sup>.

Table 34  
**Qualitative fieldwork: scope and number of data collected according to technique.**

| Type of Technique (*)       | Source                                      | n= | # Audio Files | Σ Hours | Σ Minutes |
|-----------------------------|---|----|---------------|---------|-----------|
| Semi-structured interview + | Program and MTSS Staff                      |    |               |         |           |
|                             | Trainers                                    | 4  | 4             | 3:50    | 230       |
| Observation in situ         | OI Manager                                  | 5  | 5             | 6:50    | 410       |
|                             | Treatment Beneficiaries and its enterprises | 10 | 10            | 3:00    | 180       |
| Observation in situ         | Control Beneficiaries and its enterprises   | 10 | 10            | 3:25    | 205       |
| Focus group                 | Beneficiaries in vulnerable zones           | 19 | 3             | 3:25    | 205       |
| Total:                      |   | 48 | 29            | 20      | 1.230     |

Note: Does not include the documentary review.

<sup>103</sup> The estimated cost of the entire investigation process was 3,969,517 Costa Rican colones (\$7,429 / €9,896), for details, see the table of costs in the appendix section.



Below, a collage of images illustrating part of the logistics deployment and on-site work with beneficiaries in the northern zone (Guanacaste) and Greater Metropolitan Area (GAM) is presented.

Images 1:  
**Different moments of qualitative information gathering with beneficiaries and OI in rural zones.**



Source: Photos taken by the researcher or the staff of the OI as assistance at that moment.

#### 4.5.4 Strategy of integration of QUAN & qual results

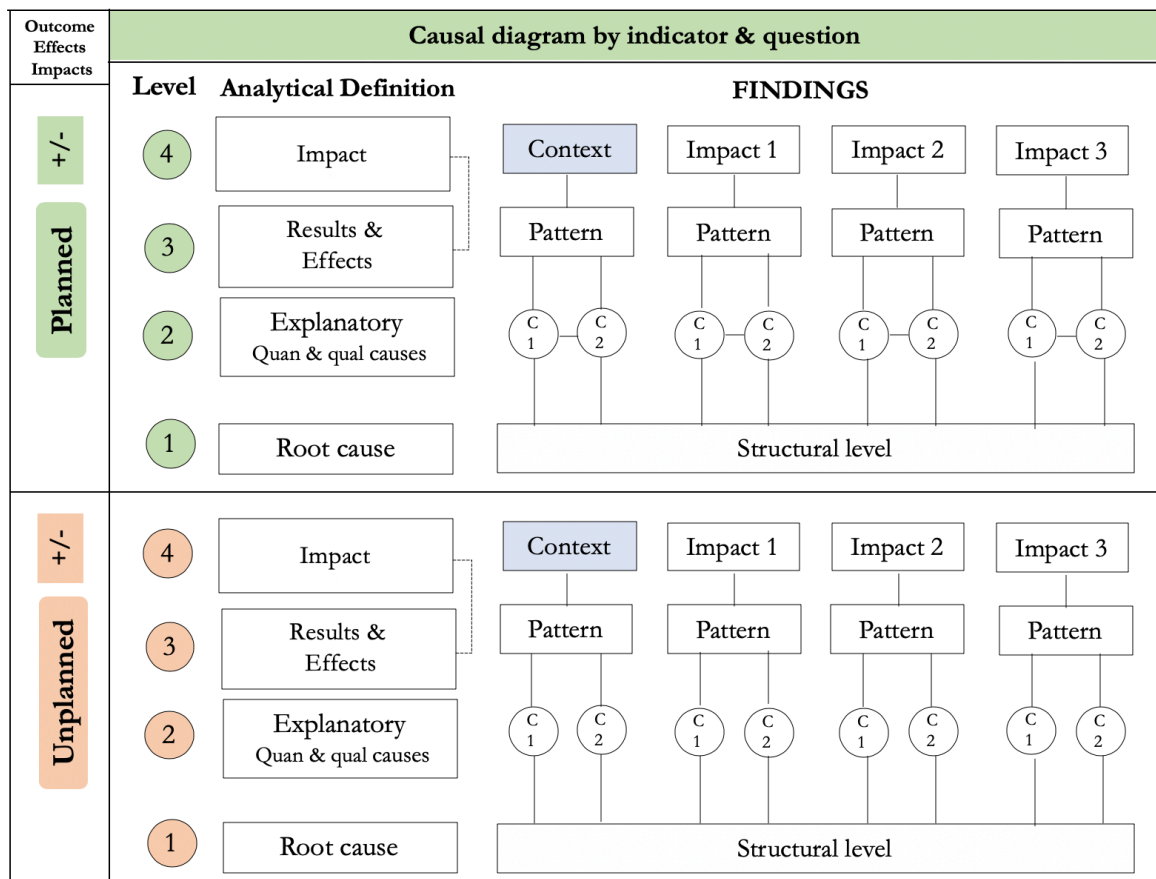
The elaboration of the final explanations of the investigation according to the capacity of the function and explicative power of the indicators under study, is one of the most complex aspects to be solved in an impact evaluation, because it implies the need to find a way to integrate and sustain empirically and argumentatively the findings and final conclusions. The objective was to propose an analysis model or strategy that shows graphically and in a “simplified manner a particular type of phenomenon looking to facilitate its understanding. Far from being a banal simplification of reality that could denature the object of study, it is rather a reduction of the object of study to its most significant characteristics” (Mucchielli, 1996, p.212).



For this purpose, a simple analysis strategy was prepared to systematize and integrate the most relevant results according to each of the questions and indicators developed. Which is inspired by a recommendation of PD. Dr. Wolfgang Meyer, in the sense of being pragmatic in the analysis of qualitative information and focusing on the identification of general patterns that can explain the results obtained.

Based on this general recommendation, and taking into consideration the mixed design, an ideal integrating analytical scheme was built, with four progressive levels. The first one is about the factual results collected, the second one identifies the possible causes, in a third level the patterns of the findings are drawn, until reaching a fourth level where the evaluative judgment of a more comprehensive type is placed in a synthesis sentence. Likewise, the model is segmented in two parts, one of planned results and the other of unplanned ones, according to what is established in the program theory and the impact theory of the evaluation. It is important to note that due to the specificity of the information collected, not all the indicators can be fully represented in the analytical scheme, however, in general it was possible to implement it throughout chapter 5 of results, where at the end of each of the analyzes by indicator, a general scheme is presented. The aforementioned strategy is detailed in the following figure.

Figure 17  
**Strategy-base of integration of QUAN & qual results by indicator and their causes.**



Source: Own elaboration.

Article 50

The State will seek the greatest well-being for all the residents of the country, organizing  
and stimulating production  
and the most appropriate distribution of wealth.

Article 56

Work is a right of the individual and an obligation with society.  
The State must ensure that everyone has an honest and useful occupation,  
duly remunerated, and prevent that because of it conditions are established  
that in some way undermine the freedom or dignity of man  
or degrade his work to the condition of simple merchandise.  
The State guarantees the right to free choice of work.

*Political Constitution of the Republic of Costa Rica*

The central problem of underdevelopment is not the lack of money.  
Money is just an accounting credit through  
which is claimed the distribution of real resources (...)  
The real problems of underdevelopment are related to values,  
technologies and institutions  
that determine how those resources are distributed and processed.

*David Korten*  
*Urban Poverty and Development*

## CHAPTER 5: IMPACT EVALUATION RESULTS

The results of this chapter are structured according to the theoretical-methodological logic of the impact model of CEval's approach (see figure 4). For that reason and with the premise of presenting the results in consistency with this model and also to achieve greater clarity in the exposition of the findings, this chapter is divided in two different but complementary sections.

Section A aims to answer the first two questions of this research's evaluation proposal (see table 1). The first question focuses on the external *context analysis* in the item called "*External-institutional subsystem*" (item 5.1), then, the second question addresses the *internal* context of the Program in an item called "*Internal process subsystem*" (item 5.2). In addition, section B of this chapter is titled *Impact assessment* (5.2 onwards) and, based on CEval's impact model, focuses on the "*Impact dimension behavior*" (outcomes, effects, impacts) answering to the questions related to the assessment of quantitative (indicators) and qualitative results directly related to beneficiaries and their entrepreneurship.

Each section, A and B and their items, are organized according to the following expository order: (i) research objective; (ii) question and evaluation criteria; (iii) main conclusive answer to the question (general assessment); (iv) exposition of evidences and its analysis, according to the theoretical notions of the conceptual framework underlying the research and empirical data; (v) summary diagram of main findings according to the causes that explain the answer (general assessment) to the question.

### Section A: Context Assessment<sup>104</sup>

In this section, all items have been developed as analytical sub-topic according to an ordinal logic, in which each sub-topic constitutes a framework that goes from the general macro to the micro and specific Program context. It is posed in that way, understanding that,

“the course of a programme is embedded in sophisticated social multilevel processes. A programme is not developed independently of other existing or planned programmes...[ and because ]...Programmes are developed depending on existing social, institutional and organizational framework conditions; social and regional contexts need to be taken into account and they have to adapt to economic, social, political, legal and cultural changes” (Stockmann & Mayer 2016, p. 99)

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<sup>104</sup> Legal precaution: The qualitative and quantitative data presented in this section, as well as the assessments that are made based on that information, are essential to understand the results of the impact measurements of section B of this chapter, formulate conclusions and final explanations about the intervention evaluated. All this by virtue of the possible legal consequences for the investigator.

Thus, the context refers to the environment in which the research object [the Program] is dynamically developed at the social, political-institutional and economical level, dimensions within which different relationships and interactions are configured [among policies, other interventions and stakeholders] that give content to certain social phenomena (Rog, 2012). Therefore, this context analysis explores, identifies and analyzes what operates around the Program either theoretically, methodologically or empirically, in order to achieve an adequate understanding and interpretation of the impacts, since,

“Quantitative impact evaluation can also make more complex causal inferences regarding context. Context is one aspect of impact heterogeneity. That is, impact varies by intervention, characteristics of the treated unit and context. A study which presents a single impact estimate (the average treatment effect) is likely to be of less use to policy-makers than one examining in which context interventions are more effective, which target groups benefit most and what environmental settings are useful or detrimental to achieving impact”(White, 2010, p.160).

Therefore, according to the distinctive features of PRONAMYPE as a public intervention, the context evaluation is essential and key to understand the role of the intervention, its relevance and its results from a broad and comprehensive perspective.

### **5.1 External-Institutional Subsystem: Public institutional framework and analysis of the sectoral role of the Program**

All subsection 5.1 develops objective #1 of this research “analyzing the role and incidence of the Program under the public institutional fabric of the Costa Rican government”, which is based on the relevance criterion and formulates question #1: *to what extent, is there coherence between the objectives of the intervention with public policy and sectoral level at which it is implemented?*

The general assessment of this question establishes that, at the objectives and goals programmatic level, it was identified that there is coherence between the objectives of PRONAMYPE, those outlined at the sectoral level and the National Development Plan (NDP), which has allowed it to occupy a space within the ecosystem of microfinance sector interventions. However, in terms of policy formulation of that sector, a lack of coherence and inconsistency is identified at the implementation level of PRONAMYPE, due to the sectoral location of the Program and the Ministry responsible for its implementation. Although the Program responds to a socio-labor purpose of promoting self-employment, which is why it is located in the Ministry of Labor and Social Security (MTSS, for its acronym in Spanish), the nature and objectives of PRONAMYPE show a relevant and greater relationship with the competencies of the Ministry of Economy, Industry and Commerce (MEIC, for its acronym in Spanish), governing body and head of the national entrepreneurship policy of Costa Rica.

Likewise, it was found that the current regulations based on Law 8262 and the National Entrepreneurship Policy are more oriented to the promotion of small and medium-sized enterprises (SMEs) of greater scale and added value, and not to the promotion of activities of low productivity and subsistence (entrepreneurship) or informal micro enterprises, which are in fact the segment of population (market niche) to which PRONAMYPE is directed. Situation that, according to the results and discussion generated from the policy network analysis, is clearly evidenced by the way in which the ecosystem of interventions is organized and structured in the microfinance and social security and labor sector of the country. In other words, it can be affirmed that State coverage over the target population of PRONAMYPE occupies a marginal place within the context of public interventions in this matter and sectoral coordination.

Therefore, based on the empirical evidence (regulations analysis, network analysis, interview with senior political authorities and review of specialized literature on this subject), it is determined that this problem has as its structural cause the coexistence of legal regulations, public policy guidelines and care approaches within the same sector, which induces to the implementation of projects that have the same purpose but are executed in different sectors, thus evidencing duplicity of functions, of programs and a lack of articulation and coordination at the national planning level. All of which inhibits the impact capacity of the Program both in its own work, and in its contribution to the national strategy for the promotion of employment and poverty reduction.

This conclusion is based on the analysis and evidence presented throughout the following subitems.

### **5.1.1 The Program in the public institutional context**

To understand how the environment of a focalized public intervention of national scope works it is necessary to, first, establish how it is formed and how the Costa Rican State works to then, analyze later, the way in which the Program is articulated and executed in the framework of the public institutional architecture, according to laws, regulations and governing policies.

The structure of the Costa Rican State is formed by three main powers, which define the concept of the Republic that is in the Political Constitution of Costa Rica of 1949 (PCCR), these powers are: the Legislative Power, the Executive Power and the Judicial Power.

The Legislative Power has the capacity to legislate (approve, repeal, reform and interpret laws), delegated by the suffrage and constituted by a Legislative Assembly (with a total of fifty-seven deputies, with four-year positions with the right to re-election). Internally, within the Assembly there is a Legislative Directory and a diversity of commissions that are in

charge of reviewing and analyzing bills according to specific matters. In addition to this, it approves or rejects international agreements, dictates ordinary and extraordinary budgets of the Republic, designates the General Comptroller and Sub-Comptroller of the Republic, among other functions.

The Executive Power includes the President and Vice-President of the Republic, in addition to the Ministers, who together with the Presidency form the Governing Council. The President is the one who designates each Minister. The Executive Branch may also “sanction and promulgate laws, regulate them, enforce them and ensure their exact compliance” (art. 140, subsection 3, PCCR). Each Ministry is located in a sectorial division of the public apparatus, which delimits that Ministry according to their sector and competences within national policies. The third Power, the Judicial Power, is exercised through the Supreme Court of Justice and other courts, which are responsible for civil, criminal, commercial, labor and contentious-administrative cases. Similarly, the Costa Rican State is formed by the Supreme Electoral Tribunal, municipal regime, autonomous institutions, Public Treasury, bodies such as the National Treasury, the Attorney General's Office, the General Directorate of Civil Service and the General Comptroller of the Republic.

As mentioned earlier, the Executive Branch is composed, in addition to the President and Vice-President, by the Ministers of each branch. Among the Ministries, MIDEPLAN stands out, since is the one in charge of the *sectoral organization* of public institutions, among them “322 public institutions between ministries, territorial centralized public sector, and territorial decentralized public sector” (MIDEPLAN, 2010. p.6). Ministry that, by Law, is the governing body in matters of public management evaluation<sup>105</sup>.

As defined and explained by the General Theory of State<sup>106</sup>, all the powers of the State have the constitutional responsibility of guaranteeing the well-being of all people. In Costa Rica, this is stated in article 50 of the Political Constitution, which establishes that “the State shall ensure the greatest well-being of all the inhabitants of the country, organizing and stimulating the production and the most adequate distribution of wealth”. This norm is of great relevance in this research, since in accordance to the statement of Dr. Alex Solís, former Comptroller of the Republic and constitutional lawyer, the article 50 “defines the participation of the State, it is understood that wealth is needed and it is produced by the entrepreneur, that why it is said that production must be supported and then distribute the wealth among the most vulnerable populations” (interview July 20, 2016).

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<sup>105</sup> See item 3.3.5 The legal framework: evaluation as a normative ordinance.

<sup>106</sup> See item 3.1.2 General Theory of State.

Therefore, redistribution of wealth is a constitutional mandate and obligation that the State must carry out through the implementation of public policies and programs of a social and sectoral nature<sup>107</sup>. This constitutional responsibility that emanates from article 50, falls mainly under the Executive Power duties (President and Ministers), who has, among other functions, the responsibility of ensuring the compliance of laws and regulations, and monitoring the proper functioning of services and administrative agencies, in order to comply with article 140 of the Magna Carta.

This constitutional mandate is reinforced by the General Law of Public Administration Number 6227 of the year 1978. The aforementioned establishes the most important regulation regarding the Constitution of the Costa Rican State and its proper functioning: Article 1 of this Law establishes that “Public Administration shall be constituted by the State and other public entities, each one with legal personality and the capacity of public and private law”. In addition, article 21 states that “1. The highest constitutional bodies of the State Administration will be: The President of the Republic, the Ministers, the Executive Power and the Governing Council; 2. The Executive Power is formed by: The President of the Republic and the Minister of the branch” (Law N. 6227).

It is the President of the Republic who is empowered to appoint twelve Ministers, both with and without a portfolio, according to section 23 of the General Law of Public Administration. It is responsibility of the Ministers, together with the President of the Republic, to direct and coordinate the Administration, both centrally and, where appropriate, decentralized from the respective branch, this in accordance with article 27 of the aforementioned Law.

This *contextualization of the legal framework* that regulates the Costa Rican State is important in order to understand the *legal-institutional framework* where public policies, programs and projects (PPP) are working on specific issues related to the proper functioning of the State and welfare of the population. However, understanding public management organization and operation is not an easy task, according to an analysis of the institutional growth carried out by MIDEPLAN for the OECD, which indicates that “Costa Rica has a highly fragmented public apparatus. This means that there is a wide diversity of institutions and public bodies with different types of legal nature” that make up a total of 330 institutions (MIDEPLAN, 2018, p.5).

Within this framework is located the Ministry of Labor and Social Security (MTSS), a nodal entity in this research, and whose main objective is to direct, study and deal with everything

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<sup>107</sup> See item 3.1.4 to 3.1.8.

related to work and social security. Both the MTSS and other Ministries and Public Institutions such as the Mixed Institute of Social Assistance (IMAS, for its acronym in Spanish) and the National Learning Institute (INA, for its acronym in Spanish), have within their responsibility programs to support productive undertakings and small and medium enterprises, in order to follow the governmental orientation on fighting against poverty through the promotion of employment.

PRONAMYPE is a clear example of the presidential and Executive Power authority for the establishment of public policies and the creation of programs that executes them. It was created via Executive Decree of the President, as an instrument of the promoting employability policy, to create and support micro enterprises with financing from FODESAF of the MTSS. Thus, within the official framework of the public sector organization, PRONAMYPE is classified not as an institution, but as a Program with a legal nature attached to a Ministry, the MTSS.

### **5.1.2 The program, sectorization of the government and microfinance public policy: a review.**

#### **5.1.2.1 The sectoral organization of the Costa Rican State**

In order to understand the relevance of PRONAMYPE for the Costa Rican State and society in general, it is first necessary to determine its location within the organization of the public administration, and, subsequently, the role it plays in the framework of national planning. Regarding the first aspect, it should be noted that the Costa Rican State is organized by sectors, however, this *sectorization* is not defined in the Political Constitution, but it comes from an *intention* and an ordering work carried out by the Executive Branch for some years now. That is why most of the legal guidelines that regulate this issue have been established through Executive Decrees. In this case, it is in Executive Decree No. 38536-MP-PLAN article 2 where the term “*sector*” is defined as,

“(…) a group of centralized and decentralized public institutions with related and complementary actions among themselves in areas of public activity, governed by one or by a Governing Minister established in order to print a greater degree of coordination, effectiveness and efficiency in Public Administration (…)” (Art. 2).

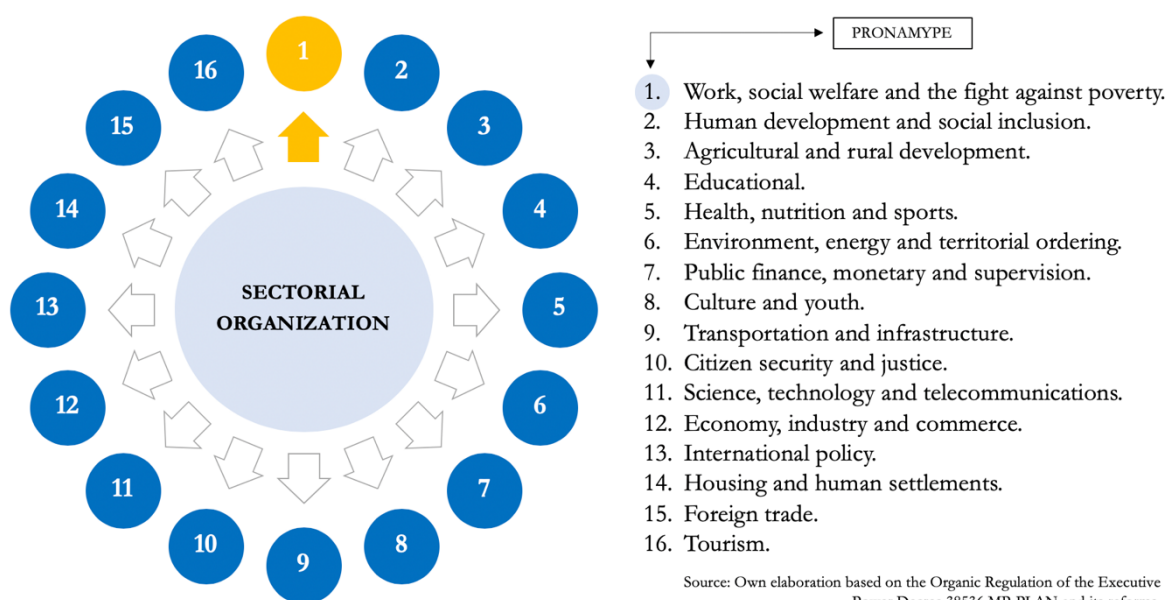


According to the specialist in politics and government, Dr. Meoño (London School of Economics and Public Sciences), professor at the School of Public Administration of the UCR, the

“Sectorization is, in our conception, the grouping of institutions, programs and activities that concur in similar fields of activity in pursuit of some government objective, establishing Ministers as major political-organizational bodies to each particular institution, in order to strengthen the political leadership of the Executive Branch, and the substantive inter-institutional programming, and the control and evaluation of public results. The Sector must bring together at least one substantive Minister with the rest of administratively decentralized entities that concur in their field of competence”. (1986, p. 123).

This means that in Costa Rica, each Government Administration<sup>108</sup> carries out the Sectorization Decree according to the interests and priority issues that it has established. For the period under study of this research, according to the current NDP 2010-2014 and the above-mentioned Executive Decree, the Costa Rican State is formed by sixteen sectors, which can be seen in detail in figure 18.

Figure 18: Sectoral Organization of the Costa Rican State



<sup>108</sup> Constitutionally, the periods of government are 4 years with the possibility of re-election once.

Altogether with sectorization, and with the objective of carrying out better coordinated and adequately directed actions, the Executive Branch established the so-called “*governing bodies*”, which are understood as “the power that has the President of the Republic together with the minister of the branch to coordinate, articulate and conduct the activities of each sector and ensure that they are fulfilled according to the guidelines of the National Development Plan” (DE. N ° 38536 - MP - PLAN, art. 4, p.4). In that sense, it can be said that the rationale behind the sectorization and its governing body, is to achieve an institutional order that allows the Government to coordinate public management in a better way, according to the usual functioning of public institutions and the definition of priorities of the administration in power. But what does it mean in public administration to “coordinate”? According to Opinion C-322-2002 (29.11.2002) of the Attorney General’s Office, coordinating is typical function of any management position or responsibility, specifically, coordinating is,

“...the ability to orient and guide the action of all public bodies and entities that form the central and decentralized administration, in order to achieve the best satisfaction of public interests and purposes, efficiently taking advantage of each one resources and assets, harmonizing efforts and directing the action to these goals, guaranteeing the unity and integrity of the State.” (PGR, 2002, p.1)

Coordination is then a management mechanism and implies the responsibility of carrying out an ideally planned (or not) set of decisions, policies, programs, activities and administrative, technical and regulatory processes, within the framework of public management, according to objectives and previously established priorities, in order to achieve greater efficiency and effectiveness of the public thing.

#### **5.1.2.2 Sectorization in relation to National Planning and PRONAMYPE**

Now that the sector organization and its importance has been established, it is worth asking to what extent the sectorizations established by the different government administrations have taken into account and affected, or not, the work of PRONAMYPE? The evidence indicates the following.

In Costa Rica, the strategic level of national planning is set out in the National Development Plans (NDPs). The NDP is the navigation chart of each Government and the main planning instrument; it contains the sectorization established by Government decree, as well as the set of public management activities according to the national priorities to be addressed. Its formulation is responsibility of MIDEPLAN, governing body and head of the National Planning System (SNP) and the National Sub-System of Evaluation (SINE).

Table 35:  
**Programmatic aspects of National Development Plans (NDPs)  
and of the Social & Labor sectors linked to MTSS/PRONAMYPE  
according to Government periods.**

|     | Aspects   | Government Period  |   |   |
|-----|---|--|---|---|
|     |   | 2006-2010  | 2010-2014   | 2014-2018   |
| 1.  | Political Party in Government:                      | PLN  | PAC   | PAC   |
| 2.  | PND validity:                                       | 2006-2010  | 2011-2014   | 2015-2018   |
| 3.  | Coordination:                                       | Social and Fight against Poverty Council.  | Social and Labor Sector   | Human Development and Social Inclusion  |
| 4.  | Highest Authority:                                  | The President  | The President   | The President   |
| 5.  | Responsible Ministry:                               | Deputy Ministry of Social Development (without portfolio).   | Ministry of Social Welfare and Family (without portfolio).  | Ministry of Human Development and Social Inclusion (without portfolio).   |
| 6.  | Governing Ministry:                                 | Ministry of Housing and Human Settlements (MIVAH).   | Ministry of Labor and Social Security (MTSS).   | Ministry of Labor and Social Security (MTSS).   |
| 7.  | Technical Coordination:                             | Sectorial Council, Inter-Institutional Technical Committee.  | Presidential Council of Social Welfare and Family.  | Presidential Social Council   |
| 8.  | Sectorization according to programmatical priority: | 1. Social and Fight against Poverty Sector.<br>2. Labor and Social Security Sector.  | 1. Social Welfare and Family Sector.<br>2. Labor Sector.  | 1. Labor and Social Security Sector.<br>2. Human Development and Social Inclusion Sector.   |
| 9.  | Main Institutions:                                  | MIVAH. MS.   | IMAS, MTSS, MEP, INA, FODESAF.  | MTSS, MEP, MS, MCJD MIVAH, IMAS.  |
| 10. | Changes in the Executive Branch for management:     | <ul style="list-style-type: none"> <li>The governing authority passes from the Ministry of Health to MIVAH, but the Deputy Ministry of Social Development remains in MIVAH.</li> <li>Transformation of the Ministry of Health in the Ministry of Health and Social Development.</li> </ul> | <ul style="list-style-type: none"> <li>The Deputy Ministry of Social Development disappears, and the Ministry of Social Welfare and Family is created (without portfolio).</li> </ul> | <ul style="list-style-type: none"> <li>The Deputy Ministry of Human Development and Social Inclusion is created, which used to be the Ministry of Social Welfare and Family (without portfolio).</li> </ul> |
| 11. | Programmatical Changes:                             | The goals related to employment generation are concentrated in the 1. Social Sector and Fight against poverty.   | Employability improvement goals are assigned according to the population segment in both sectors 1 and 2.   | All related goals go to 1. Labor and Social Security Sector (before 2).   |
| 12. | References to PRONAMYPE:                            | None. Goals and reference are for the MTSS.  | None. Goals and reference are for the MTSS.   | PRONAMYPE is responsible for goal 1.6.1.  |

Source: Own elaboration based on NDPs 2006-2010, 2011-2014, 2015-2018.

Therefore, the right path to determine to what extent NDPs have taken into account the work of the Program under study, is to perform an analysis of the sectoral aspects of the NDP linked to PRONAMYPE.

In this line of action, an analysis of the evolution of the sectoral coordination models proposed by the three government administrations included in the study period of this evaluation was made. First, a programmatic analysis of NDPs and specialized studies was performed, and, subsequently, the analysis was continued through interviews with key informants such as the former Minister of Labor and Social Security, former governing Minister of the Labor Sector and former senior hierarch of PRONAMYPE, senior civil servants of FODESAF-MTSS the current Attorney General of the Republic and the former Comptroller General of the Republic. The result of the programmatic analysis of the NDPs is systematized in summary table 34.

From this taxonomy of organizational information of the social and labor sectors, and according to the planning carried out during the last twelve years, the following can be inferred with evidence:

1. In practice, the validity periods of NDPs correspond only to 3 years and not to the 4 years of an Administration, since each government uses the first year of management to carry out strategic planning and the next three to implement it, thus technically missing a year of management.
2. Each Presidential Administration proposes a different sectoral organization approved under a Presidential Executive Decree mechanism. This is so, even when there is continuity in the ruling political party, such is the case of the transition from 2010-2014 to 2014-2018.
3. Changes have been made both in the form of organization-management of the sectors, as well as in the programmatic contents of each of the sectors, and of the NDP, therefore, the lack of continuity is evidence.
4. In terms of coordination, by political nature decisions, the Minister or Deputy Minister appointed as coordinator of the Social Council does not belong to the Ministry designated as “leader” of the sector, that is, the coordinating minister and the Governing Ministry are different

5. In the three periods analyzed, each sector underwent a name change. This is relevant since the semantic sense of the nomenclature expresses a different programmatic vision and intentionality.
6. Likewise, each Administration granted a different priority to the sectors, which is important because it has an effect on the programmatic determination of the goals.
7. The NDP contains the goals of 164 programs and projects of a total of 330 public institutions within which PRONAMYPE and FIDEIMAS are located.
8. Social policies to combat poverty and promote employment are implemented through a total of 34 main programs in 22 public institutions of different legal nature. Except for PRONAMYPE and FIDEIMAS, all programs to promote entrepreneurship and job creation belong to the Economy sector and are managed by Ministry of Economy, Industry and Commerce (MEIC).
9. Although there are 34 programs, 4 absorb the largest amount of the budget allocated to poverty reduction.
10. In this set of Programs, during the period 2006-2010 PRONAMYPE is located in Sector #1 Social and Fight against Poverty. Then, in the period 2010-2014, it is in Sector #1 Social Welfare and Family; and in the 2014-2018 period in Sector #1 Labor and Social Security. That is, regardless of the changes in the name of the sector, it has always been placed in the same national strategy to combat poverty.
11. The NDP in general and, therefore, each of its sectors, lack of a program theory that allows them to show how and what results are expected to be achieved.
12. As a main feature, in terms of the social and labor sector, programming is based on product results and percentage of goal achieved.

Therefore, the designated evaluation mechanisms are those used by SINE, which focus solely on the monitoring and fulfillment of product-goals and budget execution, without reference to the effects or impacts of the interventions<sup>109</sup>. However, it should be noted that in the NDP 2014-2018, with the support of the German International Cooperation, the first National Evaluation Agenda was incorporated as a pilot plan, which functioned as a voluntary call and not mandatory for public institutions.

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<sup>109</sup> See item 5.2 below.

13. PRONAMYPE, despite being a program with more than 20 years of implementation and an investment of 40 million dollars, is a Program completely invisible in the goals of the first two NDPs analyzed, being subjected to the actions under the responsibility of the MTSS. However, this situation has changed in the current PND.
14. Regarding the social and labor sectors, the most significant changes have to do with the coordination and governing body, since it is possible to identify a high variability in the name, both of the leading ministry and the minister or deputy minister in charge of performing the coordination work.

In that sense, the analysis indicates that not only changes in organization and management were conducted, but also deeper and more sensitive changes from one Administration to another, related to the transfer of powers from one Ministry to another, transformation of ministries and elimination-creation of new ministerial figures. Which is important to consider at the country level, since this high variability / experimentation does not allow the continuity of processes, which in turn affects the effectiveness and aggregated results of the planning.

15. Considering the abovementioned, it is possible to affirm that the national planning in Costa Rica:
  - a. It is short term;
  - b. It is formulated with a validity of four years (technically reduced to three);
  - c. All of which allows to affirm that the common denominator among Governments is the lack of programmatic continuity, since each government (political party) establishes its own priorities.
16. However, of all the above, the most significant finding in relation to PRONAMYPE has to do with its inadequate sector location and the areas of opportunity that the program ceases to obtain by not being located in the thematic sector of the *economy* and *production* which is run by the MEIC.

In this line, this research identifies a technical-legal inconsistency in the sectoral location of PRONAMYPE according to the following reasoning: although the legal nature and purpose expressed in its Decree of Origin MEIC-MTSS #21099 (and its reforms in the MEIC-MTSS #21455) establish that it is a program of socio-labor purposes belonging and supervised by the Ministry of Labor and Social Security (MTSS); the most relevant normative and thematic location actually corresponds to the Ministry of Economy, Industry and Commerce (MEIC), which is the Ministry

responsible for economic and production areas, together with public policies and financial resources to support small and medium enterprises.

The 9<sup>th</sup> and 16<sup>th</sup> aspects previously identified are nodal and have an important explanatory scope within this context analysis, so it is necessary to deepen them based on the normative analysis and current public policies that specifically govern the micro-finance sector, and the opinions of the authorities related to PRONAMPYME.

### **5.1.2.3 Governing scheme of the microfinance public policy**

As stated above, the sectorial location and the governing Ministry of MTSS under which PRONAMPYME is managed is inconsistent with the provisions of the law and the current sectoral microfinance policy of the country in that matter, which reveals the existence of a sectorial transposition and a possible duplication of interventions.

This statement is based on the fact that institutional responsibility for SMEs / microfinance rests with MEIC, according to the reform of the Organic Law of this Ministry and the enactment of *Law No. 8262 on Strengthening of Small and Medium Enterprises*. This law establishes MEIC as the governing Ministry (article 1) and creates the General Directorate of Support for Small and Medium Enterprises (DIGEPYME) as the technical body with competences in the matter (article 8). Under this perspective, a content analysis was carried out to the aforementioned Law, its most relevant and significant data are systematized in Table 36, which provides sufficient evidence to clearly describe what are the ordinances and binding provisions of the Law and the MEIC towards PRONAMPYME.

As stated in table 35, MEIC's authority directly reaches the management of PRONAMPYME, as program under study, and with FIDEIMAS of IMAS, as control group in this research. It is also observed that both programs (PRONAMPYME and IMAS) have a high similarity with programs such as PROMYPE and PINN implemented by MEIC, even though there are differences in the components and characteristics of their target populations. In that sense, it is there that an important level of duplication of functions is identified between the programs of the MTSS work sector, those implemented in the productive sector of SMEs of MEIC and those that the NDP has incorporated within the axis of "Competitiveness and Innovation", axis where everything related to MSMEs is located and which is MEIC's responsibility.

Table 36  
**Ordinances and provisions established in Law 8262 on Small and Medium Enterprises Strengthening  
binding to PRONAMYPE**

| Ordinance   | Art. | Law Provisions   |
|---|------|--|
| <i>Integrated Strategic System</i>  | 1°   | The purpose of this Law is to create a regulatory framework that promotes an integrated strategic system of long-term development, which allows the productive development of small and medium-sized enterprises.  |
| <i>Promote Comprehensive Development</i>  | 2°   | Encourage a comprehensive development of SMEs, taking in consideration their skills for job creation, economic democratization, regional development, linkages between economic sectors and the use of small capital.  |
| <i>Institutional Organization as the governing body for a systemic relationship</i>     | 2°   | Establish an institutional organization to support SMEs, by defining the governing body, its functions and its systemic relationship with the institutions supporting specific programs, as well as mechanisms and coordination tools.                                       |
| <i>Public Policy Development</i>  | 4°   | Contribute with MEIC in the development of public policies for SMEs matters.   |
| <i>Promote, encourage and coordinate credit programs according to target population</i> | 7°   | The state banks and the Popular and Community Development Bank may promote and encourage differentiated credit programs aimed at the micro, small and medium enterprises sector. The definition of specific programs should be communicated to MEIC for proper coordination. |
| <i>Creation of a Special Fund</i>   | 8°   | Create the Special Fund for the development of micro, small and medium enterprises (Fodemipyme).   |
| <i>Grant credits and training</i>   |      | Grant credits, training and technical assistance to micro, small and medium enterprises.   |
| <i>Creation of a support program for SMEs</i>   | 13°  | Create the Program to Support Small and Medium Enterprises (PROPYME), which will aim to finance actions and activities that sought to promote and improve the management capacity and competitiveness of small and medium-sized Costa Rican enterprises.                     |
| <i>Institutional sectoral coordination of existing programs</i>                         | 22°  | MEIC will coordinate and articulate the creation of sectoral training and technical assistance programs, ensuring that quality, evaluation and training meet the requirements of SMEs.   |
| <i>To develop coordination tools</i>  | 25°  | MEIC will develop coordination tools to guide the actions of the entities and bodies of the central and decentralized administration that execute programs and projects related to SMEs.   |

Source: Own elaboration based on Law 8262.



For the aforementioned, it is considered that the sectorial location of PRONAMYPE in a sector different from its nature, represents an inconsistency in the implementation of the Program, product of an error in the design of its Law of creation, an error that can be remedied given the powers and possibilities that the mechanism of the Presidential Decree grants. A mechanism that, as already explained (see table 34), is commonly used in government administrations.

However, in the framework of this context evaluation, this finding is relevant not only because of the weight of the legal angle that would allow to give greater thematic coherence to the public management of PRONAMYPE, but also, it is important, because based on the Law N° 8262, the Government of the Republic, through MEIC, has created a set of policies, programs, instruments and sources of support for small and medium-sized enterprises, of which PRONAMYPE is on the sidelines for not being part of the economic-productive sector (as will be shown later in the policy network analysis item).

In fact, based on that Law, productive initiatives that are of great importance in the development of the economy have been created, both national and regional, for example, the *Special Fund for the Development of micro, small and medium enterprises (FODEMIPYME)*, whose objective is “to promote and strengthen the development of micro, small and medium-sized enterprises, and economically viable social economy enterprises that generate jobs” (Law 8262, article 13). It can also be mentioned the *Program to Support Small and Medium Enterprises (PROPYME)* that aims to finance actions and activities that sought to promote and improve the management capacity and competitiveness of small and medium-sized Costa Rican enterprises through technological development as an instrument to contribute to the economic and social development of different regions of the country (idem).

Moreover, based on Law 8262, the last two government administrations have formulated their microfinance public policy through the *approval of the National Policies* in that matter, and through which MEIC has exercised its leadership and responsibilities in the institutional organization of the SME ecosystem. This is relevant, since beyond the discussion of its real effectiveness in terms of policy making, both National Policies are the way in which the State formulates its national strategy for the mobilization of national resources and capacities to promote MYPYMES, among them: financing, formalization terms, training and advice centers, actions to promote associativity and productive articulation. Table 37 identifies these National Policies as instruments of public policy according to the different government periods, Ministries and public institutions called to lead their implementation.

Table 37:  
**Public policies for the promotion of SMEs and entrepreneurship  
 derived from Law 8262 according to Government Period.**

| Legal Framework (*)  | Presidential Period & National Policy  | Ministry and technical institution in charge  | Other co-responsible institutions   |
|--|--|---|---|
| Law 8262 on Strengthening Small and Medium Enterprises (2002) and reforms (2015).            | <b>2010 - 2014</b>   | → Vice Ministry of Economy, Industry and Commerce of Costa Rica (MEIC) through the: | <ul style="list-style-type: none"> <li>• Ministry of Science, Technology and Telecommunications (MICITT)</li> </ul>   |
|  | Government of Chinchilla Miranda:<br><i>National Policy for the Promotion of MSMEs and entrepreneurship.</i> |   |   |
|  | <b>2014 - 2018</b>   | General Directorate of Support for Small and Medium Enterprises (DIGEPYME).         | <ul style="list-style-type: none"> <li>• Foreign Trade Promoter (PROCOMER)</li> <li>• National Learning Institute (INA)</li> <li>• Popular Bank (PB)</li> </ul> |
|  | Government of Solís Rivera:<br><i>Policy for the Promotion of Entrepreneurship in Costa Rica.</i>            |   |   |
| <i>National Productive Articulation Strategy: engine of economic and social development.</i> |  |   |   |

(\*) In addition to the Presidential Executive Decrees: Women's economic autonomy; Regional Competitiveness Councils; Integrated System of Entrepreneurial Development and SMEs; Use of the SME Seal; Promotion of SMEs in the Purchases of Goods and Services of the Administration; Tax Exemptions and other benefits; Protection of citizens from excessive procedures.

Source: Own elaboration based on Law 8262 and National Policies 2010-2014, 2014-2018.

#### 5.1.2.4 Assessments on findings from senior authorities and other sources

To fully understand the extent to which PRONAMYPE's situation constitutes an isolated case within the public institutional framework or, on the contrary, a generalized situation in the organization and coordination of public management, this item contrasts the results obtained throughout this context assessment. The contrast is made through the opinions of senior political authorities in exercise during the period of study of this evaluation, fed back with data of academic research and of two official investigations carried out by the Comptroller General of the Republic (CGR).

In this line of action, this research inquired in depth about the programmatic specialization of public interventions, specifically on the location and role of PRONAMYPE, through

direct enquiry, via interview, to Dr. O. S., former MTSS Minister<sup>110</sup> (in exercise during the period of this evaluation), who was asked the following question: *why do you consider that a program like PRONAMYPE that seeks to support productive initiatives of vulnerable population, is excluded from the scope of attention of MEIC in order to locate it under the MTSS ?*

In this regard, former Minister acknowledges what has been argued so far in this work and explains that:

“It is a historical problem, also of the transformation of the Ministry, MEIC is currently neither of Industry nor of Commerce, now it focuses more on micro and small enterprises, the Ministry has been changing. It is now understood that MEIC should have PRONAMYPE in its custody but years ago when PRONAMYPE was created, it sought to serve a rural and poor population that did not have jobs, so it was sought to help them with credits, but this population had few possibilities of responding with assets to these credits, it was impossible for the Ministry [MEIC] to meet these needs, that is why PRONAMYPE emerges as a second floor bank, where it is the Intermediary Organizations who deal with the population and have a more direct relationship to support their needs through national banking. In the MTSS the program does a good job, but this way of organizing the program responds to historical causality” (Interview July 22, 2016, Heredia, UNA) [The underlined belongs to the researcher].

For his part, faced with the same question, the former Comptroller General of the Republic Dr. A. S. responds:

“It is due to institutional disorders or power disputes. Since what is established does not meet technical criteria, anything can be expected, all of them associated with islands of power. Administrative disorder that leads to ineffectiveness, ungovernability and higher operating costs. From a legal point of view, it is not possible to ask for accounts because the programs are very dispersed, very diluted” (Interview, San Pedro, San José, July 2016).

Given the authority that these political figures possess, their assessments constitute valid evidence. The opinion of the former Minister of MTSS is significant since, although he does not answer the question directly, his answer legitimates the actions of the State by explaining that the location of the Program responds to historical nature problem and argue, as a justification, that PRONAMYPE was born to serve a population that could not be covered by MEIC. This opinion can certainly be respected, however, in the light of reality, it is political as much as false, for three fundamental reasons:

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<sup>110</sup> Also, a professor at the International Center for Economic Policy for Sustainable Development (CINPE, for its acronym in Spanish) of the National University of Costa Rica (UNA, for its acronym in Spanish).

1. As explained in item 2.1 Problem analysis, PRONAMYPE emerges as part of a set of programs created to reduce the effects of the economic crisis of the 1980s and which strongly impacted the next decade, but not as a program that MEIC could not attend at that time since,
2. PRONAMYPE, specifically, emerges as a response from the state to the outsourcing of the labor market, high unemployment and the increasing informality of the economy.
3. Certainly, the former Minister indicates that MEIC is the Ministry responsible for serving micro and small businesses, in fact it is during his period of exercise (2010-2014) and the administration of that Government, when the first “National Policy for the Promotion of MSMEs and entrepreneurship” (table 36) is enacted, omitting or ignoring that this policy precisely provides a legal framework in the absence of a public microfinance policy.

On the contrary, as can be seen, the criterion of the ex-Comptroller points directly, punctually and more closely to the reality of the facts, the problems and the programmatic dispersion of the institutions as a serious consequence (perhaps due to his nature of neutrality as he was not part of the active administration). In that sense, as Céspedes & Jiménez (2010) pointed out, the diversity of programs does not constitute or represent in itself a defect in the fight against poverty. However, when developed in isolation, it presents three major consequences and weaknesses of social policy: (i) increases costs; (ii) does not attack poverty from a coordinated strategy; (iii) undermines the institutional capacity of programs to achieve their programmatic goals, but which, in short, are caused by problem of management and coordination of State institutions.

The previous mentioned is not a unique discovery of this investigation, but rather a ratification of the findings about PRONAMYPE as a specific case, which coincide with the general opinions of the CGR according to two audit studies carried out, the first, in 2009 and the second in 2012 for the SME sector.

In 2009, the CRG conducted a study on the capacity of the Costa Rican State to design, execute and evaluate public policies aiming at overcoming poverty, of the 1998-2010 government administrations, indicating the following:

“This is how it is observed that the different governments have had a lack of clarity about who should be the leader of each sector of Government, the role that corresponds to the President of the Republic and to the National Planning System at the intersectoral level; even more, they have not acknowledge that this is the organizational scheme that legally allows the political direction and coordination of the plan or programs aimed at overcoming poverty, so that the structures created have not been effective to achieve the proposed goals and even less, to capitalize on the experiences and allow the country’s learning and progress” (CGR, 2009, p.14-15) [the underlined belongs to the researcher].

In 2012, specifically about MEIC, the CGR presented its “*Special audit report regarding certain aspects of the leading role assumed by the Ministry of Economy, Industry and Commerce over the micro, small and medium sized business sector*”, which indicates that,

“The evaluation of the coordinated institutions, entities and organizations coordination functioning that provide services to SMEs shows weaknesses. Their relations of agreement and exchange are still weak, which can generate a dispersal of efforts and duplication of actions; neither sufficient coverage of services to SMEs has been achieved. In sum, it has not yet been possible to create greater rationalization and efficiency in the use of committed human and financial resources” (CGR Report, 2012, p. 20-21) [the underlined belongs to the researcher].

Therefore, it is clear that the endemic problem of sectorization is that the number of sectors, their organization and priorities changes with each Administration every four years (see figure 15 and table 34). Asked about this aspect, the former Minister of Labor points out that

“The State has been generating a too large division and sectorization, there are more than 350 state institutions, which are also made up of a large number of public servants, and this responds to group interests that benefit from this structure. The country must be sectorized for a better organization, however there is a necessity for an adjustment with the objective of reducing the number of institutions” (Interview with Dr. O.S., July 22<sup>nd</sup>, 2016, Heredia, UNA) [the underlined belongs to the researcher].

On the other hand, in spite of this organizational effort carried out by the State, according to the appreciation of former Comptroller Dr. A. S., who worked in the entity that by law is responsible for overseeing the work of the state,

“Regardless of how the sectors are formed, the result is not satisfactory, the State has grown exponentially without responding to any strategic criteria, as a result of poor planning and with a great presence of duplication of functions. It is necessary to fix the state architecture” (Interview, San Pedro, San José, July 2016).

In that sense, another problem associated with sectorization is identified: duplication of functions. This issue is analyzed in the work of Bolaños (2011), who argues that in order for the sectorial public service to have a positive impact, it has to face and overcome a series of problems, including,

“The duplicity of administrative functions of different public entities, *without control and/or evaluation of the impact* over the target populations or users, whether

in the provision of services, delivery of materials, subsidies, etc.” (p. 44) [the underlined belongs to the researcher].

According to Bolaños himself, the problem is attributed to

“The lack of a governing body sufficiently empowered of its functions and responsibilities regarding the coordination of the sector through guidelines, prevents adequate public policies with real socio-economic impact from being designed, established, controlled and evaluated”. (2011, p. 44) [the underlined belongs to the researcher].

Regarding the public coordination aspect, this investigation identified that there is no relationship between DIGEPYME of MEIC as the governing body of the Productive Sector and the MTSS Socio-Labor Sector (Enquiry made to the MTSS Planning Department, 02.24.2016).

Likewise, the internal relations of coordination between PRONAMYPE, the MTSS and the goals set in the NDP were investigated and, based on the programmatic analysis of its Strategic Plans and Operational Plans, but also on the budgetary programming of the MTSS and FODESAF of the year 1999 to 2018, the following findings were obtained:

1. The MTSS executes the programs under its responsibility separately and without relation between them, although institutions, programs and plans correspond between each other in relation to its strategic objectives.
2. As a consequence of the previous point, MTSS sends to the NDP a list of goals that do not answer to a line of work from an integrated programming.
3. Specifically, on actions directed towards SMEs and NDPs, it is certainly proven that, programmatically, they arise as a component that seeks to reduce poverty impact, improve living conditions and increase social mobility of vulnerable populations. But these actions are broken down into three MTSS programs, linked thematically but not articulated among them: PRONAMYPE, the Program for the promotion of cooperative organization and development and the Program for Development and Strengthening of the Social Solidarity Economy.
4. Consequently, the monitoring that MIDEPLAN carries out through SINE at the level of fulfillment of the goals, is done separately and does not determine the added value or impact of the set of social and economic indicators of the sector.

When consulted specifically on this aspect, the former Minister of Labor, Dr. O. S., admits this finding, and also admits that in the public sector there is no real coordination between the institutions that form this sector, since,

“The hierarchical relationship is not of command, but of coordination, which are linked to each other, but there is no close relationship. If the governing body

had more authority and directionality instead of just coordinate, it would probably work better; what is expected of the governing body is that it can plan without overlaps or contradictions.” (Interview, July 22<sup>nd</sup> 2016).

The above is confirmed by the enquiry made to the technical instances of the MTSS, since, as explained by Mrs. María Elena Fonseca, director of the Department of Organizational Development of the MTSS, in order to follow up the sectoral goals of the MTSS in the National Developing Plan:

“Each of the institutions that form the Sector, works on its own and separately the goals that are specifically assigned to them and it is only during the accountability when the MTSS requests information about each of the goals to the responsible institutions, whom then issue a report that is subsequently unified with that of this Ministry (interview February 24, 2016, San José, MTSS) [the underlined belongs to the researcher].

Therefore, it is possible to affirm that it is true what is indicated in an UCR specialized study, in relation to the problem of NDP’s goals, indicating that these,

“...continue to show (...) an aggregation of each institution offer, but not a collective construction as a whole based on central and unitary criteria and parameters that oblige each institution, rather, to critically and selectively review its offer, and build it collectively based on really common GOALS and clearly supported by the legal framework of each institution” (2007, p. 46).

This implies difficulties related to the lack of coordination that has been mentioned, since the goals are presented first by sector and then divided by institution. On many occasions two institutions of the same sector share a goal but different guidelines, so that ultimately each institution works its part in isolation, which makes coordinated work between sectors to address common goals and populations more complex.

To start working towards this unification, Meoño (2007) states that it is necessary to define a “unit criterion”, which allows the articulated definition of goals, “so that each benefit or program is defined to add to each another with the same beneficiary in mind and with the synchrony or simultaneity that guarantees that the State’s support will be comprehensive and that it will achieve the greatest combined impact possible according to the comprehensive needs of each family or beneficiary”(p.48).

It is necessary, according to Meoño’s proposal, that one or several institutions on behalf of the State, take responsibility for the task of identifying the comprehensive needs of families in poverty and extreme poverty to adequately address them under the “comprehensive principle” based on articulation and complementarity of the goods and services programmatically offered by the different sectorial policies interventions (Sojo, 2007, p. 122.)

The following item will analyze this problem from another perspective, no longer in terms of sectorial design, but from the framework of existing coordination relationships between public and non-public interventions to support and encourage SMEs.

### **5.1.3 Role of the Program seen from the Policy Network Analysis**

As a technique, network analysis has an explanatory scope relevant for context analysis. In this case, its usefulness allows deepening the analysis related to institutional coordination by adding more evidence to answer the question that guides item 5.1<sup>111</sup>. In that sense, throughout this section it will be identified the existence of structures and possible relationships derived from public programs and policies aimed at fight against poverty and supporting micro, small and medium enterprises.

The explanatory scope of the Policy Network Analysis allows to know how political systems work and are structured (governance) and if they do so in an interdependent, functional and sectorized way, which provides a systemic vision that is essential to evaluate the government's performance in different levels.

According to Klijn, a network can be understood as “more or less stable patterns of social relations between interdependent stakeholders that form around problems and / or policy programs” (Klijn, 1998, p.5), since, according to Freeman, in political subsystems exists “patterns of interactions, or stakeholders, involved in decision making, in a special area of public policy” (Freeman cit by Klijn 1998, p.22).

Since this analysis is limited to a specific field of government public management, it can be classified as Issue network, a type of network study model, within which “a thematic network is a group that shares knowledge related to some aspect of a certain public policy” (Hecho, 1978, p.276) as in this case, directly linked to public and private policies, programs and projects involved in the country's microfinance sector.

In that sense, and in relation to PRONAMYPE as a case study and even to FIDEIMAS as a control group in the quasi-experiments (whose results are presented in part B), it is interesting to determine how the MSME ecosystem is constituted, what is the location of these programs, which target populations they serve (and with which components), and, if there are links and patterns of direct or indirect relationship with the micro-entrepreneurship policy within the sectorial and national level.

---

<sup>111</sup> Question #1: to what extent, is there coherence between the objectives of the intervention with public policy and sectorial level at which it is implemented?



In order to identify the microfinance ecosystem based on the set of existing interventions, a thorough online and *in situ* documentary research was carried out for the Costa Rican case. With this, a actors/organizations mapping was generated, taking as an analysis unit all those projects, institutions or foundations that offer support and services within the microfinance sector.

The results of the mapping indicate that in Latin America and the Caribbean there are at least 82 projects, microfinance institutions (MFIs) or initiatives to support MSMEs (see general table in annexes), which confirms the relevance of supporting the microfinances in the region as well as the legitimacy that it has as a state tool for the promotion of self-employability in labor markets.

To narrow down the analysis, from this set of projects, the cases of Costa Rica were extracted, obtaining a total of 22 interventions (nodes). Subsequently, a representative of each of these projects was visited or consulted by telephone to verify the previously selected information and conduct a brief interview on the variables / attributes to generate the subsequent analyzes. With this information a general *adjacency matrix of interventions* was generated and then, a *binary incidence matrix* for each of the 4 attributes (variables) of type 1 (symmetric matrix), in which the series of interventions is the same in the rows and columns, and of type 2 (non-symmetric matrix) in which the data series in the rows corresponds to the interventions and in the columns to the attributes.

Table 38:

## Adjacency matrix of interventions with support instruments for MSMEs in Costa Rica according to analysis categories.

| #  | Name                                      | Scope           | Sector           | Executor                  | # of Components | Target Population            |
|----|---|-----------------|------------------|---------------------------|-----------------|------------------------------|
| 1  | DIGEPYME (MEIC)                           | National        | Public           | Ministry                  | 6               | Small, Medium.               |
| 2  | Virtual Platform (INA)                    | National        | Public           | Autonomous Institution    | 3               | Micro, Small, Medium.        |
| 3  | INA with support of IMAS                  | National        | Public           | Autonomous Institution    | 4               | Entrepreneurship, Micro.     |
| 4  | FIDEIMAS (IMAS) – <b>Control Group</b>    | National        | Public           | Autonomous Institution    | 3               | Entrepreneurship, Micro. (*) |
| 5  | PYMES (FCR-Canadá)                        | National        | Public           | Non-Governmental          | 1               | Micro, Small.                |
| 6  | PRONAMYPE (MTSS) – <b>Treatment Group</b> | National        | Public           | Autonomous Institution    | 2               | Entrepreneurship, Micro. (*) |
| 7  | FODEMIPYME (Popular Bank)                 | National        | Banking          | Bank                      | 1               | Micro, Small, Medium.        |
| 8  | FINADE (BCR)                              | National        | Banking          | Bank                      | 2               | Micro, Small, Medium.        |
| 9  | PROPYME (MICITT)                          | National        | Public           | Ministry                  | 2               | Small, Medium.               |
| 10 | Support Program to Org. Coop. (INFOCOOP)  | National        | Public           | Autonomous Institution    | 2               | Entrepreneurship (+)         |
| 11 | Socio-productive Ideas program (IMAS)     | National        | Public           | Autonomous Institution    | 1               | Entrepreneurship (*)         |
| 12 | Emprende Project (INAMU)                  | National        | Public           | Autonomous Institution    | 3               | Micro.                       |
| 13 | FOMUJERES (INAMU)                         | National        | Public           | Autonomous Institution    | 1               | Micro.                       |
|    | Promotion and Strengthening Program MPM   |                 |                  |                           |                 |                              |
| 14 | (MTSS)                                    | National        | Public           | Ministry                  | 2               | Micro, Small, Medium.        |
| 15 | Agro CAFTA (FECAEXCA/BID)                 | Central America | Private          | Multilateral Organization | 3               | Small, Medium.               |
| 16 | Centro PYME (SICA)                        | Central America | Multilateral Org | Multilateral Organization | 3               | Medium.                      |
| 17 | FINPYME CREDIT (CII/BID)                  | Latin America   | Multilateral Org | Multilateral Organization | 5               | Micro, Small, Medium.        |
| 18 | Management Dialog (AI)                    | Latin America   | Private          | Multilateral Organization | 1               | Small, Medium.               |
| 19 | SMEs Competitiveness (PIDM)               | Latin America   | Private          | Autonomous Institution    | 1               | Small, Medium.               |
| 20 | Foundation for Development S. (FUNDES)    | Latin America   | NGO              | Non-Governmental          | 2               | Micro, Small, Medium.        |
| 21 | IBERPYME (SELA)                           | Ibero-America   | Multilateral Org | Multilateral Org.         | 3               | Small, Medium                |
| 22 | MSME Support Program (BCIE)               | Ibero-America   | Multilateral Org | Multilateral Org.         | 3               | Medium.                      |

Notes: (\*) Poverty and Extreme Poverty

(+ ) Within a Cooperative.

Source: Own elaboration based on actor mapping.

All the data generated in the incidence matrices were binary (dummy variables) and processed in the UCINET software (Version 6), to generate two different, but complementary, types of results (outputs). The first is the visualization of the set of support programs, projects and instruments structure in a graph (sociogram), according to each of the attributes, and the second is the estimation of structural indicators, based on the binary values produced between the relationships of the interventions according to each matrix, whose general results are presented below.

#### **5.1.3.1 MSMEs ecosystem identification**

The general finding of the mapping is that the ecosystem of interventions aimed at the support and promotion of MSMEs consists of 22 interventions, which, for the purposes of this section, were analyzed according to four variables (attributes): scope, sector, executor, number of components offered and target population (see table 37).

The total of the 22 programs, projects or support instruments is made up as follows: two thirds (14 / 63.7%) are national projects and the rest (8 / 36.3%) are interventions executed in Costa Rica but with a greater implementation scale, since they are developed in Central America, Latin America or even Iberic-America, and are generated from different sectors and by different types of institutions.

Likewise, the ecosystem of interventions is heterogeneous in terms of the target population to which it is directed, in fact, many programs separate into segments their target population, making a distinction between programs aimed at (\*) microenterprises and SMEs (small + medium) and others (\*\*) extend their coverage and unify the MSME (micro + small + medium) concept. For analytical purposes, all types of population were taken.

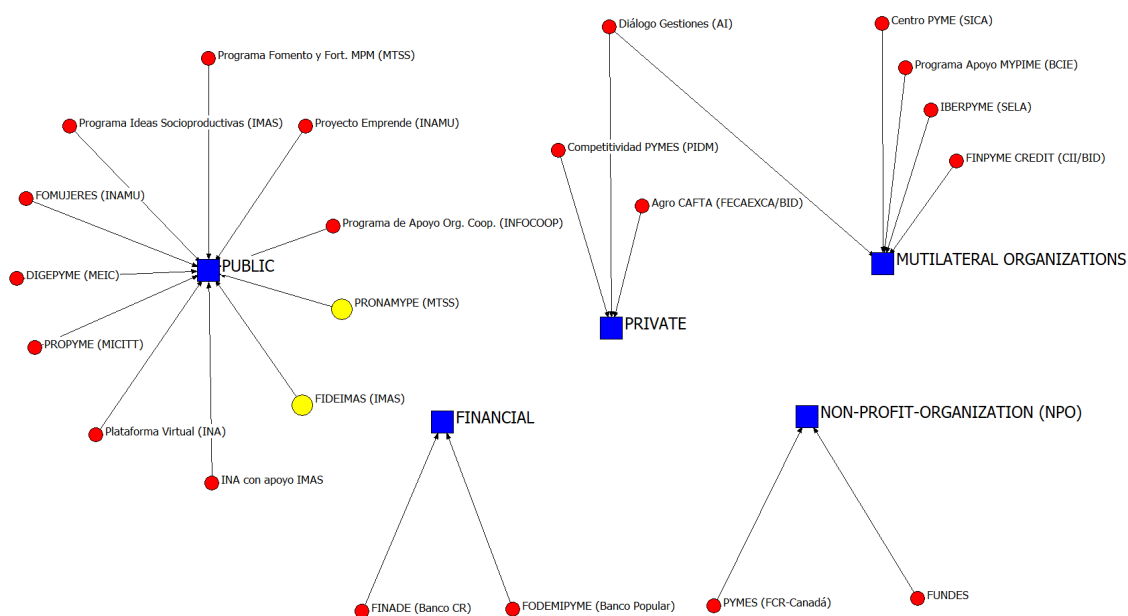
#### **5.1.3.2 Interventions according development sector**

In terms of the policy network analysis, the first result allows to contextual all interventions according to the type of development sector to which they belong, and from which are implemented. This result is represented in the network of Figure 16 and, in whose analysis and interpretation, it is possible to identify some interesting findings of the context of PRONAMYPE implementation as a central object of study. The way in which the intervention ecosystem is structured proves that the public sector, through the action of the State (Meny & Thoening, 1989) and the last three governments of the Republic, has included as one of its important objectives, the programs to support and strengthen MSMEs; which is even more consistent with the agreement taken by the Government Council of the Solís Rivera Administration (05/27/2014) which ordered the Executive Power “to place employment policy as an institutional strategic objective of the Costa Rican State to combat poverty and inequality” (PND, 2014, p.5). An issue that is important in terms of governance, since it allows to observe how the State incorporates the subject under study into its agenda

and, based on decisions of deliberation of public policy, configures public management and the provision of its services to the microfinance sector.

However, the structure taken by the network corresponds to a disconnected graph in which interventions as nodes (in red) are not directly or indirectly connected to each other, but are configured from 5 disconnected subgraphs (compactness indicator value: 0.033), which evidences the high segmentation of the sector (fragmentation indicator value: 0.967), due to an important participation of multilateral organizations (Indegree<sup>112</sup>: 4-interventions-), private sector (Indegree: 3), Non-profit organization (NPO) (Indegree: 2) and financial institutions (Indegree: 2).

Figure 19:  
**Network of programs and projects with support interventions for MSME's according to the economy sector.**



And although the network structure presents an acceptable average of links (Ave Degree<sup>113</sup>: 0.852) with the sectors (in blue), the sectors are not linked to each other, which evidences the non-existent articulation between public and private affecting the exchange flows between interventions (nodes), an aspect that explains the low density of the network (indicator value: 0.333) and the low connectedness (indicator value: 0.333).

<sup>112</sup> Degree is the number of incident lines that a node has, which can be determined according to *Indegree*, such as the number of lines that the node “receives”, that is, the number of lines that direct the node; and the *Outdegree* corresponding to the number of lines that the node “issues”, that is, the number of lines “sent” by the node to other nodes. In turn, both are indicators of centrality.

<sup>113</sup> Although the Degree refers to each node, the indicator can also describe the network or the system in general with the arithmetic measure and the variance of the degrees, which in this case is 0.852.

An exception among this lack of articulation is that of the “Managers Dialogue” project, which acts as a transmitting node that connects the private sector to which it belongs, with the multilateral organizations sector. However, in general terms, the mandate of Law 8262 is not fulfilled, when it states that the institutional coordination of MEIC must “guide the action of the entities and bodies of the central and decentralized administration, as well as the private organizations that implement programs and projects related to SMEs, in order to harmonize efforts and achieve adequate satisfaction of the needs of that sector” (p.8). In sum, this analysis of the morphology of the microfinance sector is supported by estimates of the incidence matrix, whose values are detailed in Table 39.

Table 39:  
**Whole network measures of the matrix of interventions  
according to their economy sector.**

| NETWORK COHESION       |  |                                      |
|------------------------|--|--------------------------------------|
| -----                  |  |                                      |
| Input dataset:         | Matrix PPP according to their sector     |                                      |
| Output dataset:        | Matrix PPP according to their sector-coh |                                      |
| Whole network measures |  |                                      |
|                        |  | 1<br>Matrix<br>by<br>sector<br>----- |
| 1                      | Ave Degree                               | 0.852                                |
| 2                      | Indeg H-Index                            | 3                                    |
| 3                      | Deg Centralization                       | 0.048                                |
| 4                      | Out-Central                              | 0.046                                |
| 5                      | In-Central                               | 0.405                                |
| 6                      | Density                                  | 0.033                                |
| 7                      | Components                               | 27                                   |
| 8                      | Component Ratio                          | 1                                    |
| 9                      | Connectedness                            | 0.033                                |
| 10                     | Fragmentation                            | 0.967                                |
| 11                     | Closure                                  |                                      |
| 12                     | Avg Distance                             | 1                                    |
| 13                     | SD Distance                              | 0                                    |
| 14                     | Diameter                                 | 1                                    |
| 15                     | Wiener Index                             | 23                                   |
| 16                     | Dependency Sum                           | 0                                    |
| 17                     | Breadth                                  | 0.967                                |
| 18                     | Compactness                              | 0.033                                |
| 19                     | Mutuals                                  | 0                                    |
| 20                     | Asymmetrics                              | 0.066                                |
| 21                     | Nulls                                    | 0.934                                |
| 22                     | Arc Reciprocity                          | 0                                    |
| 23                     | Dyad Reciprocity                         | 0                                    |

23 rows, 1 columns, 1 levels.  
For symmetric matrices, Centralization is Freeman's degree centralization.  
For non-symmetric matrices, Centralization is indegree centralization.

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Source: Own elaboration.

However, in relation to the role of the public sector and PRONAMYPE in that context, a greater participation of the State is certainly identified, which explains the value reached by the Degree centralization indicator: 0.048. On the other hand, and from a more comprehensive analysis of the set of public interventions, the arrangement of the sector shows two characteristics that determine its implementation, one in the institutional sphere and another in the strategic sphere, in relation to the type of socio-labor policy to which a certain program answer.

In the institutional sphere, it is determined that the attention that the State carries out in the microfinance sector responds to a management model called “agency-fication” (Zurbriggen, 2011, p.188) of public affairs, which consists in the attention of an issue of public interest, through the separation and specialization of large instances such as a Ministry (MTSS, MEIC, MICITT) or decentralized institutions (IMAS, INA, INAMU) into smaller instances such as Offices (INA Virtual Platform), Departments (DIGEPYME -MEIC) or assigned projects (PRONAMYPE, FIDEIMAS). The foregoing, in itself, is not an incorrect way of public management, but perhaps it is inadequate considering the persistent failures at the sectoral coordination level, which have already been discussed in previous items.

In the strategic sphere of the design of interventions in the area of *work, unemployment and welfare* policy (Béland, 2010), the 11 “*Top-down*” (Lowi, 1972, Sabatier 2008) interventions for labor market regulation that respond to the social protection policy component (Castel, 2004) of Costa Rica are articulated under two ordinal lines of attention for the target population.

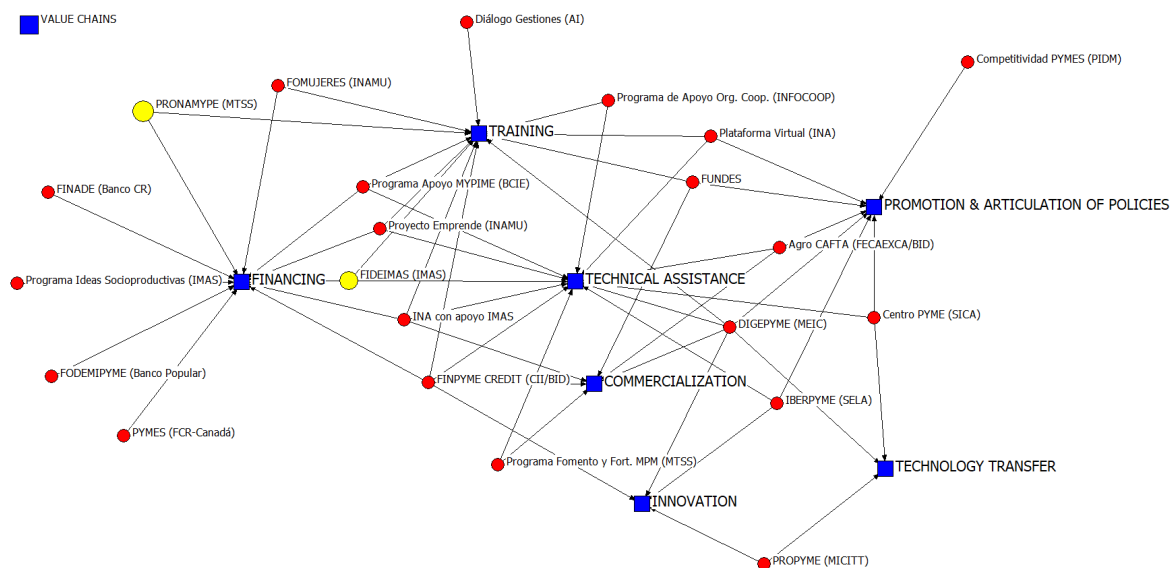
On one hand, the use of active labor market policies is identified which seek to improve the distributive function of the State (Knill & Tosun, 2011) with programs that have the objective of (re) incorporate or reintegrate population in situation of social vulnerability into the labor market. Some examples are INAMU’s Emprende Project and Promujeres or the Support Program for Cooperative Organization (INFOCOOP).

On the other hand, always within the distributive function, the State also resorts to the use of passive labor market policies (Alba, 2015), which consist in stimulating mobility of people excluded from the labor market, to overcome their condition of unemployment, through the use of their own employability mechanisms. Programs and projects of this type are characterized by being focalized and have a palliative nature, since they seek to provide the minimum means of subsistence, usually through direct transfers or the granting of loans with “soft rates” or lower. PRONAMYPE and FIDEIMAS are located precisely in this category.

### 5.1.3.3 Interventions according to their grammatical offer

The grammatical offer of the set of programs and projects of the sector, materializes in interventions that go beyond granting microcredits as the main support tool and, therefore, generates a distribution of the interventions very different from the one analyzed in the previous item. It can be observed that the type 2 matrix (not symmetric) graph produces a more complex type of network based on a structure of relations between the interventions (red nodes) linked to one or more components (in blue) which produces a high connectivity (indicator value: 0.875). All this affects the formation of a network of interventions, which, analyzed in relation to its grammatical offer, is not segmented (fragmentation indicator value: 0.125) and presents a trend of attention to MSMEs in two poles, as can be seen in detail in the general structure of the following graph.

Figure 20:  
**Network of programs and projects to support MSME's according to components of their interventions.**



In that sense, the central finding has to do with the fact that, although the training (Indegree: 10) and finance (Indegree: 9) component has the greatest amount of links, that is, it represents the largest grammatical offer of interventions in the sector, these two products are not the only ones; on the contrary, the greater density of relations between projects and components, is presented in a more compact way (to the right of the graph) in those whose intervention is oriented towards other areas such as the technical assistance (Indegree: 10), the commercialization (Indegree: 6), the promotion and articulation of policies (in degree: 6), and innovation (Indegree: 4).



In addition, in the Costa Rican environment there is an important lag in the offer of projects of greater complexity, oriented to technological transfer (in degree: 1) and, in no case, to the development of actions oriented to generate a business value chain (node isolated, in degree: 0) as a tool for strategic analysis of activities to understand its internal functioning and, from there, determine its competitive advantage, since the market and its economic environment, constantly, press and hinder that productive activities survive on their own. The relative importance of each of the programmatic components in relation to the set of interventions is clearly represented ordinally in the measures of the indicators in the second block of table 40.

Table 40:  
**Mode centrality measures of the matrix of interventions  
according of their components**

2-MODE CENTRALITY

Input dataset: Matrix of Components  
Output ROW measures: Matrix of Components-row-cent  
Output COLUMN measures: Matrix of Componentes-Colcent

2-Mode Centrality Measures for ROWS of Matrix de Components

|    |   | 1      | 2       | 3         | 4         | 5         |
|----|---|--------|---------|-----------|-----------|-----------|
|    |   | Degree | 2-Local | Eigenvect | Closeness | Betweenne |
| 1  | DIGEPYME (MEIC)                         | 0.750  | 0.250   | 0.363     | 0.847     | 0.137     |
| 2  | Plataforma Virtual (INA)                | 0.375  | 0.176   | 0.255     | 0.746     | 0.029     |
| 3  | INA con apoyo IMAS                      | 0.500  | 0.233   | 0.336     | 0.847     | 0.060     |
| 4  | FIDEIMAS (IMAS)                         | 0.375  | 0.199   | 0.281     | 0.820     | 0.035     |
| 5  | PYMES (FCR-Canada)                      | 0.125  | 0.063   | 0.074     | 0.562     | 0.000     |
| 6  | PRONAMYPE (MTSS)                        | 0.250  | 0.131   | 0.176     | 0.704     | 0.011     |
| 7  | FINPYME CREDIT (CII/BID)                | 0.625  | 0.256   | 0.369     | 0.909     | 0.125     |
| 8  | IBERPYME (SELA)                         | 0.375  | 0.131   | 0.186     | 0.704     | 0.023     |
| 9  | Agro CAFTA (FECAEXCA/BID)               | 0.375  | 0.142   | 0.208     | 0.685     | 0.016     |
| 10 | Programa Apoyo MYPIME (BCIE)            | 0.375  | 0.199   | 0.281     | 0.820     | 0.035     |
| 11 | Centro PYME (SICA)                      | 0.375  | 0.125   | 0.173     | 0.704     | 0.030     |
| 12 | Dialogo Gestiones (AI)                  | 0.125  | 0.068   | 0.102     | 0.617     | 0.000     |
| 13 | Competitividad PYMES (PIDM)             | 0.125  | 0.040   | 0.049     | 0.495     | 0.000     |
| 14 | FUNDES                                  | 0.375  | 0.142   | 0.206     | 0.746     | 0.027     |
| 15 | FODEMIPYME (Banco Popular)              | 0.125  | 0.063   | 0.074     | 0.562     | 0.000     |
| 16 | FINADE (Banco CR)                       | 0.125  | 0.063   | 0.074     | 0.562     | 0.000     |
| 17 | PROPYME (MICITT)                        | 0.250  | 0.040   | 0.053     | 0.538     | 0.003     |
| 18 | Programa de Apoyo Org. Coop. (INFOCOOP) | 0.250  | 0.136   | 0.207     | 0.704     | 0.004     |
| 19 | Programa Ideas Socioproductivas (IMAS)  | 0.125  | 0.063   | 0.074     | 0.562     | 0.000     |
| 20 | Proyecto Emprende (INAMU)               | 0.375  | 0.199   | 0.281     | 0.820     | 0.035     |
| 21 | FOMUJERES (INAMU)                       | 0.250  | 0.131   | 0.176     | 0.704     | 0.011     |
| 22 | Programa Fomento y Fort. MPM (MTSS)     | 0.250  | 0.102   | 0.160     | 0.649     | 0.003     |

2-Mode Centrality Measures for COLUMNS of Matrix de Components

|   |                                      | 1      | 2       | 3         | 4         | 5         |
|---|--------------------------------------|--------|---------|-----------|-----------|-----------|
|   |                                      | Degree | 2-Local | Eigenvect | Closeness | Betweenne |
| 1 | FINANCING                            | 0.500  | 0.250   | 0.403     | 0.581     | 0.295     |
| 2 | TRAINING                             | 0.545  | 0.298   | 0.557     | 0.667     | 0.264     |
| 3 | TECHNICAL ASSISTANCE                 | 0.545  | 0.298   | 0.569     | 0.667     | 0.265     |
| 4 | COMMERCIALIZATION                    | 0.273  | 0.074   | 0.301     | 0.545     | 0.053     |
| 5 | INNOVATION                           | 0.182  | 0.033   | 0.178     | 0.514     | 0.058     |
| 6 | TECHNOLOGY TRANSFER                  | 0.136  | 0.019   | 0.108     | 0.439     | 0.022     |
| 7 | VALUE CHAINS                         | 0.000  | 0.000   | 0.000     | 0.000     | 0.000     |
| 8 | PROMOTION & ARTICULATION OF POLICIES | 0.318  | 0.101   | 0.264     | 0.486     | 0.105     |

The 2-local measure is the sum of normalized degree of a node's alters.

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Source: Own elaboration.



The case under study, PRONAMYPE, is located in the pole or segment of projects (on the left) and is linked only to its two intervention components: microcredits and training, which is why its degree of centrality (0.250) and intermediation (0.111) are very low.

Logically, the General Directorate of Support for Small and Medium Enterprises (DIGEPYME) of MEIC, which according to its mission is the “government service office that seeks the competitive and sustainable strengthening of Costa Rican SMEs through efficient inter-institutional coordination” (MEIC, 2019), has an acceptable degree of centrality of 0.750 (not the desirable degree) to the recipient of the information in the project portfolio, but presents a low direct relationship with the sector’s projects (as will be seen in the next section).

In brief, it is concluded that the granting of microcredits is not the main support tool, since training and technical assistance in interdependence with other components of greater complexity articulate the largest number of interventions, which in turn is the best evidence that, in reality, the national policy for the promotion of MSMEs as well as private and transnational sector interventions, are committed to a development model of economic activities with greater profitability, competitiveness and added value.

Likewise, support for productive articulation and access to markets is noted. This type of intervention, belonging to the private sector, raises new agendas and presses towards the opening of new frontiers, product of the thematic trans nationalization. As it was seen in the previous item, there are 8 international projects that bring and act with a transnational vision of local affairs, therefore, it must be asked, what is the level of coordination among public interventions, and these with the portfolio of programs and projects of other sectors?

#### **5.1.3.4 Degree of interrelation between interventions**

To answer the previous question, an investigation was carried out (documentary, through interview or visit) to know if each organization had some kind of relationship at the legal-normative, organizational, technical-operational or financial levels with each of the other interventions, the response requested was of dichotomous type (binary: no = 0, yes = 1). In the case of an affirmative answer, subsequently, it was asked at what specific level they are related and how this relationship develops. The data obtained fed the type 1 incidence matrix (22 actors), which generated the graph of the sociocentric thematic network in terms of the coordination, management or work relationship at the levels mentioned above in Figure 18 and its estimates in table 40. The main findings are the following.

First, the set of projects, programs and instruments to support and encourage microfinance graphically show a significant and high disconnection, which is confirmed with the results of the network indicators: a) low density 0.029, which indicates the limited capacity to exchange resources; b) a high fragmentation: 0.940 evidencing the division and

segmentation of the interventions between three groups; c) a very low connectedness: 0.045 and cohesion of the whole network: 0.029.

Figure 21:  
**Network of interventions to support MSMEs according coordination relationship.**

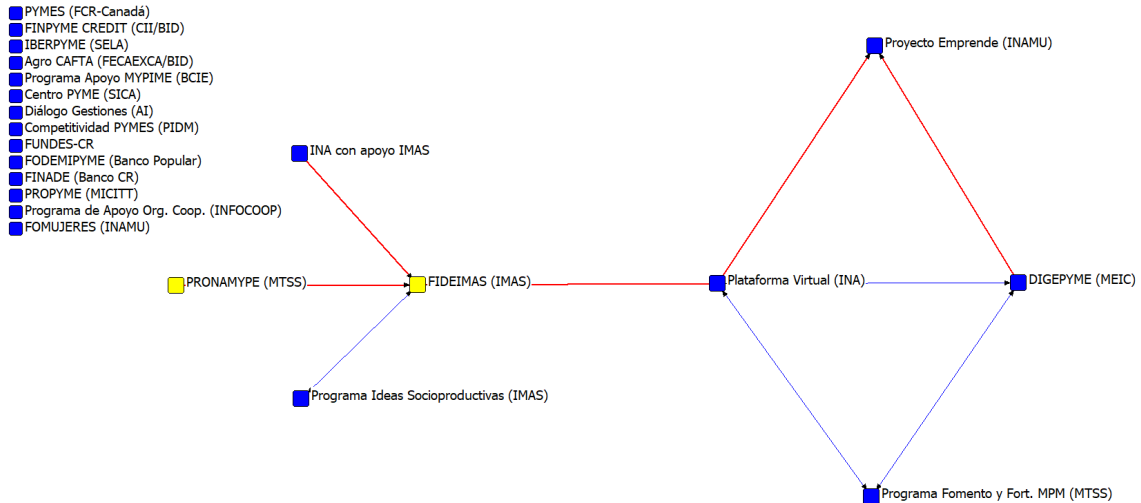


Table 41:

**Mode Cohesion measures of matrix of relationship between interventions.**

2-MODE COHESION

Input dataset: Matrix of relationship between projects  
 Output cohesion measures: Matrix of relationship between projects-2coh

2-Mode Cohesion Measures for Matrix of relationship between projects dataset.

|       | 1       | 2        | 3      | 4        | 5         | 6         | 7         |
|-------|---------|----------|--------|----------|-----------|-----------|-----------|
|       | Density | Avg Dist | Radius | Diameter | Fragmenta | Transitiv | Norm Dist |
| Hoja1 | 0.029   | 2.421    | 1.000  | 5.000    | 0.940     | 0.725     | 10.203    |

NOTE: If fragmentation is > 0, the graph is disconnected. All measures based on lengths of geodesics are computed within components.

Density is the number of ties divided by n\*m, where these no. of rows and cols in matrix.  
 Avg Dist is the average geodesic path length in the bipartite graph, within components.  
 Radius is the smallest eccentricity in the bipartite graph, within components.  
 Diameter is the length of the longest geodesic in the bipartite graph, within components.  
 Transitivity is the no. of quadruples with 4 legs divided by no. with 3 or more legs, in bipartite graph.  
 Norm Dist is Avg Dist divided into minimum possible in bipartite graph of given node-set sizes.

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 Source: Own elaboration

Second, the network's fragmentation is exposed by the existence of 3 subgroups:

- *The first subgroup* of 4 interventions within which PRONAMYPE and FIDEIMAS are located.
- *The second subgroup* of 4 projects within which DIGEPYME is located (the Directorate of MEIC who serves as the sector's governing body). Between both groups there is only one link through FIDEIMAS, but it is a non-reciprocal link (red color).

Therefore, there is empirical evidence to support the statements made in the previous items about the lack of coordination and inconvenience of the location of PRONAMYPE in the social sector, with which is confirmed the lack of articulation of the programs that fight poverty and extreme poverty located in the social sector regarding the same interventions of the MTSS, and also of MEIC through the DIGEMYPE.

- *The third subgroup* (marginal) of 14 interventions (two thirds) presented null relationships, which places them within the thematic network as “isolated” projects of the ecosystem, that is, disconnected from the current guidelines of the Policy for the Promotion of Entrepreneurship in Costa Rica, which, according to the appointment, is based and executed according to the systemic approach of the previous National Policy, where it becomes one of the five strategic areas called “Institutional articulation” oriented towards “creation and consolidation of the national and regional entrepreneurship economics system” (MEIC, 2014, p.27).

Third, as there are no mixed networks, there are no public-private alliances, therefore the State, through its normative and sectoral policy guidelines, shows a lack of capacity to establish links with projects that execute interventions with components of major complexity.

#### **5.1.3.5 Coverage analysis according to target population**

At this point in the analysis, there is a need to establish the location and role of PRONAMYPE in terms of its coverage, aspects that allow to know its relevance. In the first place, it is necessary to know how the network conformation of the interventions is based on their degree of centrality with regarding to the target populations to which they are directed.

In this sense, the mode 2 analysis (non-symmetric affiliation matrix) generated a graph whose distribution of participants (nodes) shows a highly linked (connectedness indicator value: 1,000) and articulated (fragmentation indicator value: 0) network structure, but not fully integrated (compactness: 0.833), since link flows are distributed (Average transitivity:

0.850) to different attribute categories (target population) under study (Figure 22). That is, the programs and projects have a programmatic offer that is aimed at promoting different economic activities, both in the informal sector of the economy and in the Costa Rican business park, as presented by the network structure of the following graph.

Figure 22:  
**Network of interventions according their target population (MSMEs).**

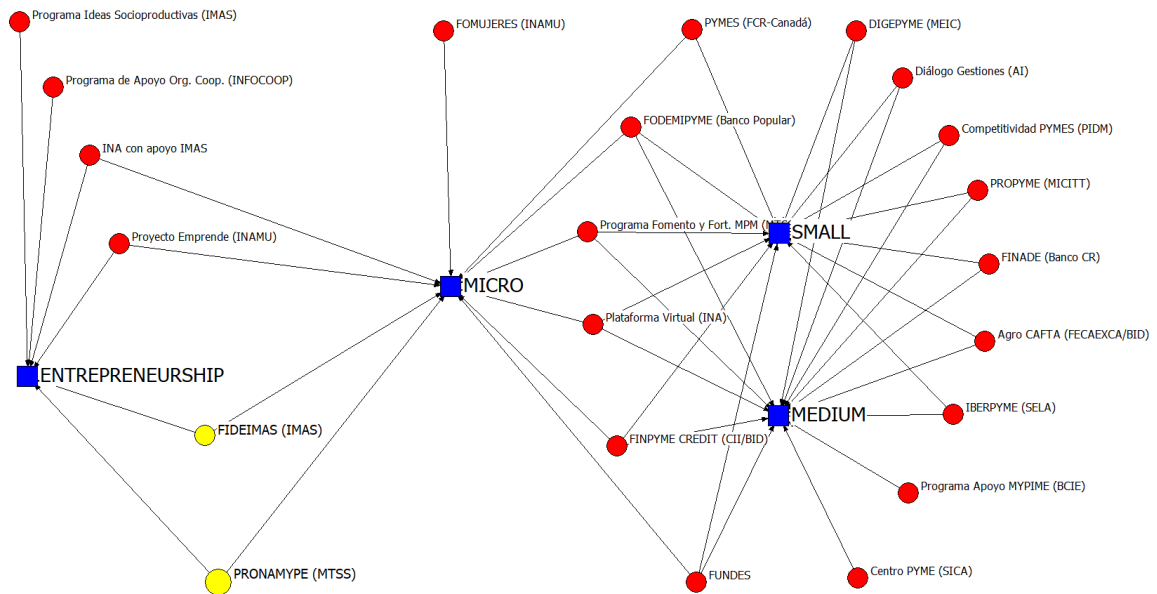


Table 42:

2-Mode Centrality Measures for COLUMNS of Matrix of program by target population

|   |                  | 1      | 2       | 3         | 4         | 5         |
|---|------------------|--------|---------|-----------|-----------|-----------|
|   |                  | Degree | 2-Local | Eigenvect | Closeness | Betweenne |
| 1 | ENTREPRENEURSHIP | 0.273  | 0.074   | 0.071     | 0.341     | 0.168     |
| 2 | MICRO            | 0.500  | 0.250   | 0.409     | 0.560     | 0.514     |
| 3 | SMALL            | 0.591  | 0.349   | 0.639     | 0.538     | 0.260     |
| 4 | MEDIUM           | 0.636  | 0.405   | 0.648     | 0.560     | 0.360     |

The 2-local measure is the sum of normalized degree of a node's alters.

Running by: Alejandro Calvo

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Source: Own elaboration.

Therefore, according to the sociogram, the indicators, thematic data obtained through interviews and bibliographic analysis, the following findings and background situations are established.

**First.** The distribution and positioning measures of the network show that the intervention structure generates two subgraphs (coverage trends) linked by a transmitting node (the “Micro” target population): public interventions are located on the left pole of the graph, which

are aimed at what has been called “Entrepreneurship”, defined as all those informal, basic, survival or low productivity activities. The other trend is located in the right side of the graph and represents the strongest pole of interventions, since their categories of attributes receive and concentrate most of the *mixed interventions* (public, private or non-profit). In this tendency, the attributes that receive the greatest amount of flow or incident lines are the “Small” (Degree: 0.591) and Medium (Degree: 0.636) companies, and therefore, have a greater capacity to influence other nodes such and as confirmed by the value obtained with the “Closeness” indicator: Small: 0.538; Medium: 0.560 (see Table 42).

**Second.** Relating to the relevance of the intervention of PRONAMYPE according to its purpose and context: in terms of the design<sup>114</sup> and under the theoretical assumption that a program will be relevant inasmuch as it is based and responds to the problem from which it originated, it can be affirm that PRONAMYPE and its strategic objectives are highly relevant since they serve a population segment (under the poverty line and employment status) that does not have the possibility of accessing economic resources of traditional banking. In that sense, and as presented in Figure 19, PRONAMYPE and FIDEIMAS are the only public programs assisting *low productivity enterprises*, because the highest pole/flow of actions of the promotion instruments to the sector, are directed to support large-scale economic activities (micro, small and medium).

Consequently, from the perspective of the rationality and intentionality of social policy, it can be affirmed that PRONAMYPE and even FIDEIMAS, as a control group, are mechanisms of the microfinance ecosystem aimed at reducing the inequality on opportunities within the labor market for the population located in the first- and second-income quintile.

**Third.** Consequently, and based on the types of programmatical offer and target populations of the interventions, it can be affirmed that under the guidelines and scope of the national Policy for the Promotion of Entrepreneurship in Costa Rica, two approaches to microcredit granting and associated services coexist in the national environment.

1. The dominant approach of the *financial system of traditional banking*, which is aimed at generating income, securing and safeguarding the interests of MFIs, since its management is targeted to a portfolio of clients with lower financial risk and compliance capacity: micro, small and medium enterprises. This approach includes the so-called Bank for Development (BD for its acronym in Spanish) of the PNE.

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<sup>114</sup> The evaluation of the effectiveness of the Program according to the fulfillment of its goals will be carried out in the next section.

2. The approach of *poverty containment and relief* whose target population is made up of people who are in the first (extreme poverty) and second quintile (basic poverty) of national income, who want, need or have some economic activity of less self-sufficiency and formality. In this approach, microcredits are not granted by a public or private bank, but through a microfinance institution (MFI) in coordination with a program attached to a state institution, such as PRONAMYPE, FIDEIMAS, FODEMUJERES-INAMU<sup>115</sup>.

The objective of this approach to microfinance is to provide an opportunity for people at a disadvantage, to boost their own activity (preferably profitable) and thus, at the macro level, a reduction in unemployment and poverty rates can be achieved.

**Fourth.** Although the findings presented above do not constitute sufficient evidence to affirm that in Costa Rica exists a certain lack of democratization of access to financial services, at least there are sufficient elements to initiate the debate around how most of the existing interventions in the microfinance sector are implemented under the traditional approach of the banking financial system. This approach seeks to mainly support commercial, services and industrial activities with greater potential for growth and income generation, leaving aside and as a responsibility of the social sector, to assist entrepreneurs (informal and subsistence) with higher difficulties to access benefits of the Bank for Development (SBD) and private MFIs.

In that sense, 11 years later, it seems that one of the conclusions of a study carried out by the MSMEs Observatory of UNED seems to still be valid, which indicated that the guidelines for the promotion of SMEs in Costa Rica, do not manage to break with its official academic-political origin, since they fail to “descend” to the land of the most basic entrepreneurs, nor to the semi-formal ones whom are the majority of the SMEs (UNED, 2008, p.14).

**Fifth.** It is identified as a finding (of a structural type) that in the regulatory body that empowers the promotion of public sector microfinance, there are legal inconsistencies related to coexistence of two definitions of SMEs and two valid public policy guidelines: those established by the governing body in the field (MEIC) and those implemented by the MTSS. This statement is based on the analysis of the de facto relations (evidence) identified by a rigorous analysis of the regulations content, according to the following aspects:

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<sup>115</sup> The graph in Figure 19 also identifies four interventions (IMAS, INFOCOOP, INA, INAMU), however, those are institutional programs that act as a platform for service, articulation and dispatch of potential beneficiaries with MFIs and even FIDEIMAS and PRONAMYPE.

- a. The *Policies for the Promotion of Entrepreneurship in Costa Rica* (PNE-CR), which are created and based on the provisions of *Law 8262* on Strengthening Small and Medium Enterprises (2002) and its reforms (2015).
- b. On one hand, Law 8262 defines in its 1<sup>st</sup> article a “SMEs” as “*small and medium enterprises*”, subsequently, the Regulation to this Law (which defines the technical criteria of application of the law) established in its 3<sup>rd</sup> article that “for all intents and purposes the term MSME [micro, small and medium] will be contained within the definition of SMEs”. Which in a way is interpreted as positive because it corrects by technical means, the limitation of the term established in the Law.
- c. On the other hand, MEIC defines an SME as a productive unit according to the variables: number of workers, economic sector (commerce, industry, services) and sales volume, which are typical characteristics of stable activities and of the formal sector. It also defines that is an activity:

“... of a permanent nature (at least one year of existence in the market) that has stable physical resources and human resources; managed and operated, under the figure of a natural person or legal entity, in industrial, commercial or service activities, excluding the subsistence economic activities. They have permanent resources (human and physical), generate income higher than the necessary for subsistence, have more than one year of operations and meet at least two of the following obligations: social contributions, labor obligations and tax obligations.” (DE-33.111, 2006)  
[the underline belongs to the researcher]

Therefore, it is clear that this official definition does not include aspects of smaller-scale or subsistence activities.

- d. Law 8262 and its Regulations, constitute the maximum and governing norm in promotion to entrepreneurship matters, guard all activities related to the productive capacities of the national population and, therefore, its definitions are incorporated in the PNE-CR.
- e. However, in this case study, it is found that PRONAMYPE uses a different definition from that established in Law 8262 and is not compatible with MEIC’s governing regulations, because the Executive Decree No. 33848-MTSS-MEIC establishes that SMEs are “Informal microenterprises with low productivity (subsistence, simple accumulation and extended accumulation)” (No. 33848-MTSS-MEIC, art. 08).

According to the above, it can be noted that the normative concept of entrepreneurship of PRONAMYPE is related to activities of a smaller scale that constitute a means of survival or subsistence, and not those whose size and formality allows the generation of income and accumulation, according to the official concept of Law 8262 (detailed in the citation of point c).

- f. In addition, the co-existence of two microfinance public policies with different approaches is identified: the official and governing norm of MEIC regulated by Law 8262 and an emerging and parallel created by Decree. The latter is a measure to promote social mobility and economic development. The Solís Rivera Government Administration 2014-2018 incorporates in its PND 2015-2018 the *Social and Solidarity Economy (SSE)* as a new model<sup>116</sup> to reorient and support small productive enterprises for employment generation.

Then, the MTSS Directorate of Social and Solidarity Economy (DESS, for its acronym in Spanish)<sup>117</sup> is created and defined as the institution responsible of this support, which postulates that the Social and Solidarity Economy (SSE) “is characterized by the primacy of people and purpose or social objectives, its orientation towards service, promotion of internal solidarity and with the social environment, commitment to local development and for equal opportunities among the people involved” (p.1). Therefore, it is the body responsible for providing this type of support.

Which means the existence of a public policy, parallel and different from that officially established in Law 8262 of the MEIC, parallel and different in the sense that it is oriented to an alternative paradigm of an economy linked to cooperation and the search for economic security in solidarity terms, and not for the accumulation and generation of individual income.

With these reforms, PRONAMYPE is placed under this new Directorate but maintains the same regulations and operation, which explains, in part, its exclusion from the productive sector, all of which supports the arguments raised at the

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<sup>116</sup> According to NDP 2015-2018 is defined as “a new model of organization of associative, self-managed and democratic participatory character, seeking not only for the creation of that kind of enterprises, but putting special interest in creating networks for support and buy and sell products and services as mechanisms to increase profitability and market share” (p. 104).

<sup>117</sup> Even this public policy to promote SSE is reinforced during the 2014-2018 period with four decrees (No.39089-MP-MTSS; No39835 MEP; No 39836-MEP; No 39837-MEIC) with which agreements and alliances are signed with others institutions, one of them, the FODEMIPYME-MEIC, which strengthens the argument that DESS and its SSE approach must be articulated directly by MEIC.



beginning of this chapter regarding the lack of coordination and duplication with public management.

In short, based on the previous considerations and regarding this point 5<sup>th</sup> point, it is concluded that:

- The legal and regulatory framework for microfinance presents a co-existence of two SME concepts, one established by Law (MEIC) and another by Executive Decree (PRONAMYPE).
- Which results in Law 8262 and MEIC's Policy not recognizing the diversity of productive activities neither harmonize with other existing regulations (Decree of creation of PRONAMYPE) in force and implemented for programs of another Ministry of the same rank, the MTSS.
- All of which has as its root cause, the existence of two differentiated public policies: "the subsistence-oriented informal MSE is the subject of social policies; and the accumulation-oriented semi-formal MSE is the subject of economic policy" (Ramírez cit by Brenes, 2011). The first corresponding to MEIC and the second to MTSS<sup>118</sup>.

The coexistence of two public policies and the fact of placing PRONAMYPE under the guidelines of the social policy and outside MEIC governing policy, affects the strategic approach of the public administration because it shows division and a non-integrality.

Likewise, it could have a double exclusion of the populations served with projects such as PRONAMYPE or FIDEIMAS, a double exclusion in the sense that they have been excluded first due to structural factors of the labor market dynamics, and now they could be excluded from opportunities generated by the Bank for Development, the MFIs that are governed by MEIC and the scope of its Law; especially if it is taken into account that according to the study of the National State of MSMEs by UNED, these represented 98.10% of enterprises and originate 48.97% of employment created by the private sector, for the year under study (UNED, 2012).

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<sup>118</sup> Which is in charge of 12 projects belonging to the Labor and Social Security Sector.

**Sixth.** A problem of overlapping and duplication of functions between interventions<sup>119</sup> is identified. The network of interventions clearly shows that there are several programs, interventions or service platforms, all public, which perform the same functions and are aimed at the same target population, such as FOMUJERES, INFOCOOP, PRONAMYPE and FIDEIMAS whose only difference consists in the institution, modality of implementation and the selection of beneficiaries. On this matter and specifically on programs for the promotion of employment and PRONAMYPE, it has been indicated that

“there is an unfinished debate about the possibility of merging PRONAMYPE with the existing program “Costa Rica employs you” promoted by IMAS. Everything seems to indicate that they pursue similar objectives, work with similar methodologies and have the same financial intermediaries. For that reason, it is advisable to move forward in the discussion about the relevance of that merger, even if specific components are structured” (García, 2011, p. 188)

And at the macro level, on the most appropriate strategies to fight against poverty, give support to entrepreneurship and PRONAMYPE, Meoño has indicated that:

“IMAS-PRONAMYPE-NGO’s-Private company, there must be a single governmental source in this field and rationalize with strong bases what will be the best private and social modalities to manage these program resources more effectively than today. And achieve it, also under strict parameters of the Sector” (Meoño, 2007, p. 51)

**Seventh.** All this division of the public action of the Government exposed through the policy network analysis and argued from the initial sections of this context analysis, has as causes the disarticulation, inconsistencies and failures to the State’s normative base on the governing provisions in national planning matter and public policies. In this sense, specialized studies conducted in the previous decade had already pointed out in a relevant way this symptomatology of the Costa Rican State, for example, the annual specialized study of the State of the Nation Program<sup>120</sup>, had indicated that:

“The coordination between institutions is basically null and generates the difficulties for the rectory exercise, in the effectiveness of transfers and services, in addition to generating duplication of programs with similar target populations” (State of the Nation, 2006, p.129).

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<sup>119</sup> An argument that is validated when, at the macro level, the State of the Nation Program indicates that the goals of the social area of the last three governments are repeated, since according to its 2015 Annual Report, similarities were identified in 75% of the strategic social actions when comparing the three National Development Plans (NDPs).

<sup>120</sup> Belonging to the National Council of Rectors (CONARE, for its acronym in Spanish) of the Public Universities of Costa Rica.

In the case of PRONAMYPE, evidence confirms or makes it possible to argue that its form of implementation overlaps with the microfinance public policies aimed at fostering formality in semi-formal or formally established activities. However, beyond that discussion, what can actually be affirmed based on the network analysis and all the official documentation and reports consulted, is that PRONAMYPE as a public investment of national scope and interest, is not positioned in the market of microfinance.

The above-said exposes the need of the State to develop comprehensive interventions and a microfinance public policy with a greater sense of unity as a way to achieve the greatest benefit for people, understanding by unity not only a joint and articulated strategy, but also a unique thematic and conceptual definition for each program, so that, for example, duplication is avoided. For Prof. Dr. Violeta Pallavicini of the School of Public Administration of the UCR, “the strategic actors of governance must change their way of thinking, not everything can be solved with regulations, institutions must be put into operation and the attitude of the officials must be improved” (08/24/2016)<sup>121</sup>. In addition, if an adjustment and improvement of the functionality of the State is desired, something else is needed to support and drive that change. In that sense, in accordance with R. Stockmann, the direction towards the quality of public policies within the framework of an administration based on the New Public Management (NPM)

“requires for the conduction of the quality of an important mechanism, which is the orientation towards the client, or the orientation towards the performance and the impact. If the concepts of NMP place this aspect at the center of their quality strategies, they open a new alternative for action.” (Stockmann, 2009, p.66).

Therefore, quality management (Idem, p. 69) must have as one of its main gears the evaluation of the results and the impact of the institutions that form the operating structures of the State.

## **5.2 Internal Process Subsystem: Assessment of the results-based management and the target population selection scheme.**

The following subsection develops at a more specific level, the #2 objective of this work, which focuses on “assess to what extent the program has achieved its institutional goals under the working process of second-tier-banks”, and responds to the effectiveness criterion that meets the question #2: *is the Program achieving the strategic and specific objectives of the intervention*

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<sup>121</sup> Presentation made at the UCR Institutional Forum on the topic “The legal framework and the institutional structure of the State needs of a re-design for the respect of the fundamental rights of the inhabitants”, Auditorium of Continuing Education, UCR.

Although according to the finding of question #1 the Program is coherent and relevant in relation to the problem and segment population to which it is addressed, it presents weaknesses on the effectiveness of the planning and budgeting of the goals, the monitoring and evaluation at the strategic level, the scope of its coverage and impact at the sectorial level, as well as a significant weakness at the regulatory and execution level in the beneficiary selection process.

The findings indicate that, at the level of goals and budget effectiveness, the specific objectives of the Program are partially achieved, since the effectiveness of the execution varies by component and there is also a disarticulation between the two of them. On the other hand, on the granting of credits, a continuous intra-annual compliance is identified in terms of execution, but it is irregular and inconsistent in terms of the programmed goals and the budgetary execution achieved.

For its part, the execution level of the training component has a very low effectiveness, due to several causes: a) a high non-compliance and under-execution of goals and budgets; b) an internal problem regarding the record of information, since the goals are counted according to the total number of attendees to the activities and not by the number of entrepreneurs attended; c) a significant disarticulation with the credit component; and d) an unbelievable and unjustified disarticulation between the training and credit component is identified, since most or almost all of the people with microcredits are not recipients of the training offer of the same Program.

At the strategic level of goals fulfillment and their impact in the context, in terms of the achievement of strategic objectives, the official information of the MTSS and the evaluations of NDP do not provide positive evidence of the impact of the Program on the sector, on the contrary, there is evidence of PRONAMYPE lags due to two explanatory elements:

a) The evaluation indicators of the MTSS indicate that, although the Program has an acceptable execution, it shows programming and scope problems. According to the results of the Potential Program Coverage (CPP, for its acronym in Spanish) and Potential Effective Coverage (CEP, for its acronym in Spanish) indicators, the Program presents great difficulties to serve all of the target population that requires its intervention, given that the data provided by PRONAMYPE show that it reaches only a small portion of its real target population.

b) In terms of the contribution to sectorial objectives, the sources consulted do not provide specific information and evidence indicating the weight and impact of PRONAMYPE's intervention on the macro indicators of the problem to be addressed. So, for example, the NDP provides as an indicator of achievement, the behavior of employment and unemployment indicators according to the National Household Surveys (ENAHU, for its

acronym in Spanish) of INEC, which are important, but not sufficient to establish a causal relationship of their increase or descent with PRONAMYPE.

In relation to efficiency in the execution of the selection process, as a Project that is implemented from the “*second-floor-banking*” model, failures in compliance with regulations as well as leaks in the beneficiary/entrepreneurship selection procedure done by the IO were identified, due to the existence of inconsistencies in the use of the legal and technical criteria established in the regulations for that purpose (non-target population leaking: 16.2%). This conclusion is based on the analysis and evidence presented throughout the following sub-items.

### **5.2.1 Levels of programmatic management achieved**

Any public project that aims to influence the environment of its problem and social phenomenon of intervention at the micro and macro level, must have an adequate monitoring and evaluation system as a mechanism for accountability, transparency and good governance. In Costa Rica, it is until 2012 that the State incorporates the Results-based Management (RBM) into its actions, which, as a management model, is established from 2016 when the State defines the “*Conceptual and strategic framework for the strengthening of Results Based Management in Costa Rica Development*”, which considers five pillars: results planning, results budgeting, financial management, program and project management, and monitoring and evaluation” (MIDEPLAN, 2017, p. 8).

As a model of public administration, the RBM proposes that the resources and capacities of all the State’s institutions be directed towards the achievement of results for the benefit of the common good, which, in theory, will give technical agility and more easily allow, the evaluation of performance of the State’s institutions and projects in correlation with public policies to which its design and implementation responds.

However, in PRONAMYPE’s case, the evaluation of its results according to goals, programming and budgeting was not an easy task, as assumed it could be with the ordinance defined by the guidelines set by MIDEPLAN (which defines monitoring and evaluation as one of its pillars), since the Program did not have its own Strategic Plan nor an M&E system or an evaluation instrument.

Therefore, the evaluation of the goals and, consequently, the general development of the following sections, was based on the systematization of the information extracted from the official Reports about Institutional Operational Plans (POI) compliance of each year and PRONAMYPE staff interviews, conducting a cross-checking with secondary information on performance evaluation indicators (prepared by the MTSS as a result of the follow-up reports to the goals of the National Development Plan (prepared by MIDEPLAN’s SINE) based on the sectorial link between Program-MTSS-NDP.

It should be noted that the analysis of the data experienced three limitations, which, although were finally solved by cross-checking data and sources, are important to point out:

1. Disparities were found between the microcredit and training nominal data in relation to the budgeting data.
2. For some of the years there is a lack of information on disaggregated data such as economic activity or sources of the resources, a problem that arose most strongly for the years 2007, 2008 and 2009.
3. In the implementation of PRONAMYPE, not all the beneficiaries of a microcredit accessed the training and capacity development offer of the Training component<sup>122</sup>, since both components are disjointed and implemented under different work procedures and methodologies, it represented a design error of the program and consequently causes in its implementation, a lack of unity of the service offered by PRONAMYPE.

About the results and findings. In a first level of analysis, regarding PRONAMYPE's goals and budget execution, a general historical reconstruction of data was carried out that emphasized the period between 2009 and 2015; period that covers the data of the subjects selected as a treatment group of the quasi-experiment of the impact evaluation<sup>123</sup>.

As a result, and in historical terms, it was found that, from 1992 to 2014, PRONAMYPE managed to place a total of 19,353 credits with a public investment totaling ₡ 19.972,300 million (see table 38)<sup>124</sup>. In the training component, the Program does not have historical records, for this reason the accounting was only made from 2006 to 2015, a range that represents a total of 15,677 people who received some type of training with an average of 1742 beneficiaries served per year. In short, except for a decrease in 2015, in general there is a sustained compliance over time.

As for the microcredit component, historically there are two large periods identified. The first period from **1992 to 2006**: there is a low placement of microcredits and, due to the context of implementation, the program experienced many problems of survival and political risks. The second period from **2007 to 2015**: there is an important consolidation of the program, in terms of which PRONAMYPE ceases to be a (loose) MTSS Project and becomes part of the Directorate of Social and Solidarity Economy (DESS), and in that period it captured a greater amount of resources. However, it is important to note that the results show intra-annual variability especially from 2010 to 2015.

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<sup>122</sup> The training component will be analyzed in depth in section B item 5.9

<sup>123</sup> In Section B of this chapter 5.

<sup>124</sup> Amount in US Dollar: \$ 37.830,77 calculated at the official exchange rate of BCCR: ₡527 per dollar.  
Amount in Euros: € 45.767,67 calculated at the official exchange rate of BCCR ₡1,209 per euro.

In that sense, according to table 43, a decrease in microcredit placements can be seen in 2010, when 1166 credits were placed; which decrease dramatically in the following years, even up to more than 50% in 2013; recovering again in 2015 with 1046 microcredits placed, which shows an irregular management of the Program during that five-year period.

Table 43:  
**PRONAMYPE: Historical Evolution of credit placements  
 and beneficiaries of training. Period from 1992 to 2014.**

| Year      | Credit   |                         | Training |                         |
|-----------|----------|-------------------------|----------|-------------------------|
|           | Quantity | Investment<br>million € | Quantity | Investment<br>million € |
| 1992-1994 | 3732     | 1.112,9                 | 0        | 0                       |
| 1995      | 428      | 221,4                   | 0        | 0                       |
| 1996      | 258      | 309,3                   | 0        | 0                       |
| 1997      | 557      | 570,7                   | 0        | 0                       |
| 1998      | 1071     | 778,7                   | 0        | 0                       |
| 1999      | 699      | 572,9                   | 0        | 0                       |
| 2000      | 1391     | 891,6                   | 0        | 0                       |
| 2001      | 1776     | 675,3                   | 0        | 0                       |
| 2002      | 722      | 718,7                   | 0        | 0                       |
| 2003      | 0        | 0,0                     | 0        | 0                       |
| 2004      | 165      | 133,7                   | 0        | 0                       |
| 2005      | 513      | 373,6                   | 0        | 0                       |
| 2006      | 486      | 608,9                   | 1.109    | 34,0                    |
| 2007      | 1263     | 1.714,0                 | 1.433    | 152,0                   |
| 2008      | 1011     | 1.154,8                 | 381      | 32,0                    |
| 2009      | 1327     | 1.904,3                 | 1.983    | 198,5                   |
| 2010      | 1166     | 1.810,9                 | 1.296    | 121,0                   |
| 2011      | 718      | 1.432,7                 | 1.703    | 186,0                   |
| 2012      | 775,0    | 1.550,0                 | 2.520    | 299,0                   |
| 2013      | 545,0    | 1.563,0                 | 2.609    | 369,0                   |
| 2014      | 750,0    | 1.875,0                 | 2.643    | 382,0                   |
| 2015      | 1046     | 2.777,0                 | 1279     | 500,0                   |
| Total:    | 19.353   | 19.972,3                | 15.677   | 1.773.5                 |

Source: Own elaboration based on data from Technical Support Unit, PRONAMYPE and MTSS.

However, it is noteworthy that, at the budgetary level, the difference in budget execution during that period (2010-2015) is not as drastic, actually is the opposite. Although PRONAMYPE decreased its microcredit placement, it executed 35% more of the budget per year, than in the previous period (1992 to 2006). This aspect was consulted with the Executive Directorate and the Program staff, but the answers obtained were somewhat confusing. In general, they pointed out that the variation could be due to a differential allocation of credits based on the needs of each one of them, providing a maximum allocation amount of up to € 10,000,000. This argument may have strength considering that coincides with the trend of increasing the attention of beneficiaries of the training developed from 2008 to 2014.

### 5.2.2 Execution vs Programming: significant intra-annual differences.

In addition to the previous analysis, and with the objective of comparing the credits placed and the training carried out according to their respective budgetary execution and their programmed goals for each year of management, a cross-check was carried out between the sources of official information (Annual Operating Plans, Accountability Reports to MTSS, etc.), the databases in Excel that the Program provided and the data of the disbursement requests to the beneficiaries sent to the Popular Bank.

The finding produced by the crossing of information indicates that the data of the executed goals show significant differences with what was programmed in each one of the years. Specifically, in the case of credits (see table 44), the trend of budgetary investment has presented variations in its execution; taking the year 2008 as a reference, there is a 60% increase in its execution. In turn, from 2013 to 2014 there is another significant increase in budgetary investment on credits, from ₡ 1,563 million to ₡ 2,777 million. At this point it is necessary to take into consideration that, although the amount of budget is increasing, placements have decreased considerably in relation to the records of 2010 where 1166 credits were reported, while in 2014 there were only 603 credits and 1046 in 2015.

Table 44:  
**PRONAMYPE: Compliance trend of goals of the credit component  
and its budget execution (in millions of Costa Rican colones)**  
Period 2007-2014.

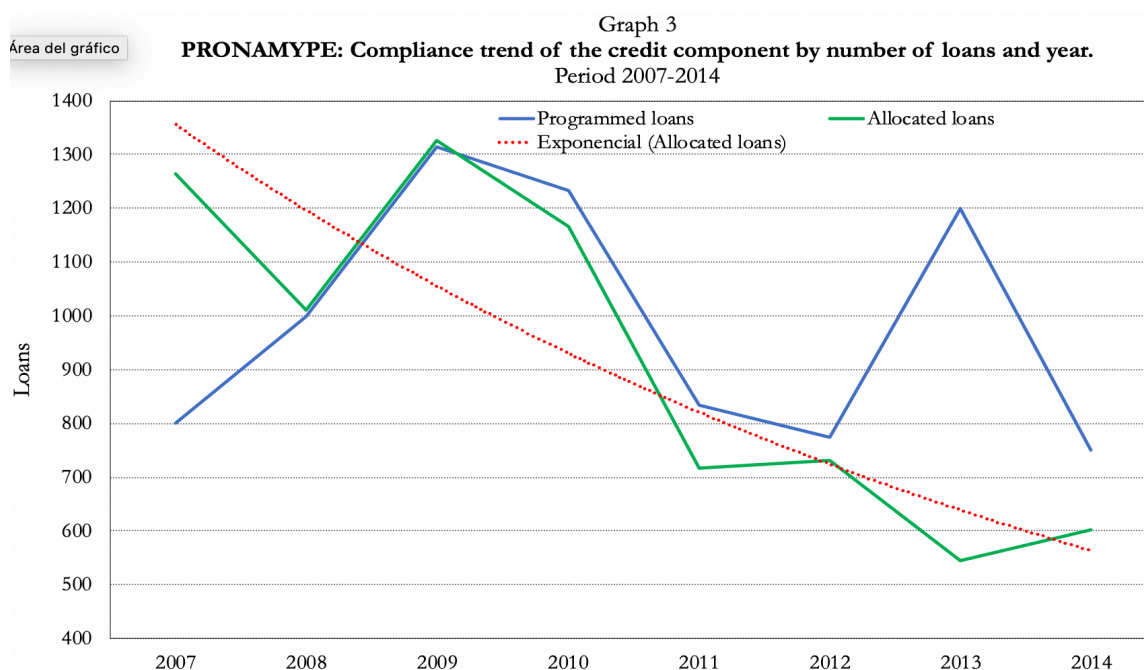
| Year          | Programming   |                  | Execution       |                 | Compliance % |        |
|---------------|---------------|------------------|-----------------|-----------------|--------------|--------|
|               | Loans         | Amount allocated | Loans placed    | Budget executed | Goal         | Budget |
| 2007          | 800           | 800.000.000      | 1.263           | 1.716.133.924   | 157,9        | 214,2  |
| 2008          | 1000          | 1.100.000.000    | 1011            | 1.154.870.662   | 101,1        | 104,1  |
| 2009          | 1314          | 2.300.000.001    | 1327            | 1.904.359.343   | 100,1        | 82,8   |
| 2010          | 1234          | 1.725.872.400    | 1166            | 1.810.857.281   | 94,5         | 104,9  |
| 2011          | 833           | 1.249.500.000    | 718             | 1.432.679.075   | 86,2         | 114,7  |
| 2012          | 775           | 1.550.000.000    | 731             | 1.776.907.000   | 94,0         | 115,0  |
| 2013          | 1200          | 1.600.000.000    | 545             | 1.563.905.000   | 45,0         | 98,0   |
| 2014          | 750           | 1.875.000.000    | 603             | 2.018.954.000   | 80,0         | 108,0  |
| 2015          | 1000          | 4450.000.000     | 1046            | 2.277.580.000   | 103,8        | 62,4   |
| <b>Total:</b> | <b>19.353</b> | <b>19.972,3</b>  | <b>15.677,0</b> | <b>1.773.5</b>  | --           | --     |

Note: All the percentages of the fulfillment of goals were verified from the Annual Operating Plans available (2008, 2009, 2010, 2011, 2013) and the Reports of Performed Actions available (2007, 2008, 2009, 2010, 2011, 2014), as well as the records and databases of the Program management. Information was also found on the Compliance Reports of the National Development Plan 2010-2014 and the Compliance Reports MTSS 2014 (MIDEPLAN, 2015).  
Source: Own elaboration.

As it can be observed, the fulfillment of the goals in terms of management and budgetary execution presents a differentiating behavior, since, although in relative terms it reaches percentages greater than 100% or close to that value, in nominal terms, after the year of 2010, there is a noticeable decline in both programmed and executed. Moreover, it is in 2013



that compliance in the approval of credits reached only 45%, while its budgetary execution reports a compliance of 98%, which seems to indicate that the correspondence between goals and potential investment was not properly projected. The placement of credits between 2007 and 2010 is positive, but from 2011 to 2014 it falls nominally in number of credits, which has an impact on the percentage of compliance. Graphic 3 clearly shows the tendency of the Program to focus on the nominal results, even if it does not go to the same level of its financial execution.



Source: Own elaboration based on data from Unidad Técnica de Apoyo, PRONAMYPE.

Within the microcredit component, it was also inquired what was the effect of the decrease in credits according to the activity branch to which the entrepreneurship belongs. The result is summarized in table 40, where it can be seen how *agriculture* is the sector with the largest number of credits allocated (totaling \$ 3,627,048,567 in approved credits), which is logical, as it can be explained by the second-floor-banking work model, in which IOs have a greater territorial presence in rural areas. This credit placement trend was confirmed in the field visits and through the comments of people participating in the focus groups. In them, the beneficiaries who were engaged in agricultural activity stated that it is thanks to the second-floor banking system that they can obtain credits to invest in their land, since in the national bank they do not manage to be credit subjects or, many times, they must mortgage their properties, which means a significant risk in an activity as unpredictable as agriculture.

Therefore, agricultural activities represent 44.2% of the Program and IO loan portfolio, which is a positive factor. However, it should also be noted that, from a financial point of view, at the same time it represents a (high) risk in operations, since the climatic conditions of the country affect the variability of production, which could lead to an alteration with a downward trend in market pricing.

Table 45:  
**PRONAMYPE: Investment trends in credits placed according to branch of economic activity and year.**  
**(in millions of Costa Rican colones)**  
 Period 2007 al 2014.

| Branch<br>of activity | Year |               |      |               |               |               |               |             |               |
|-----------------------|------|---------------|------|---------------|---------------|---------------|---------------|-------------|---------------|
|                       | 2007 | 2008          | 2009 | 2010          | 2011          | 2012          | 2013          | 2014        | Total         |
| Aquaculture           | -    | -             | -    | 1.383.288     | -             | 2.000.000     | -             | -           | 3.383.288     |
| Beekeeping            | -    | -             | -    | 2.000.000     | -             | -             | 3.500.000     | -           | 5.500.000     |
| Cattle raising        | -    | 287.947.562   | -    | 321.543.703   | 149.954.320   | 70.935.000    | 250.310.000   | 44.900.000  | 1.125.590.585 |
| Commerce              | -    | 253.609.266   | -    | 455.366.841   | 188.898.494   | 411.920.000   | 366.745.000   | 129.670.000 | 1.806.209.601 |
| Farming               | -    | 345.545.911   | -    | 637.166.075   | 926.329.581   | 995.857.000   | 604.550.000   | 117.600.000 | 3.627.048.567 |
| Farm-livestock        | -    | -             | -    | -             | -             | 2.000.000     | 5.000.000     | -           | 7.000.000     |
| Fishing               | -    | -             | -    | -             | -             | 4.280.000     | 2.000.000     | 1.000.000   | 7.280.000     |
| Industry              | -    | 134.157.156   | -    | 158.416.148   | 83.066.680    | 115.200.000   | 130.430.000   | 49.650.000  | 670.919.984   |
| Poultry farming       | -    | -             | -    | 14.500.000    | -             | 16.330.000    | -             | 2.000.000   | 32.830.000    |
| Porcine farming       | -    | -             | -    | -             | -             | 14.800.000    | -             | -           | 14.800.000    |
| Services              | -    | 133.610.767   | -    | 220.481.226   | 84.430.000    | 143.585.000   | 201.370.000   | 114.576.000 | 898.052.993   |
| <b>Total:</b>         | -    | 1.154.870.662 | -    | 1.810.857.281 | 1.432.679.075 | 1.776.907.000 | 1.563.905.000 | 459.396.000 | 8.198.615.018 |

Note: (-) means that the annual data are not available disaggregated by the branch of activity for the in reference.

Source: Own elaboration based on data from Technical Support Unit-PRONAMYPE and others official documents and reports.

After the agricultural sector, commerce and livestock are located. Activities such as *commerce and services* are also important, especially in the areas with the highest concentration of populations and in the Greater Metropolitan Area (GAM, for its Spanish acronym).

Regarding the performance of the *training component*, it is important to indicate that the official information of all sources only records and accounts for the number of beneficiaries served and not for the number of activities carried out and the topics addressed, which leaves a gap in the information that it is systematized on topics of greatest interest such as training needs, quality of workshops, and the effect that these trainings have on beneficiaries.

In addition, although the Program indicates that regular monitoring and evaluation activities should be carried out both for the consultants hired to provide the training and for the recipients of these services, there is no methodology, reports or records of such activities. However, if the analysis focuses on the beneficiaries, it is obtained that from 2007 to 2014 a total of 11,925 people has been trained, investing ₡ 1,358,436,837.00, which mostly come from transfers given by FODESAF. The intra-annual detail can be observed in more detail below:

Table 46:  
**PRONAMYPE: Compliance trend of goals of the training component and its budget execution (in millions of Costa Rican colones). Period 2007-2014.**

| Year   | Training Component   |             |                  |                        |
|--------|----------------------|-------------|------------------|------------------------|
|        | Programmed trainings | Implemented | Budget excution  | % of the goal achieved |
| 2007   | -                    | 1433        | 152.000.00       | -                      |
| 2008   | 200                  | 381         | 32.000.000       | 190,5%                 |
| 2009   | 1000                 | 1.983       | 198.521.000      | 128,6%                 |
| 2010   | 800                  | 1.296       | 121.161.000      | 162,0%                 |
| 2011   | 1750                 | 1.703       | 186.355.670      | 97%                    |
| 2012   | -                    | 2520        | 299.313.150      | -                      |
| 2013   | 2500                 | 2609        | 369.086.017      | 104%                   |
| 2014   | -                    | 2643        | 382.355.687.96   | -                      |
| Total: | 6.250,00             | 14.568      | 1.358.436.837,00 | -                      |

Source: Own elaboration based on data from Technical Support Unit- PRONAMYPE

Regarding the fulfillment of programmed goals, it is observed that these were achieved satisfactorily, especially in 2008, 2009, 2010 and 2013 where the goal was exceeded from 4% to 90%. However, in the missing years no related information was found, which shows a serious problem in the information systems and internal control.

In summary, from the Results-based Management (RBM) perspective and its five pillars, according to MIDEPLAN, applicable to the intervention of PRONAMYPE: results planning, results budgeting, financial management, program and project management, and monitoring and evaluation (p .8), the following findings are identified:

About the specific results and achievements of the Program and related aspects:

- ⊕ Permanence of the Program for more than 25 years through 6 different Government Administrations, can be interpreted as another indicator of the relevance of the intervention, since it is practically the oldest intervention and, together with FIDEIMAS, the only ones that, in economic terms, aim to the “market niche” and, in social terms, to the population excluded from the development model and its labor market.
- ⊕ During that period, important actions have been carried out in the placement of credits at the national level, which allowed them to provide credit access to people in poverty, who would not have been able to obtain it through the traditional National Banking System.
- ⊕ As officially reported by the Program in their annual reports, with the credits obtained, people have been able to improve the infrastructure of their businesses, buy machinery and supplies that they need for the improvement of their activity, thus managing to develop a successful entrepreneurship, incorporating into the economy and improving the living standards for themselves and their families (PAO’s, 2007-2017).
- Nevertheless, throughout the time it has been operating and especially for the period between 2010 and 2015, the management of the Program presents as a common denominator, a sustained intra-annual variability in the products and services delivered.
- During that same period, there is an inconsistent relationship between the goals and their budgeting, since the placement of credits decreased, but the total investment increased.
- The variability is caused by an inappropriate programming and an inconsistent credit consolidation by IOs.
- The training component presents serious historical problems of execution, management and official information, showing a lag in the coverage of trained people.

- According to official data, the execution of this component has been marked by MIDEPLAN as of “risk of unfulfillment”. The 2017 Annual Report on Monitoring and Compliance of goals for the NDP 2015-2018, expresses that this lag has as causes, informed by the Program, the following:

“The administrative contracting processes carried out by the fiduciary are subjected to a set of regulations and deadlines that make them quite cumbersome and affect response times, an element that is poorly controlled by the Directorate of Solidarity and Social Economy (DESS), the lack of human resources, as well as changes in the offer of services, in contracting procedures and in those corresponding to the identification of potential beneficiaries” (MIDEPLAN, 2017, p. 121).

- One of the problems as well as a structural weakness of design and execution has to do with the existence of a disarticulation between the credit component and the training component, in that sense, it was found that not all the beneficiaries of microcredits access to the offer of training and capacity development opportunities. Since both components work separately, the total number of beneficiaries that received both components are very low.
- In the interviews conducted with the IO Managers, they identify the following difficulties in the coordination and work processes with PRONAMYPE: the processes, both for funding applications and training are very bureaucratic and take longer than the appropriate time; besides, there has been a “bankarization” of the Program, since the Fiduciary of the Popular Bank presents difficulties for processing requests, such as asking more requirements to the user, loss of agility and slowness in the procedures.
- For the official part, and in accordance with the Management Report 2014-2018 of the MTSS, during 2018 it is mentioned that:

“This [PRONAMYPE] program has had a particular rebound with the Solís Rivera Administration and this growth responds to the following: (...) increase in the number of intermediary organizations; (...) the maximum amount for placement was increased, which until 2014 was 4 million colones and from that moment augmented to 10 million colones; (...) the credit requirements were reduced, this in follow-up to the Simplification of Procedures Law (Law 8820); (...) a digital platform was generated for intermediary organizations to enter information without visiting the offices of the DESS; (...)” (p.152).

At the programmatic and technical-operational level<sup>125</sup>, the following limitations and weaknesses are identified:

- PAOs show a real deficiency in the programmatic planning of the Program, because the correspondence between goals and potential investment is not adequately projected<sup>126</sup>
- The objectives are clear and specific in their purpose, but the goals, although achievable, are not adequately worded, since they do not set deadlines, nor specify when, how and where the activities are carried out.
- There are no indicators to measure, nor are the most common programming methodologies or logical framework used:  $\text{executed quantity} / \text{programmed quantity} * 100$
- There is no M&E system or some concurrent verification mechanisms or reports, even though the POIs indicate it as an annual activity.
- The execution of the Program emphasizes the achievement of goals as an important result, without elaborating mechanisms or instruments to assess the process as a central element that would feed the executors and the Program with strategic information
- There is a lack of an information system and unified databases that guarantee an adequate internal control and provide reliable information to the different actors and audiences involved.
- It is noticed that the Program experiences a lack of human resources in addition to a rotation of personnel that leads to a loss of the learning curve.
- One of the root causes of the previous point, according to Program staff opinion, has been the high bureaucratization of administrative contracting processes that must be followed according to State regulations.

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<sup>125</sup> Based on interviews and on-site observation of the Program staff.

<sup>126</sup> The SMART criteria (specific, measurable, achievable, realistic, timely) were applied to review the objectives, goals and indicators.

### 5.2.3 Effectiveness of the Program according to indicators-FODESAF

Using indicators to measure the performance of public interventions is a mechanism that allows, in theory, to demonstrate efficiency, to feed decision making for the improvement and transparency of public action.

In this case, information from the indicators formulated by FODESAF has been used since the results of these chosen indicators provide relevant information that allows complementing and deepening the analysis of the institutional performance of PRONAMYPE. Is no longer about budgetary execution (previous item), but from variables that, at a higher level, provide information on the scope of the Program in terms of the effectiveness of its management and coverage.

This information has been generated by the Fund for Social Development and Family Allowances (FODESAF, for its Spanish acronym)<sup>127</sup> which “is the main instrument of selective social policy in the fight against poverty; it is administered by the Directorate of Social Development and Family Allowances, DESAF (for its Spanish acronym), which is a permanent technical unit of the Ministry of Labor and Social Security” (FODESAF Website, 2015), which in turn is the highest authority of PRONAMYPE.

The MTSS, is divided into two areas of work, Labor Area and Solidarity Social Economy, each headed by a vice minister of the field. At this point and as indicated in the network analysis, it is relevant to clarify that as of 2015 PRONAMYPE was consolidated as part of the Directorate of Social and Solidarity Economy (DEES). Before that year it served as an independent program.

The MTSS is financed through FODESAF, therefore, this Fund finances programs and services to public institutions of the State that develop programs, projects or activities with “people living in poverty” (FODESAF, 2015), hence the need to formulate performance indicators that allow greater control and knowledge about the use of public budget.

The following table, taken from the Institutional Report 2010 – 2014, published on FODESAF’s website, shows the social investment made for the period of study:

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<sup>127</sup> FODESAF was created by Law No. 5662 or Law on Social Development and Family Allowances in 1974. This legal instrument was amended in 2009, becoming Law No. 8783, which will be administered by the Directorate of Social Development and Family Allowances (DESAF).

Table 47:  
**Budget of FODESAF in millions of Costa Rican colones.**  
**Period 2009 – 2014**

| Year  | FODESAF Budget | Annual growth rate (%) | Resources to be audit by DESAF | Annual growth rate (%) |
|-------|----------------|------------------------|--------------------------------|------------------------|
| 2009* | 184.990        | -                      | 32.810                         | -                      |
| 2010  | 357.719        | 93.37%                 | 357.719                        | 9.9%                   |
| 2011  | 387.118        | 8.2%                   | 387.118                        | 8.2%                   |
| 2012  | 459.500        | 18.8%                  | 459.500                        | 18.8%                  |
| 2013  | 495.603        | 7.9%                   | 495.603                        | 7.9%                   |
| 2014  | 521.080        | 5.1%                   | 521.080                        | 5.1%                   |

Note: \* Before the reform of the Law. From 2010, FODESAF obtained a significant increase in its income.

Source: Based on “Memoria institucional FODESAF” data.

The number of programs financed with FODESAF money cannot be seen as an absolute number but must be seen year after year. In 2013, 27 programs were financed, in 2014, 27 programs were financed and in 2015, 26 programs were financed, of which only two are aimed at employment care and support for micro and small businesses, PRONAE and PRONAMYPE. The link with PRONAMYPE lies in the attention of the target population<sup>128</sup>.

There are many programs and resources invested by FODESAF, so, as *an exercise of transparency* by the Directorate of FODESAF, the construction of an Information and Evaluation System was promoted as of 2010 based on a series of Program monitoring indicators (prepared by the Research Institute in Economic Sciences of the University of Costa Rica<sup>129</sup>) for use of the Control and Monitoring Department, the Evaluation Unit of FODESAF. Information that, in PRONAMYPE’s case, was requested through an official letter and was provided in printed form according to the results tables of each indicator

<sup>128</sup> To carry out the objectives related to what was defined above, the MTSS, through its Strategic Institutional Plan, proposes a set of official indicators for each of the strategic objectives, the third indicator is the one related to PRONAMYPE: 2.1.3. 12.5% annual increase in FODESAF resources allocated to PRONAE and PRONAMYPE. (PEI 2010 - 2015. p. 16).

<sup>129</sup> See document Evaluation System of the Selective Social Programs financed by FODESAF. Indicators Report 2014 and Shared 2011-2014 (IIE-UCR, 2015).



(Tables 43 to 47) that only contained the data, that is, without interpretation or other complementary data.

Regarding these indicators that FODESAF follows-up, a proposal of 17 indicators for PRONAMYPE and other programs was built. It is important to note that, although the themes and purposes of the programs are very different, these indicators do not change. They were designed to be conceptually adapted in terms that some programs can refer to people and others to public constructions, but measurements and data will always keep the spirit of the indicator.

Of the 17 official evaluation indicators of FODESAF, 7 were selected based on the specificity of objectives 1 and 2 of this research, aimed at assessing the internal coherence and effectiveness of the Program. In this line of action, the selected indicators were: Potential Programmed Coverage (CPP, for its Spanish acronym), Potential Effective Coverage (CEP, for its Spanish acronym), Beneficiary Effectiveness Index (IEB, for its Spanish acronym), Expenditure Effectiveness Index (IEG, for its Spanish acronym), Total Effectiveness Index (IET, for its Spanish acronym), Effective Transfer of Expenditure Index (ITEG, for its Spanish acronym), and Beneficiary Growth Index (ICB, for its Spanish acronym). Therefore, for those 7 indicators, all the data of the available performance measurements for the period between 2011 and 2014 were analyzed. An indicator-by-indicator analysis<sup>130</sup> is shown below

### **5.2.3.1 Potential Programmed Coverage (CCP)**

According to the information provided by FODESAF, the Potential Programmed Coverage (CPP) indicator is defined as follows: *if the “value is equal to 100, it indicates that the program has the potential capacity to serve the entire target population”* (IIE-UCR, 2015). It is potential because there is not necessarily a guarantee that all beneficiaries are finally from the target population (there will be no leaks or total success of inclusion).

The calculation of the target population derives directly from the National Household Survey (ENAHU), and it is calculated taking into account what the institution plans to serve among the target population of the country.

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<sup>130</sup> To guarantee the correct interpretation of these indicators, Mr. Horacio Rodríguez, public servant in charge of the FODESAF System, was interviewed and consulted directly on the analysis performed on each of the indicators set forth in this item (Interview and electronic enquiries January-March 2016, FODESAF, San José). María Elena Fonseca, MTSS Planning Director was also interviewed (Interviews March-April 2016, FODESAF, San José).

Table 48:  
**Potential Programmed Coverage (CPP) of PRONAMYPE**

| Year | Component |          |
|------|-----------|----------|
|      | Credit    | Training |
| 2011 | 0,89%     | 1,87%    |
| 2012 | 0,96%     | 2,84%    |
| 2013 | 1,23%     | 2,60%    |
| 2014 | 0,80%     | 2,18%    |

Source: Information and Evaluation System, FODESAF.

As indicated by Mr. Horacio Rodríguez, public servant in charge of the FODESAF System (Interview February 2016, FODESAF, San José), the data obtained in this indicator are usually very low, a situation that is verified with the information in the previous table. Regarding the credits, for the year 2011 it was programmed to attend 0.89%, in 2012 the result was 0.96%, for 2013 and 2014 it was programmed to attend 1.23% and 0.80% respectively. As for the Potential Programmed Coverage (CPP) of training, in most cases one percentage point increases in relation to credits, obtaining 1.87% in 2011, 2.84% for 2012, 2.60% for 2013 and 2.18% for 2014, however these data continue to be very low, which means that the program has great difficulties in serving the entire target population, so that the benefits of this program reach a very small portion of the number of people defined according to ENAHO.

That is to say, the population in poverty condition that must be attended according to ENAHO is very big and the Program does not have the possibility to reach this entire population, nevertheless, the population that is in fact been served by the program have a positive view of the impact that the credit granted had on their work or family life.

### 5.2.3.2 Potential Effective Coverage (CEP)

The Potential Effective Coverage (CEP) indicator is defined as follows: *when the “value is equal to 100 indicates that the total of effective beneficiaries corresponds to the size of the target population, so that in the absence of leaks, it can serve the entire target population”* (Ídem, 2015). This indicator measures the population actually benefiting from the Program, taking into account its size and scope, that is, the amount of population that was served according to the installed capacity of the Program. The variable used by ENAHO is the estimated impoverished target population. The data obtained was:

In the case of credits, the result of this indicator for 2011 was 0.66%, in 2012 0.83% and in 2013 and 2014, 0.57% and 0.64% respectively. In terms of training, the results obtained were 1.82% in 2011, 3.74% in 2012, 3.09% and 3.35% in 2013 and 2014 respectively.

It is important to indicate that the results of the CEP indicator should be analyzed in the light of the Potential Programmed Coverage (CPP) indicator, where the comparison between the two shows how, in all cases related to credits, a smaller population than scheduled was attended year by year, which indicates that the Program presented an under-execution in relation to the planning that was defined for the years under study. Regarding training, the opposite is true, in most cases, more population was served to than programmed. In this indicator, the ideal results would be to serve the number of people that the Program defined year after year. However, levels of potential programmed coverage remain low compared to the impoverished target population in the country.

Table 49:  
**Potential Effective Coverage (PEC) of PRONAMYPE**

| Year | Component |          |
|------|-----------|----------|
|      | Credit    | Training |
| 2011 | 0,66%     | 1,82%    |
| 2012 | 0,83%     | 3,74%    |
| 2013 | 0,57%     | 3,09%    |
| 2014 | 0,64%     | 3,35%    |

Source: Information and Evaluation System, FODESAF.

In this case, the Program should find a way for people who have been effectively trained to access credit, in order to put in practice, the skills they acquired. At the moment, the credit and training data do not match because these populations are unlinked, on one hand there is a part of the population that receives the money and on the other, there are the ones who have been trained, if this was conceived in a more comprehensive way, the numbers shown by the Potential Effective Coverage would not be so dissimilar in each of the components<sup>131</sup>.

### 5.2.3.3 Beneficiary Effectiveness Index (IEB)

According to the methodological definition by FODESAF, the indicator Beneficiary Effectiveness Index (IEB), is defined if a *“value is equal to 100 indicates that all programmed beneficiaries were effectively served, the number of programmed beneficiaries is equal to the number of beneficiaries effectively served”* (Ídem, 2015). The objective of the measurement is to determine how much of what the Executing Units (Programs) planned to attend, in terms of people and money, was really served, that is, it seeks to express the relationship between what was achieved and what was programmed, according to the delivery of the good or service proposed.

<sup>131</sup> Conclusions that greatly explain the effect of the training component on the effects of the program, according to the results obtained in the regression models, see item Section B.

For FODESAF, as the indicator increases and approaches 100, it indicates greater effectiveness or performance when serving the programmed beneficiaries. Therefore, according to the data in table 45, in relation to the credits, 74.79% was attended for 2011, 87.02% for 2012, and 45.91% and 80.40% for 2013 and 2014, of what PRONAMYPE had indicated to FODESAF that it was going to attend in its schedule of goals, which shows that the Program served a lower number of beneficiaries than planned, and therefore, has a lower effectiveness.

Table 50:  
**Beneficiary Effectiveness Index (IEB) of PRONAMYPE**

| Year | Component |          |
|------|-----------|----------|
|      | Credit    | Training |
| 2011 | 74,79%    | 97,31%   |
| 2012 | 87,02%    | 131,68%  |
| 2013 | 45,91%    | 119,04%  |
| 2014 | 80,40%    | 153,66%  |

Source: Information and Evaluation System, FODESAF.

In the case of training, the results obtained in this indicator show 97.31% for the year 2011, 131.68% for 2012, 119.04% and 153.66% for 2013 and 2014 respectively. With the exception of 2011, the percentage of beneficiaries served is considerably exceeded, which implies an over execution of the established planning. For FODESAF this means that, in the absence of additional resources, this over execution could be signaling programming errors or an underestimation of the proposed goals.

#### 5.2.3.4 Expenditure Effectiveness Index (IEG)

The Expenditure Effectiveness Index (IEG), is determined as follows, if it is a “*value equal to 100, it indicates that the actual expenditures coincide with those programmed, and to that extent the Program is effective in budget execution and shows good programming*” (Ídem, 2015), that is, how much of what the program intended to spend each year was really spent.

Table 51:  
**Expenditure Effectiveness Index (IEG) of PRONAMYPE**

| Year | Component |          |
|------|-----------|----------|
|      | Credit    | Training |
| 2011 | 102, 85%  | 95,10    |
| 2012 | 104,32%   | 97,74%   |
| 2013 | 97,74%    | 99,84%   |
| 2014 | 107,62%   | 95,59%   |

Source: Information and Evaluation System, FODESAF.

Regarding credits, for the year 2011, 2012, 2013 and 2014 the following results were obtained respectively, 102%, 85%, 105.77%, 97.74%, 107.62%. These data show that in most cases the program is spending more resources than was programmed in the schedule of goals and investment, which could cause budgetary imbalances in the absence of additional resources.

In terms of training, for 2011 a 95.10% was obtained, for 2012 104.32% and for 2013 and 2014, 99.84% and 95.59% respectively. In this case, it can be observed that only in 2012 more resources were used than those programmed, in the other years the results are close to 100%, which indicates that in relation to this specific component the program has managed to be effective in budget execution.

### 5.2.3.5 Total Effectiveness Index (IET)

The Total Effectiveness Index (IET), according to the description provided by FODESAF, is defined as the *“value equal to 100 indicates that the program effectively served all the programmed beneficiaries and used all the programmed resources for it”* (Ídem, 2015). However, the indicator can reach that value if the over-execution in the beneficiaries or in the expenditure is exactly compensated with the under-execution in the other component, so it must be analyzed together with the two previous indicators associated.

In other words, this indicator seeks to measure the achievement of production of goods and services goals, in relation with the expenditure incurred, that is, it combines both the effectiveness in the achievement of the beneficiaries and the achievement in budgetary execution.

In this case, as it can be seen, for the four years under review, in the credit component, the indicator is not met because the 100% is not achieved. However, the results obtained show an effective scope on program development, achieving 88 % in 2011, 96.40% in 2012, 71, 83% in 2013 and 94% in 2014. These data are explained by the under-execution of training beneficiaries and the over-execution of expenditure in the modality of credit.

Table 52:  
**Total Effectiveness Index (IET) of PRONAMYPE**

| Year | Component |          |
|------|-----------|----------|
|      | Credit    | Training |
| 2011 | 88,82%    | 96,21%   |
| 2012 | 96,40%    | 118,00%  |
| 2013 | 71,83%    | 109,44%  |
| 2014 | 94,01%    | 124,62%  |

Source: Information and Evaluation System, FODESAF.

Regarding the training component, with the exception of 2011 where the percentage reached was 96.21%, the results obtained exceed 100%. Specifically, in 2012 the result of the indicator was 118%, in 2013 was 109% and in 2014 was 124%, which shows that it is attending more beneficiaries than those programmed or that it is spending more than programmed. In the particular case of the training component, it is evident that in several years there was an over-execution of the beneficiaries, but an under-execution in the expenditure. The 3 options mentioned above, according to FODESAF, reflect programming problems, since in the credit component, the population that is initially planned is not fully catered to, while in training, rather, the number of beneficiaries is over-executed, many times even doubling the number of beneficiaries.

### 5.2.3.6 Effective Transfer of Expenditure Index (ITEG)

The indicator Effective Transfer of Expenditure Index (ITEG), aims to measure *“how much of the expenditure financed by FODESAF to the Program actually reaches the beneficiaries as money transfer”* (Ídem, 2015). This indicator also includes the transfer of goods and services.

Table 53:  
Effective Transfer of Expenditure Index (ITEG)

| Year | Component |          |
|------|-----------|----------|
|      | Credit    | Training |
| 2011 | -         | -        |
| 2012 | -         | -        |
| 2013 | 100,00%   | 100,00%  |
| 2014 | 100,00%   | 100,00%  |

Source: Information and Evaluation System, FODESAF.

Regarding credits and training, for the years 2011 and 2012 there is no data, since, according to information provided by Mr. Rodríguez, during these years a different definition was used for this indicator, that is, it was defined “as the percentage of the expense that went to the beneficiaries directly in the form of Direct Monetary Transfer”. While subsequently, at the request of DESAF, it was defined as the percentage of the expenditure that is directed to the beneficiaries in the form of money, goods or services, that is, in the latter only administrative and investment expenses are then excluded.

For the years 2013 and 2014, the result obtained in credits and training is 100%, which shows that for those years the program provided resources directly to the beneficiaries, or that the program consisted exclusively of expenditure on money transfer to the people.

### Beneficiary Growth Index (ICB)

The Beneficiary Growth Index (ICB) aims to *“compare the relative growth of the program beneficiaries in relation to the same quarter of the previous year”* (Ídem, 2015). It seeks to measure the relative growth of the program from a base year and the indicator will show changes in

expansion, stagnation or contraction. This information is expressed in positive or negative ranges. It is important to clarify that the analysis must be carried out year after year. The data obtained are as follow.

Table 54:  
**Beneficiary Growth Index (ICB)**

| Year | Component |          |
|------|-----------|----------|
|      | Credit    | Training |
| 2011 | -46,57%   | 31,40%   |
| 2012 | 17,34%    | 93,31%   |
| 2013 | -25,58%   | -9,60%   |
| 2014 | 10,85%    | 5,85%    |

Source: Information and Evaluation System, FODESAF.

Regarding credits, for 2011 and 2013, results were negative, that is, the number of beneficiaries of the program decreased in relation to the previous year, expressing values of -46.57% and -25.58% respectively. That which does not directly imply inefficiencies in the execution, but on the contrary may be due to the allocation of transfers through the trust and not the FODESAF budget. For 2012 and 2014, the results were 17.34% and 10.85% respectively, these positive values imply increases in the amount of population served.

In terms of training, mostly positive results were obtained year by year, showing a growth of 31.40%, 93.31% and 5.85% for 2011, 2012 and 2014 respectively. Only in 2013 there was a significant contraction compared to 2012, with a value of -9.60%, however, in general the number of beneficiaries has been increasing.

### Assessing Summary

It is important to mention that PRONAMYPE can propose modifications to the initial programming, either to expand or decrease the target population, it is an administrative process that allows them to align with the programming, as indeed happened for some of the years under study, according to enquiries made to the Technical Support Unit of PRONAMYPE.

The findings of this section do not conflict with the conclusions presented in the previous item, on the contrary, it complements them. Thus, in terms of execution, based on the results described above, Mr. Rodríguez, in charge of the Information and Evaluation System of FODESAF, was asked to make a general assessment and rate the management of PRONAMYPE, the response obtained was as follows:

A constant under-execution, that is, more people were served, as for the expenditure it is notorious that they spent more than they had planned. In general terms it is fine, however, they have to improve their execution and programming since they are not sticking to the programming, they present to

FODESAF, and the ideal is that they reach as close to 100, that is, a grade lower of higher than 100 is not good, because they may fall into under-execution or over-execution. Because in credits they spent more than what they had already budgeted, and it is notorious because it is assigned a higher budget, but the beneficiary population decreases, one would think that in those terms there should be a surplus, but it is not so. (Interview, Rodríguez, 08-27-2015, San José, MTSS).

The researcher agrees with the assessment of FODESAF public servant; however, it is considered that his opinion is focused on the efficiency of the budgetary execution of the Program, and does not refer to other indicators such as Potential Programmed Coverage (CPP), Potential Effective Coverage (CEP) and Beneficiary Effectiveness Index (IEB).

Therefore, from an evaluative point of view, it is considered that the results of these indicators refer to a sensitive aspect of the PRONAMYPE intervention: its capacity to reach the target population and to focalize its resources. In that sense, it is clear that the program has great difficulties to serve the entire target population (CCP indicator), faces some difficulties in reaching the entire target population and therefore influencing the problem that gave rise to it (CEP indicator) and experience problems reaching its entire potential target population (CEP indicator). About the latter, the Institute of Economic Research (IIE) of the UCR, in its study “System of evaluation of the selective social programs financed by the fund of social development and family allowances (FODESAF): report of indicators 2014 and comparative 2011 -2014”, concludes that “PRONAMYPE has potential coverage rates below 10% reflecting little capacity to benefit its respective target population” (2015, p.242).

In addition to this information, it was of interest to know what the assessment was made by the SINE of MIDEPLAN of the sectorial goals. In that sense, queries and requests for information were made by email to its SINE Director, Mrs. F. A. In response to the request, the data of the follow-up to the goals of the labor sector corresponding to NDP 2006-2010 and 2011-2014 was delivered, finding two significant aspects:

- a) the data contained in the NDP reports match with data from the PRONAMYPE reports on the fulfillment of annual goals;
- b) the analysis carried out by MIDEPLAN focuses only on the fulfillment of the goal and its percentage of progress (accountability);
- c) in the evaluation final reports of each NDP, in the column of goals “achievement” of PRONAMYPE, the SINE of MIDEPLAN uses secondary source data as an indicator, specifically from INEC National Household Survey. While these are 100% reliable and valid results, the SINE does not indicate or clarify what is the causal relationship, net effect or specific contribution of the Program in that generalized



national data, finding within the evaluation matrices, in the achievement column, information such as the following: “The percentage of beneficiaries in relation with the unemployed population as recorded by the 2014 National Household Survey (ENAHO) was 19%, which exceeds the goal of the year” (2015, p. 87).

For the aforementioned, and considering that there are at least 23 instruments or interventions related to the microfinance sector in the PND labor sector, it is concluded that, scientifically, it is not possible to attribute to interventions such as PRONAE, EMPLEATE and PRONAMYPE the variations of national indicators without a mechanism or filter variable that allows estimating the weight of these programs in the general indicator. This, unfortunately, is a critical observation that can be generalized to all the official reports consulted, hence the need for a culture of institutional evaluation in Costa Rica to encourage the establishment of effects and impact indicators.

### **5.2.2 Second-Floor Banking and target population selection: the turning point?**

Within the existing focalization schemes in the Latin American region, the beneficiary selection process is usually the turning point that determines the success of the life cycle of public action interventions, since this can become a success factor or in the Achilles heel of the implementation of programs and projects derived from social policy. In that sense, and in accordance with the political economy of focalization, Amartya Sen states that the “theoretical point in favor of focalizing the policy of fighting poverty is very clear: the more accurate a subsidy is to reach the impoverished, lower will be the waste and cost to achieve the desired goal. It is the cost-effectiveness of guaranteeing the provision of a certain benefit” (Sen, 2003, p.556).

Consequently, the Second-Floor Banking (SFB) is the scheme through which PRONAMYPE decentralizes the identification and selection of its beneficiaries, a process carried out through the Intermediary Organizations, which, in addition to the execution results, is a key and strategic area to assess the effectiveness of focalization of the Program.

In this sense, the following subitems will contextualize the implementation framework of the phases of identification and selection of beneficiaries<sup>132</sup> and will analyze the findings, which are important to determine the effectiveness itself, but also to strengthen with evidence the arguments presented in the preceding sections<sup>133</sup> about the coordination and

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<sup>132</sup> A focalization scheme is generally divided into four main stages: 1. Identification of the target population (type of coverage, level of identification and method of selection); 2. Selection of beneficiaries (selection criteria); 3. Information systems and maintenance of the register; and 4. Renewal and cessation of beneficiaries.

<sup>133</sup> Likewise, the issue of adequate focalization is key to understand in its context the quantitative results of this chapter (section B).

effectiveness of sectoral policies and strategies to combat poverty and the promotion of (self) employment.

### 5.2.2.1 Institutional management framework and work scheme

PRONAMYPE legally functions under the figure of a Trust, where the MTSS acts as a trustee and the Popular and Community Development Bank (BP) as a fiduciary. This trust has funds for this Program that are divided into two specific products, the first has to do with microcredits so that people in poverty, as defined by the National Institute of Statistics and Censuses (INEC), can access to these microcredits in the softest conditions of the financial system. The second product has to do with providing training and technical assistance, aimed at people in conditions of poverty and extreme poverty, according to the conceptualization of Law 8783 of the FODESAF.

The Trust is financed through two sources, the first from the recovery of credit operations that have been managed during the execution of the Program and the second for an annual transfer that was established by Executive Decree No. 36238-MEIC-MTSS- MIVAH that is made to FODESAF for at least one billion Costa Rican colones, clarifying that this transfer of funds is exclusively to support the target population, no part of this money can be used for the operational-administrative expenses of the Program. To further strengthen this budget allocation, an agreement is signed each year between DESAF and the MTSS. Products that, as noted, are conditioned by official selection criteria duly stated in regulations.

PRONAMYPE operates only in San José with seven public servants that are within the MTSS payroll, that is one of the main operational reasons, for which the Program conducts its credit management in a decentralized manner through Intermediary Organizations (IO), and this is what is considered as the Second-Floor Banking (SFB).

It is defined as SFB because a banking entity, in this case the Popular and Community Development Bank (BP) as trustee, grants resources to small organizations, who are responsible for administering and managing the credits for the beneficiaries of the Program<sup>134</sup>. In this transaction, a fixed interest of 10% is imposed, of which 8% is used as profits of the Intermediary Organizations (IO) and 2% for the recovery of the Fund with a revolving nature, therefore, it is clear that IOs as MFIs obtain a significant return on an investment of external and public resources.

In order to understand from a primary source why the Program works in this way, the two maximum authorities in charge, the Executive Director of PRONAMYPE Mrs. S. Ch. and

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<sup>134</sup> See item 2.3 Process Theory.

the former Minister Dr. O. S., were directly consulted. In their responses, both coincide in indicating that the resources are given to IOs because they are the ones that know the problems of the communities, so the use of this mechanism is then a way of approaching the Program to the potential beneficiaries (target population), since the MTSS cannot have such a close relationship with the needs of the communities throughout the country (Interview April 22, 2017 San José and Interview July 22, 2016, Heredia).

#### **5.2.2.2 Role and responsibilities of the IOs**

In order to assess the extent to which the work carried out by the IOs contributes to an adequate distribution and management of public funds in the communities where they work, it is first necessary to understand and specify both their nature and their responsibilities.

An IO is an organization that channels the financial resources and services obtained from the PRONAMYPE-Popular Bank Trust to the end user, in accordance with the Program Credit Regulations, which in its article 4 establishes,

The trust funds will be channeled through an approved fund placement contract in favor of the Intermediary Organizations, which in turn will channel them to the microentrepreneurs approved by the Special Committee defined in this Regulation. The Intermediary Organizations will be direct agents of the PRONAMYPE–Popular Bank Trust, therefore they assume the responsibilities stipulated by the fund placement contract. (2012, p. 3)

The above-mentioned Regulation also defines the different types of Intermediary Organizations (IO) that could participate in the Program resources, such as Development Organizations, Associations of microentrepreneurs or producers, cooperative associations, cantonal agricultural centers and other organizations of a similar nature, that demonstrate capacity and responsibility for the management of resources and the execution of the Program. The requirements that these organizations must meet if they want to be part of the Program are stipulated in Article 6 of the Credit Regulations.<sup>135</sup>

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<sup>135</sup> Intermediary Organizations that request to participate in the placement of funds administered by Trust 02 -99 MTSS-PRONAMYPE-BPDC, must meet the following requirements: (i) Have experience in microcredit; (ii) Be aware of what microenterprise and microentrepreneur is; (iii) Credit and administrative structure; (iv) Acceptable financial situation; (v) Present its established geographic location; (vi) Present updated legal status.

If the IOs meet these requirements, they can manage a Fund Placement Contract which must be presented to the Technical Unit of Support to the Trust, together with all legal and financial documentation that guarantees its constitution and solvency<sup>136</sup>.

When the IO begins to manage the money given to it by the Program, it becomes responsible for reimbursing to the Trustee, within the stipulated terms, the amounts granted to the beneficiaries; this money must be paid together with an interest rate that will be defined by the Special Committee using as reference the Passive Basic Rate that defines the Central Bank.

IOs provide credits to the population and with this they set interest. The Regulation stipulates in its article 12, that these organizations can set a maximum interest of 8 points on the interest rate charged by the Trust, to the final subject of the credit<sup>137</sup>. Organizations, as directly responsible for the credit relationship with borrowers and microentrepreneurs have the obligation, as indicated in article 18 subsection d, of,

- √ Identify and select microentrepreneurs, in accordance with the poverty conditions stipulated by the FODESAF Law,
- √ Analyze, approve and follow up the credits granted,
- √ Support credit applications with the corresponding technical, financial and market justification,
- √ Carry out the collection and recovery of resources through the administrative and judicial procedures that may be necessary.
- √ Contribute with the Program in the promotion and support of all necessary actions related to training, technical assistance, commerce and integration of microentrepreneurs, or any other support mechanism aimed at improving the conditions of productivity and competitiveness of these. (General Fund Placement Contract p.10) [the underline is from the researcher]

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<sup>136</sup> The Special Committee of the Trust, after a study of the Technical Support Unit and the favorable recommendation of the Credit Committee of Trusts of the Popular Bank, is responsible for approving or rejecting the requests of the organizations interested in the Fund Placement Contract. If the signing of the Contract is approved, the Regulation establishes in its article 9, that “*the maximum amount that the Trust may grant to the Intermediary Organizations individually through the Fund Placement Agreement, may not exceed 20% of the Capital and Reserves of the Trust*” (p. 6).

<sup>137</sup> According to the regulations, the maximum credit amount for a user will be ten million Costa Rican currency (\$17.000 +/-).

Loans granted must be used for different purposes, including working capital, the acquisition and repair of machinery, equipment, tools and furniture, the expansion of infrastructure for the production and marketing process and training and technical assistance.

The importance and responsibilities of IOs in the execution and financial management of the microcredits granted by PRONAMYPE can be seen. For this reason, it is important that there are follow-up and coordination mechanisms to ensure that IOs meet the stipulations and objectives of the Program according to the target population to which it is addressed. Therefore, in terms of the effectiveness of the Program, it can be said that the appropriate application of the regulations and technical criteria depends on the choice of the IO, the monitoring of the Program and the MTSS so that the resources reach the populations to which they are destined.

### 5.2.2.3 Selection criteria according to regulations

According to FODESAF Law and the sectorial policy guidelines, PRONAMYPE is a focalized program. This is defined by the Law on Social Development and Family Allowances in its article 2 that states “*Costa Ricans with limited economic resources are beneficiaries of this fund, in accordance with the requirements established in this law and its regulations*” (1974, p. 1).

For its part, PRONAMYPE, according to its Creation Decree, defines as its target population those affected by poverty, excluded, at social risk and vulnerable. This population is made up of Costa Rican or naturalized foreigner, men or women, or foreigners in a regular condition, in a condition of poverty, with a micro-entrepreneurship in progress, or with a business idea to start (entrepreneur), from which viability and economic sustainability can be deduced.

In that sense, conditions for accessing to the credit component are very well defined by the Program. It is established that the requirements to be a credit subject are, to be Costa Rican by birth, by naturalization or foreigners in regularized conditions, and whom are in a situation of poverty - this according to the value indicated by INEC for urban and rural areas<sup>138</sup>, and to be a microentrepreneur or have a project(s) to establish a microenterprise, however, in all cases the applicant must demonstrate that he or she is in a condition of poverty or social vulnerability. Therefore, it is important to emphasize that the regulatory framework and technical criteria for the adequate control of public funds in the target population are duly well defined. Terms that, in turn, are duly informed and agreed with the IOs in the respective Fund Placement Contracts.

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<sup>138</sup> The set of requirements are explained in item 4.2.1.4

#### 5.2.2.4 Findings and analysis: selectivity and pendular exclusion.

Based on the knowledge acquired from the case under study and the results of the in-depth interviews conducted with the Managers of the IOs, the random visits and observation of beneficiaries and their productive activities, the following direct and indirect effects are identified, both positive (+) and negative (-), from the assessment of the identification and selection process of users and clients (target population):

- ⊕ Relevance of the SFB scheme: the working society that PRONAMYPE establishes with IOs as MFIs, is certainly strategic and relevant, since to the characteristics of the Organizations, their geographical location and coverage areas, allow the Program to reach a higher effectiveness in terms of knowledge, identification, contact and access to the population and activities that they want to support.

In that sense, since IOs are Cooperatives and Associations that work in local development, it was observed that they have a direct knowledge of their areas of intervention and their communities. For that reason, the second-floor banking scheme does represent an ideal instrument for social and labor policy if the Program does not have the logistical resources to do so. Especially, because the majority of the users of the credit offer lack of access to information and hold a socioeconomic status profile that makes it difficult for them to access credit programs of the formal banking which are also centralized in the capital of the provincial or in the central valley.

- ⊕ At this point it should be noted that the importance of PRONAMYPE and its credit facilities for those who would not otherwise qualify for formal credit was verified, this was perceived during the individual interviews and focus groups that were carried out, where people who mainly dedicate to agriculture expressed that they would lose their land if they had a regular credit, while the IO is aware of their situations and is able to easily reach payment arrangements.
- ⊕ Therefore, in general terms, focalization has allowed to build a credit portfolio, where microcredits have helped many people to develop an activity on their own to provide for their families. Especially with women, this has represented an opportunity to care for their families while they work, in addition to have access to a microcredit in favorable conditions that was useful for purchasing machinery, merchandise and for the growth of the company.
- ⊕ Regarding IOs, these organizations as MFIs (Cooperatives, Associations, etc.) benefit from the SFB scheme and actively incorporate micro-credits and (to a lesser extent) training of PRONAMYPE into their offer of goods and services.

- ⊕ The profitability of the business for IOs is verified, since the granting of loans is an activity in which they offer microcredits at a fixed rate of 10%, obtaining through their intermediation 8% at an investment cost equal to zero, since that the financial capital placed by its associates (subsequently potential clients of PRONAMYPE) comes from the public sector.
- ⊕ As a result, it was also found that the SFB scheme is functional and convenient for the Program, as long as IOs management respect and comply with the terms signed in the Credit Placement Agreement and its Regulations, since if the IO management is not carried out under these terms, irregular situations arise.

In contrast to the previous points, the field work generated empirical data that shows some unplanned negative effects that are necessary to mention, not because of their representativeness and quantitative weight, but because of their relevance in this dimension of the contextual impact analysis:

- Leakage of beneficiaries: The post-test of the first quantitative phase of the mixed method used to gather information, showed that 8.5% of the sample of PRONAMYPE cases (treatment group) presented an economic income significantly higher than the line of poverty (urban or rural as the case may be), which constitutes according to FODESAF Law the main selection criteria that must be met. This is a relevant fact, taking into account that the sample per cluster and with a test power of 80% was taken in 11 IOs which represent 89% of the placement of funds of the financial resources of the Program's credit component.

Therefore, there is evidence to affirm that the focalization process carried out by IOs presents a leak of 16.2% cases that do not meet the selection criteria.

- With this important reference information, during the second qualitative phase of the mixed method used to gather information, the following question was asked in the interviews with the IO Managers that had the highest volume of credits: *what is and how do you characterize the socio-economic level of the target population that attends your IO with microcredits from PRONAMYPE?*

All the answers gathered allow to establish an explanatory causal relationship to the 16.2% leak identified in the post-test survey, since the opinions and way of thinking, reveals that all IO Credit Managers formulate and work under a different and heterogeneous definition regarding the profile of the target population and the technical criteria, which do not correspond to those of PRONAMYPE according to the agreement between the parties. In this sense, table 55 presents a representative sample of the data reduction:

Table 55:  
**Conceptual variability of the target population  
as defined by IO Managers**

| IO & Coverage area   | Description of the target population  |
|--|---|
| FUNDECOCA<br><br>Huetar north rural.                             | <p>“They are the typical Costa Rican rural families that generally live-in peasant settlements, (...) they are people of low schooling”</p> <p><i>“We do not tend to give people in extreme poverty because of the issue of being capable of payment (...) but I do believe that most of them are in poverty or basic poverty”.</i> (Manager 1, p.2)</p>  |
| CEMPRODECA<br><br>North rural Chorotega.                         | <p>“Is a person with limited financial resources, that does not have access to state banking and to enter this bank they ask you a lot of requirements” (p. 01).</p> <p>“That person who lives in the countryside in the most central part, who has a subsidized house (where he lives), and his plot to work” (Manager 2, p.2)</p>   |
| COOPEMUPRO<br><br>The whole country.                             | <p>“Population that is not considered by the traditional market, which is the population with very few economic resources, of this population is not subject to credit in the national financial system in any, women with productive ideas” (Manager 3, p.1)</p>   |
| ASOPRO-SANRAMON<br><br>North Central.                            | <p><i>“We do not attend extreme poverty; we do consider that it has to be middle class down (...) it is difficult to classify them” (p. 01).</i></p> <p><i>“For extreme poverty, there is the IMAS that helps them because these people cannot even pay a loan”</i> (Manager 4, p.1)</p>  |
| FUNDECOSUR<br><br>Central Pacific and South Brunca.              | <p>“People who have many problems accessing the traditional banking system. It is a population that IMAS qualifies in condition of poverty or extreme poverty or as I say in some circumstances has no financial inclusion” (Manager 5, p.1)</p>  |
| ADESTRA<br><br>Central South and Greater Metropolitan Area (GAM) | <p>“These funds are not easy to place because <i>the profile is not really of poor people.</i> In the case of our organization, we have been very cautious that the placement is well analyzed, in the sense <i>that if I see that you do not have the ability to pay even if you have all the conditions, I prefer to say no”</i> (p.1)</p> <p>“We now have a guarantee from IMAS (guarantee fund) but it <i>can also be dangerous</i> because people can say if IMAS supports me, I don't pay <i>and that can make the portfolio dirty”</i> (p.1)</p> <p><i>“We do not finance people who are going to start a productive project”</i> (Manager 6, p.3)</p> |

Note: The italic letter represents greater strength of the data as evidence.

Source: Excerpts from the audio transcripts of the interviews applied to the I.O. Managers with the highest loan placement portfolio and greater geographic coverage.



The content analysis of this information<sup>139</sup>, together with the randomized review of files and on-site visits made to some entrepreneurship, allow the extraction a set of elements (negative results) and very sensitive conclusions for the public action of the Program, which act as a counterweight of the positive results listed above

- Inadequate focalization of resources: Explicitly some opinions show and recognize that the population served is not people in poverty or extreme poverty. The reasons and aspects of this are wide ranging, but for example, as shown in line 4 of table 55, some Managers justified not serving population in poverty because, they argue, that for that function IMAS exists. However, PRONAMYPE's objective is not to provide social assistance, but to support with financing and training, people with productive ideas
- Failure to comply with regulations: there is evidence of possible failures to the legal and regulatory provisions that define the population subject to credit, which may generate some questioning of the statements that are recorded in the procedural files.
- Inadequate understanding and use of subjective criteria: Although the selection criteria are clearly formulated in the Contract with the IOs and the Regulations, the diversity of opinions also shows a deficiency on the IO's conceptual understanding of the theoretical parameters exposed by the program.

As shown in table 55, IOs empirically approach to the definition established by law, however, technically, there is a gap between the target population defined by PRONAMYPE-legislation and what these organizations view as the target audience. None of the answers are based on a technical criterion which substantially departs from the purposes of the Program and the National Development Plans. It should be noted that in the interviews, some Managers reported that PRONAMYPE's application form has undergone many changes every year and that has caused confusion.

- Existence of unauthorized policies and criteria: The interviews and visits allowed to observe that some IOs have an internal policy of not allocating microcredits to productive ideas that have not begun, but only to ventures that are already underway and that have at least six months of operation, thus raising the following question: how could a person in poverty have resources to make a productive idea sustainable

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<sup>139</sup> Full audios and transcripts are available as support for the investigator-evaluator. All interviews were consented by the interviewees and endorsed by the Executive Directorate of the Program by official record.

for 6 months while waiting to qualify for a credit? This is a contradiction and puts the objectives of the Program at risk.

- Absence of control and follow-up: at the design and implementation levels of the Program, the previous situations show the absence of administrative controls regarding IOs as well as follow-up actions of qualitative type in the field of the Program, in the regions and communities where productive activities take place.
- Orientation to safe groups and prevalence of cost-benefit rationality: In accordance with the abovementioned and in all the cases visited, a tendency of the IOs to work with safe investment groups (users) was identified, with a logic of risk reduction prevailing and maximum economic benefit, instead of the social assistance logic of the Program.

In that sense, it is clear that IOs have not lost their vision and essence as MFIs, since they tend to work with the client profile that gives them greater security of payment instead of delay, that is, security of recovery of funds. This action is unbelievable and unfounded since capital investment comes from PRONAMYPE public funds.

This situation also raises two consequences that require attention. On one hand, the prevalence of a business view in the implementation of the SFB, which shows a risk/problem not foreseen from the design and not addressed in the implementation of the Program due to the absence of an M&E system. On the other hand, if this is not changed on time, a problem of speculation in the custody and allocation of public funds can be developed, that is to say, an instrumental use of the Program even if the IOs have secured the 6% margin for their financial intermediation.

- Non-inclusion = exclusion & stigmatization: in the implementation of a focalized socio-labor program to combat poverty, a leak equals to a double exclusion. *Exclusion* because since resources are limited and scarce, the allocation for an applicant who does not meet the requirements, may imply that someone who does comply does not receive the intervention, which would mean that the most vulnerable populations to which in theory the Program is directed are excluded from access to credit. And *Stigmatization* because rejection or failure in taking into account impoverished populations due to distrust or risk, implies the existence of non-legal administrative barriers, based on stigma.

Together, both things could lead to a *double and contradictory exclusion*, since on one hand and at the implementation level, they are not taken into account by the interventions and formal instruments of the State to solve or minimize unemployment and lack of

income; and on the other hand, at the macro level, they are still excluded from the dynamics of the formal labor market.

- Risk of clientelism and centralization of IOs: Both quantitative and qualitative results showed that people who receive microcredits do not have clarity about the origin of the resources; in fact, there was a tendency towards the centralization of the attention and information by IOs, which somehow makes the role of PRONAMYPE invisible. At this point it is emphasized that in the absence of a direct relationship of the Program with the people, their opinion is generally directed at the experience with the Intermediary Organizations, since these are the ones that carry out the whole process of approach and approval of the credits that these people request.

The research wanted to know the criteria of PRONAMYPE on these findings, however, the Program experienced and undergoes a very delicate political transition in which the knowledge of this very specific information could jeopardize the job stability of some of the staff. However, shortly before the departure of the previous Administration, the former MTSS Minister was interviewed and his opinion was asked about PRONAMYPE leaks and PRONAMYE management, the response obtained was that,

“there are always some lines that are intermediate where it is very blurred and dim where the line is crossed to one side or not, and it is up to the organization to take the risk, for example, an IO is given money to place it on the population in extreme poverty but they are responsible for that money, if they are not paid they lose, sometimes they do not take the risk, it was given to the IO because they know their people, they know who the neighbors are and how they behave and then they will make the decision on the loan but it has the corresponding guarantees, there are some that do not take the risk, if there is a matter of definitions but it has more to do with instinct” (Interview, July 22, 2016).

The position of the former Minister in a very respectable and understandable role, however, it is noted that the State falls into a contradiction: if the program is designed to serve people in extreme poverty, it is assumed that many of these people do not qualify as credit subjects and much less have a way to pay for a credit; therefore, if the selection of beneficiaries becomes a matter of “instinct”, then no credit support could be provided to any of these people. Because of this dilemma it is considered essential that PRONAMYPE manages to unify and provide comprehensive attention to the target population with its two components; since if there is a properly trained person with a productive idea, it is a potential credit subject to start that idea and, working properly, guided by training, that person will have mechanisms to pay for the credit, but if both components remain unlinked, those people who do not qualify will be excluded from the Program by the free judgment and interpretation of the IOs.

Therefore, it is important to adequately define the technical criteria for the assessment of the financial condition of people who come to request credits. In addition, it is very important that the Program approaches and give greater follow-up to Intermediary Organizations, to ensure that public funds that have a goal, reach the people to whom they are destined.

Finally, the opinion of senior authorities on the failure to comply with institutional responsibilities was consulted, specifically question 16, was asked as follows: *If a program reaches about 8.5% leakage in its target population (that is, it reaches certain level of inadequate targeting) What are the legal consequences at the macro level of the state and at the institutional level?*

Table 56  
**Legal consequences of inadequate focalization  
 according to authorities perspective.**

| Ex MTTS Former Minister  | Attorney General of the Republic  | Ex Former Comptroller General of the Republic   |
|--|---|---|
| Sectorial  | Legal   | Auditory  |
| <p>“If it is an 8.5% that leaked out of 100% it is rather little what was leaked, first there are not so many and second it is difficult to think of a program that does not have leaks, I do not see it tragically” (p.8)</p> | <p>“For there to be consequences, they would have to be framed in a case of embezzle of public funds or what regulates the law of illicit enrichment, but it has to be more than just negligence or ineptitude” (p.8)</p> | <p>“The constitutional democratic system is based on the principle of responsibility, article 9, on democracy, those who govern respond, someone should respond, article 9 plus 11 of the General Law of Public Administration, someone has to respond, could be disciplinary sanctions or at criminal or civil or political level” (p.8)</p> |

The answers obtained vary according to the role and position of the interviewee. The former Minister and hierarchical superior of PRONAMYPE, relativizes and minimizes the phenomenon; the Attorney General points out that the actions of this process (of selection and assignment) would need to show an intention of fraud; and finally, the maximum responsible of public control is more emphatic in his position while pointing out that the responsibilities of the case must be established. This is important in a national context in which studies estimate that 24% of total aid for the poor is misdirected (PEN, 2014) due to the “bad aim of public policies” (IIE-UCR, 2015).

### 5.2.3 Summary

The evaluation of the context of the public action should always consider the analysis of the reference frameworks and dimensions of the object evaluated, since these affect the process of implementing the Programs and their results. Therefore, the political-strategic arenas and dimensions are key in determining public policy agendas. Analyzing the new or old paradigms, the nature of the Costa Rican State, its welfare regime and the public apparatus in general, allows to understand the ontological nature of PRONAMYPE.

As explained throughout this section A, PRONAMYPE emerges in a context of economic crisis, so the evaluation of its context implied a socio-historical reconstruction of the political-institutional matrix of public action, of the social forces and a map of stakeholders.

In that sense, the social, political and economic dimensions were key to determine the scope and limitations of the Program, since there is a permanent tension, almost inherent could be said, between the nature of PRONAMYPE and the political-sectorial conditions in which it is implemented (item 5.1 *External-Institutional Subsystem: Public institutional framework and analysis of the sectoral role of the Program*).

Although Costa Rica has a set of laws and mandates that make evaluation an instrument for the good governance, the technical areas of Ministries and autonomous and decentralized institutions do not develop evaluative research processes but are limited to a follow-up based on instruments for goals and objectives. At the macro level, the National Evaluation System (SINE) of the Ministry of National Planning and Economic Policy (MIDEPLAN) focuses its actions on what they call the evaluation of strategic actions of the National Development Plan. Therefore, in the case of PRONAMYPE, when it comes to evaluate the use of public resources, it is inevitable to question to what extent the optimization of resources is intended and how actions are oriented towards obtaining results (item 5.2 *Internal Process Subsystem: Assessment of the results-based management and the target population selection scheme*).

This section A addressed all these aspects to answer the first two questions of this work. The most significant results are summarized in table 57 that presents a comparison of PRONAMYPE with the State, Public Management and Social Policy model, with data showing how this program is a clear example of the recent transformations of the Costa Rican State. On the other hand, and based on the mixed methodological approach, Figures 20 and 21 systematize the most significant findings that answer the questions, so that it can identify the causal factors or relationships that explain them.

Summary Table: 57  
**Comparison of PRONAMYPE**  
**with the State, Public Management and Social Policy.**

| Aspect                                  | 1948-1982  | 1982-Today  | PRONAMYPE  |
|---|--|---|--|
| <b>Economic Model</b>                   | Keynesian<br>(Development of the State)                | Neoliberal<br>(Reduction y restructuring of the State)  | Starts in 1992 in the context of the economic crisis   |
| <b>Orientation of the State</b>         | Domestic market and agro-export.                       | External market, market opening, productive diversification   | State response to the insufficient generation of employment in the labor market and the growing informal sector. |
| <b>Politic and resources management</b> | Centralized  | Dis-centralized   | Dis-centralized  |
| <b>Public Management Model</b>          | Traditional Public Management (TPM)                    | TGM (1982-1999)<br>Mix between New Public Management (NPM) and Results-Based Management (RBM) (2000-2018) | TGM, in its beginning. RBM, nowadays.  |
| <b>Structure</b>                        | Hierarchical   | Hierarchical (1982-1999)<br>Sectorial (2000-2018)   | Subordinate to the MTSS Sectorial Coordination   |
| <b>Approach of the Social Policy</b>    | Welfare State  | Assistance and compensation   | Compensation Program (Labor Market)  |
| <b>Emphasis of the interventions</b>    | Development of universal social rights and guarantees. | Stabilization, containment and poverty reduction.   | Poverty reduction through entrepreneurship and self-employment.  |
| <b>Design &amp; Decisions</b>           | Centralized and cooperative.                           | Centralized in sector.  | Centralized in MTSS.   |
| <b>Coverage</b>                         | Universal  | Focalized (selective)   | Focalized: In poverty and vulnerable population.   |
| <b>Expected condition</b>               | Homogeneity  | Protection of individual rights   | Income improvement   |
| <b>Evaluation</b>                       | None   | Accountability + Results Based Management   | Accountability (outputs)   |

Source: Own elaboration based on chapter 2, 3 and section A chapter 5 findings.



Figure 23: Summary of Indicator Findings: Context of the Program according planned results.

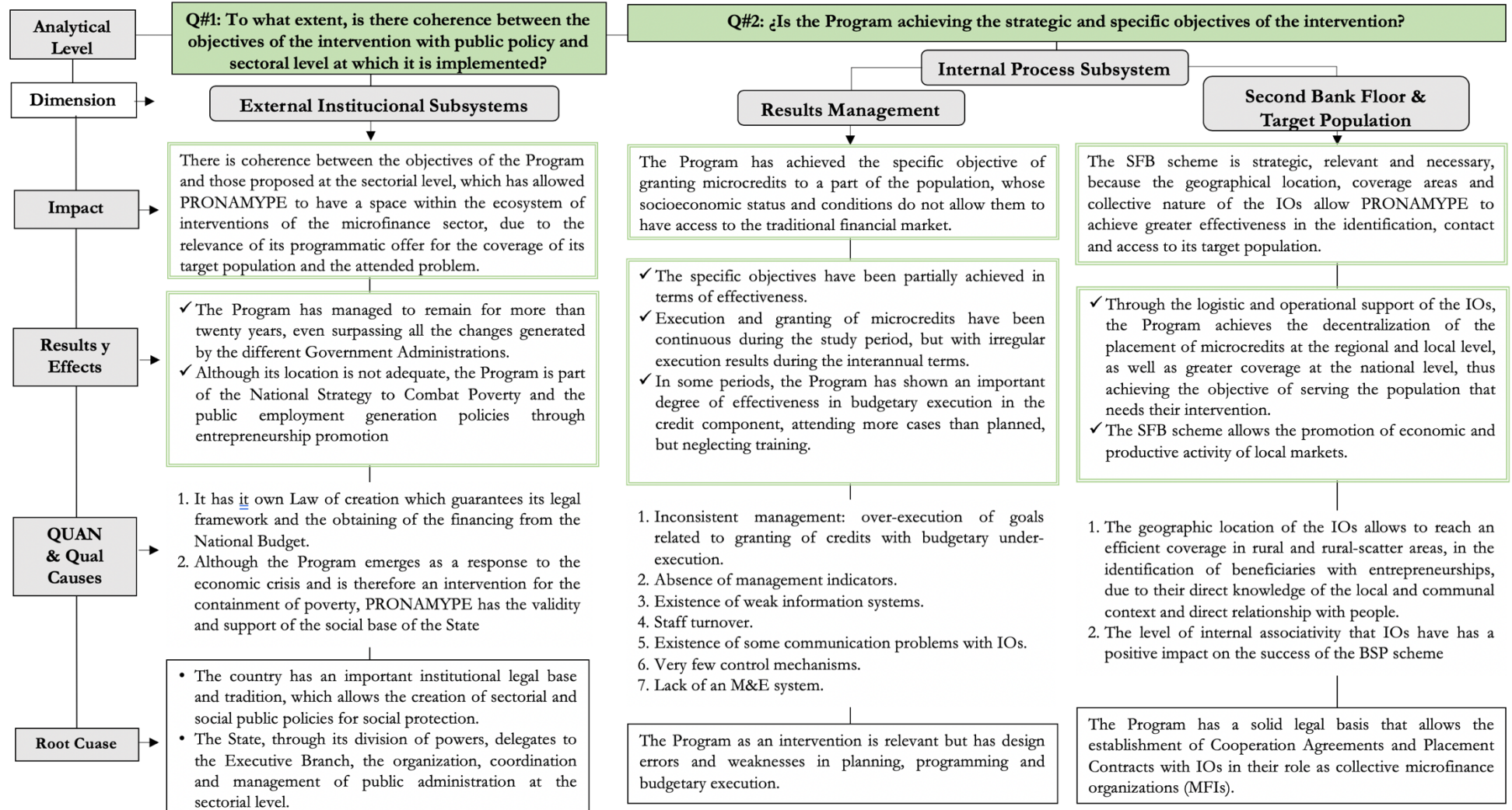
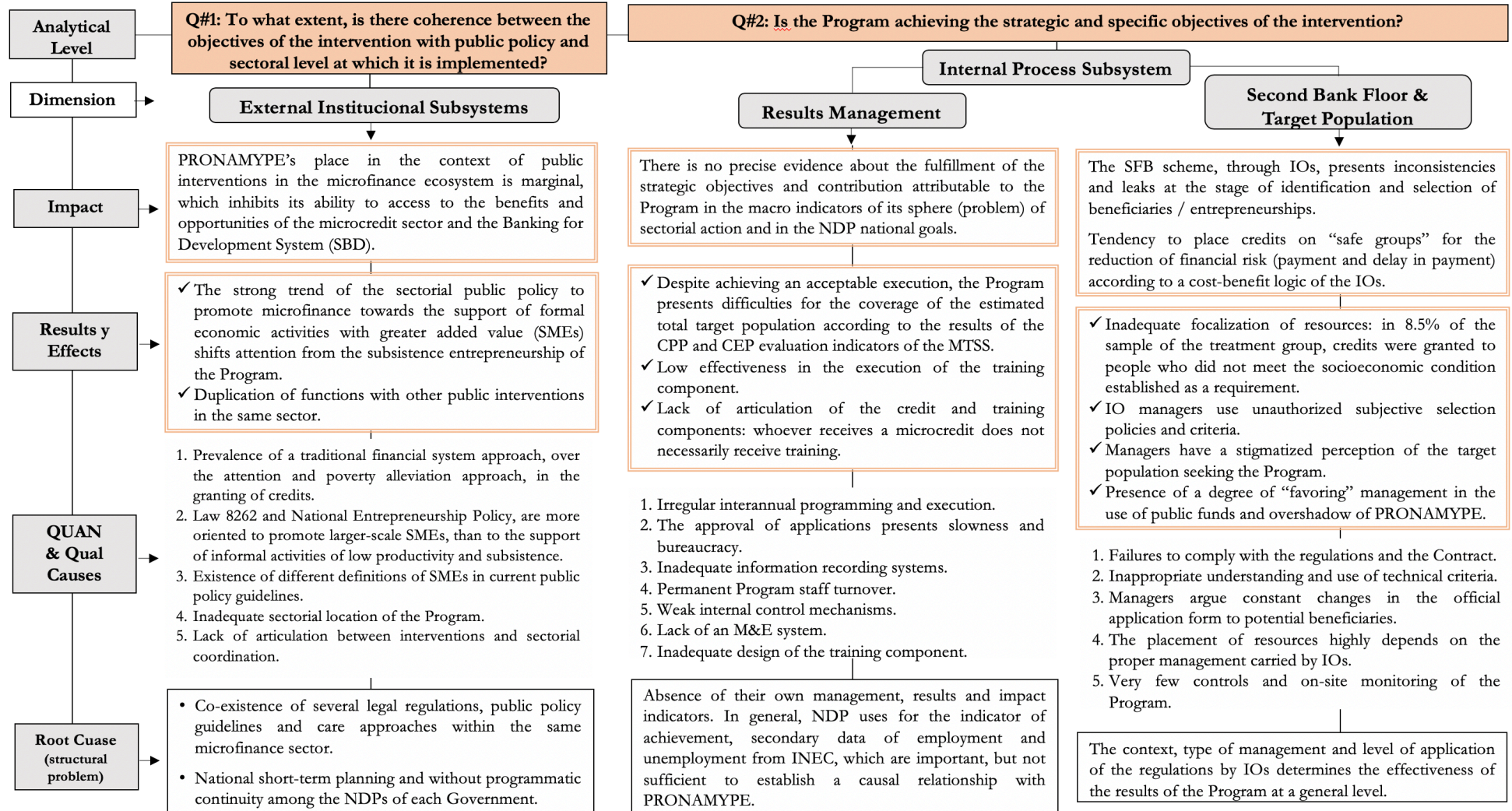


Figure 24: Summary of Indicator Findings: Context of the Program according **unplanned** results.





Look, taking in consideration the current situation,  
to be surviving is a win.

*Mr. J.R.V. Beneficiary, farmer.  
Quasi Experiment 1  
Treatment Group, #104.*

(...) I improved my work to the fullest, in fact I closed a room to build the workshop,  
same with the fellow workers, you know that when you start  
you have a working idea and the whole house is a workshop.  
Well, I used the corridor and living room of my and house and everything to work,  
then, when they gave me the credit,  
the business started to improve,  
I closed part of the house and I was able to do a little workshop, I worked there,  
with that job I was able to provide for my family and sent my children to study,  
last year my oldest son received his high school degree also motivated by so much effort  
(...)

*Mrs. M.A.J. Beneficiary, sewing workshop.  
Quasi Experiment 2  
& participant in focus group, urban zone.*

## CHAPTER 5: IMPACT EVALUATION RESULTS

### Section B: Impact Assessment

Following the theoretical-methodological logic of the impact model of the CEval approach, this section B places its focus on the “*Impact dimension behavior*” (outcomes, effects, impacts) (see figure 4), developing the second specific objective of this research, which is *Assess the impact generated by the intervention in the productive and commercial development of the micro and small enterprises (MSEs)*.

In this sense, the six questions of the evaluation design are answered (see table 1) focused on establishing, understanding and explaining the impact that the Program has managed to generate on people and their micro economic activities, that is, on the “*Impact dimension behavior*” mentioned above. For this, each question is answered based on the assessment of the quantitative results (QUAN) of the indicators (coefficients and correlations), and fundamentally, based on the qualitative information (qual) whose function is to deepen and explain the quantitative results (QUAN), since the operation of an entrepreneurship within the world of microfinance is directly determined by the social, subjective, attitudinal and personal capacities of those who carry them out.

As in the previous section, this section B and its items are organized according to the following expository order: (i) question and evaluation criteria; (ii) main conclusion of the answer to the question (general assessment/evaluation judgment); (iii) review of the evidence and its analysis; (iv) for each indicator, a summary integrated in a diagram of the main findings according to the causes that explain the general assessment (evaluation judgment) of the question.

#### 5.3 Profile of the beneficiary and the economic activity

##### 5.3.1. Question and evaluative judgment

Under the impact criteria, the question asked was: *What are the main features of the MSEs supported?* Based on the core findings of this item, the answer is as follows. Regarding the profile of the target population served by the Program, the majority of the population participating in this study complied with the Program’s selection criteria established accordingly to its Law and Decree.

It is an adult population (46 years average), without illiteracy and with an important level of schooling, where 90.5% have completed primary school or more. Marital status is very diverse, but family nuclei predominate, which mostly have one or more underage children with economic dependence, which is important since two thirds of the income of these households depend exclusively on those economic activities.

It is emphasized that the majority of the beneficiaries are women (67.0%), which from the perspective of the public policy to which PRONAMYPE responds, is interpreted as a positive achievement in terms of the expected focusing according to the target vulnerable population groups.

However, in terms of the level of income, a “leak” of 16.2% was detected in population whose economic income is above the eligibility criteria. Although, this is not an alarming percentage, from the perspective of a targeted socio-labor program with focalized eligibility criteria, it is still relevant since, in social terms, it represents a percentage of public investment that did not reach a segment of the target population.

On the other hand, the estimation according to the poverty line (PL) methodology applied to the control and treatment populations (with baseline and post test data) are not consistent and show a confusing variability. This may have occurred due to problems of underreporting or information bias with the “economic income variable” in the baseline records previously provided. Despite this, in terms of households classified by income quintile, the result is favorable for both programs, since their beneficiaries are located within the first quintile (extreme poverty) or second quintile (basic poverty) of income: treatment 94.7 % and control 94.1%, respectively. Very important and positive result for the Program and of interest at the Government sector within which it is located according to the NDP.

Regarding the type of activity, the analysis (quantitative and qualitative) of the composition and profile of the economic activities supported showed that the results are consistent and directly related to the results found in the context analysis (see item 5.2.2.3 selection criteria according to regulation).

In that sense, the main finding points to an inconsistency in the ruling definition of the targeted entrepreneurs. This occurs because PRONAMYPE although, on one hand, has an individual and general socioeconomic definition of the target beneficiary, on the other hand, it does not have an empirical reference, based on the practice and reality of the characteristics and type of entrepreneurship that seeks to support, therefore, the reference it uses are the three categories established in Law 8262 and its Regulations.

The consequence of the above, is that a legal gap or a lack of attention in the Law 8262 is identified, since this classification of three categories is inadequate and does not fit with the empirical reality of the activities mostly served by the Program, which this investigation defines and classifies as **livelihood activities or simple or limited accumulation**, whose composition and characteristics are very important since they determine the development and results of success or failure (as will be explained in the analysis of the impact indicators).

In addition, it should be noted that these economic units are concentrated in four branches of economic activity of the primary and tertiary sector of the economy.

A final finding is that an important percentage of credit beneficiaries are unaware that the origin of the financial resources comes from PRONAMYPE, which is why IOs acquire a more important role due to the direct relationship (level of associativity) they have with people, but perhaps it is also due to a certain “clientelism” in the management of these resources (an aspect that was also identified in the context analysis). This general assessment is based on the evidence that will be presented in the following items of this section B.

### **5.3.2 Profile of the beneficiary (entrepreneur)**

Specifically, for PRONAMYPE<sup>140</sup> and its beneficiary profile, the information given by the interviewed people at national level shows that the selection of the target population responds to the profile established by the Law and the Program selection criteria. Importantly, stands out that 67.0% of the beneficiaries are women (men: 33.0%), that is, the female self-employment represents more than two thirds of the population served by the Program, an average that, compared to data from regional researches, is above the average of female employment for microenterprises owners in Latin America (GTZ-BM-IDB, 2010; ECLAC, 2015)<sup>141</sup>.

In terms of educational level, it is observed that illiteracy is practically non-existent (0.7%), and although 47.1% has an incomplete primary school, almost in the same proportion (43.3%) people report a higher level of education, including incomplete university (4.1%) and complete (4.4%). This information is important for the training component, as it shows that there are favorable conditions for a more complex curricular development.

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<sup>140</sup> In methodological terms, the data prove the suitability of the control group used, since the analysis of means compared in the variables presents a high equivalence between the averages of the characteristics of the populations compared.

<sup>141</sup> According to the study “Women Entrepreneurs: Barriers and Opportunities in the Formal Private Sector in Latin America” (GTZ-BM-IDB, 2010) the lowest percentage is 33% in Argentina and 50% in Honduras.

Table 58  
**Profile of the beneficiary and the financed economic activity**

| Aspect  | Response Categories             | Treatment | Control |
|---|---------------------------------|-----------|---------|
| <b>Beneficiary and family nucleus</b>           |                                 |           |         |
| Sex   | Man                             | 33,0      | 37,0    |
|   | Woman                           | 67,0      | 63,0    |
|   | Total:                          | 100,0     | 100,0   |
| Age   | Average years                   | 46,0      | 44,0    |
| The person interviewed is the head of household | Yes                             | 63,2      | 65,4    |
|   | No                              | 19,1      | 14,6    |
|   | Shared                          | 17,6      | 20,0    |
|   | Total:                          | 100,0     | 100,0   |
| Educational level                               | No schooling                    | 0,7%      | 0,8     |
|   | Incomplete Primary              | 8,8       | 14,6    |
|   | Primary complete                | 47,1      | 40,0    |
|   | Incomplet high school           | 18,4      | 29,2    |
|   | Completed high school           | 15,4      | 7,7     |
|   | Technical formation             | 0,7       | 3,1     |
|   | Incomplete university           | 4,4       | 1,5     |
|   | Full university                 | 4,4       | 3,1     |
| Total:  | 100,0                           | 100,0     |         |
| Type of housing                                 | Own                             | 87,5      | 71,5    |
|   | Rented                          | 7,4       | 12,3    |
|   | Others                          | 5,1       | 16,2    |
|   | Total:                          | 100,0     | 100,0   |
| Family nucleus with 1 or more children          | At least 1                      | 63,2      | 81,5    |
|   | 2 or more                       | 36,8      | 18,5    |
|   | Total:                          | 100,0%    | 100,00  |
| <b>Of the economic activity</b>                 |                                 |           |         |
| Operation zone                                  | Rural                           | 51,5      | 45,4    |
|   | Urban                           | 48,5      | 54,6    |
|   | Total:                          | 100,0%    | 100,0   |
| Operation time                                  | Average in years                | 10,5      | 7,25    |
| The activity represents the main household      | Yes                             | 63,2      | 76,2    |
|   | No                              | 36,0      | 22,3    |
|   | Total:                          | 100,0     | 100,0   |
| Use family work                                 | Yes                             | 69,9      | 64,0    |
|   | No                              | 30,1      | 36,0    |
|   | Total:                          | 100,0     | 100,0   |
| Number of credits requested                     | At least 1                      | 48,5      | 37,5    |
|   | 2 or more                       | 51,5      | 62,5    |
|   | Total:                          | 100,0     | 100,0   |
| Number of owners                                | At least 1                      | 61,0      | 70,8    |
|   | 2                               | 28,7      | 21,5    |
|   | 3 or more                       | 10,3      | 7,7     |
|   | Total:                          | 100       | 100     |
| Type of SME according to Law                    | Microenterprise: P ≤ 10 workers | 98,5      | 99,2    |
|   | Small enterprise: 10 < P ≤ 35   | 1,5       | 0,8     |
|   | Medium enterprise: 35 < P ≤ 10  | 0         | 0       |
|   | Total:                          | 100       | 100     |
| Owner is the only worker                        | % :                             | 43,4      | 52,3    |
| With 1 additional worker                        | % :                             | 24,3      | 17,7    |

Source: Own elaboration base on posttest survey.

Most of the beneficiaries own the house where they live (87.5%), which partly explains why 53.0% of the entrepreneurship are carried out in the same house where the owner resides. In 69.5% of the cases, the work of the activity with credit constitutes the main income of the household, on which, in turn, 63.2% have minors in a situation of dependence.

### **5.3.3 Profile of economic activity (entrepreneurship)**

PRONAMYE has individual socioeconomic information of the applicant target beneficiary, but does not have an empirical reference, based on practice and reality, of the type of activities it supports. At the beginning of this investigation, this lack of information generated limitations in the methodological development.

The first finding is that, indeed, the activities that have been supported represent a very complex labor universe, but that it was possible to characterize from some basic variables and complementary information of qualitative type.

The 61.0% of credit applicants are the owners, but 28.7% of the activities are carried out in partnership with a family or an external person. The geographical distribution is of 48.5% of the activities located in urban areas and 51.5% in rural areas.

The 70.0% use family work as support. The average lifetime of the entrepreneurship is 10.5 years compared to 7.2 years of the control group. Both numbers show that it is a population that has been “orbiting, parallel or within” the labor market but always working on its own. These data are correlated with the fact that 48.5% of the cases have requested at least 1 credit, but 51.0% have requested more than 2 credits<sup>142</sup>.

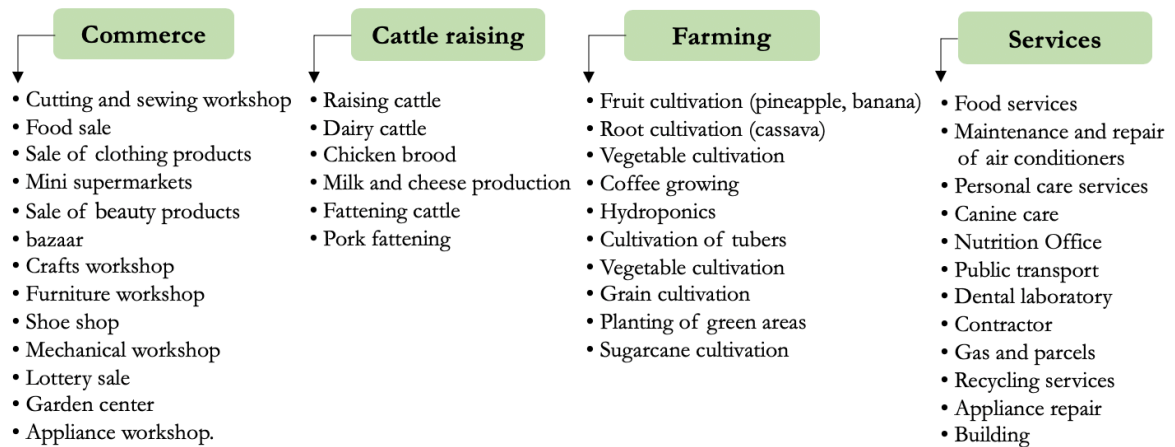
Of the nine existing branches of activity, most of the entrepreneurship fall under commerce, cattle raising, agriculture and services, that is to say, there is a concentration of activities in the primary (38.7%) and tertiary (46.2%) sectors of economy, within which are developed many goods and services. Figure 25 describes the main branches of activity, putting in detail the most frequent specific activities. The order of the information has been established according to the weight of the statistical frequency.

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<sup>142</sup> However, a negative fact is that 43.5% of the credit beneficiaries do not know that the financial resources for loans come from the public funds of the Program; 56.5% think that money belongs to the IO.

Figure: 25

**Predominant economic activities financed by PRONAMYPE according to branches of activity.**



Source: Own elaboration on data from post posttest survey.

It should be noted that an unexpected result (of a negative kind) has been the 8.5% cases in which an economic income above the one established by the selection criteria (**target population leak**) was identified, consequently, the incomes reported by those beneficiaries do not fall under poverty conditions according to the official parameter (see item 3.1.1 and 5.3). For these people, an information cross-checking was carried out and it was determined that they work in professional areas, such as dental, nutrition and canine care offices, which shows a presence of formal ventures due to a lack of control and S&E.

**5.3.4 About the type of activity according to its size and composition**

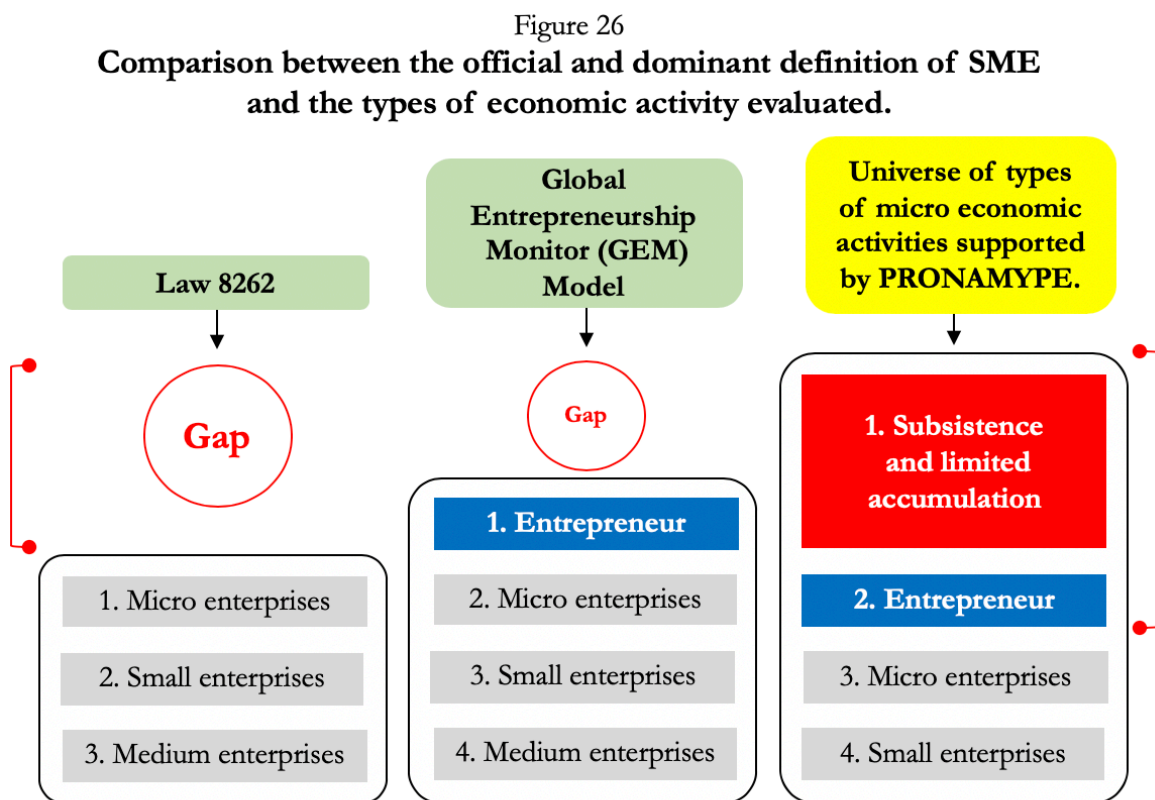
In the conceptualization made about microfinance and microcredit as instruments (see item 3.2.3) of policy for employment promotion and poverty reduction, it was explained that in Costa Rica the definition of SME is given by Law 8262, through a formula which takes sales, assets and level of employment it provides as variables, classifying businesses into three broad categories: micro enterprises, small enterprises and medium enterprises. Although, in practice, the third variable “number of workers” is actually the indicator that defines the size of the productive unit.

Other approaches, such as the one carried out by the State of the Nation Program, make a conceptualization of the entrepreneurships according to their life cycle (2010, p.6). Other initiatives more specialized in the subject, such as the Global Entrepreneurship Monitor (GEM) use the classification of Law 8262 and add a category.

However, according to the results obtained in this research, it was found that if the official formula of Law is applied to the activities studied, 98.5% classify as a micro enterprise for having fewer than 10 employees. Yet, this data overshadows and does not reflect the reality of these productive units, since 43.4% work with only 1 employee (who is the same owner) and 24.3% with 2 salaried employees. This means that in everyday life, its structure and

organization respond to a very different reality that cannot be described by the official classification, nor from the GEM classification, since the activities of PRONAMYPE, due to its specificity, fall into an area or **legal gap** of **lack of recognition or institutional care** that is not able to locate and classify activities based on livelihood or more basic types, which are the most representative as found in this study.

In that sense, it is established as a finding that the characteristics of the economic units of PRONAMYPE (even those of FIDEIMAS as a control group), respond to a socioeconomically vulnerable and diverse population, which does not fit nor is it possible to classify by the official norm, neither by the Program itself, since there is no information, records or empirical references that have documented this microenterprise universe. Figure 26 makes a graphic comparison of the official classifications with the categorization that this research has found.



Source: Own elaboration on data from post posttest survey and qualitative data.

This approach and the re-conceptualization of the target activities is carried out based on the triangulated analysis of the data obtained from the economic units, the context information, the interviews and on-site observation of people in their own activities, which have as common denominator, the fact that they are not carried out under the traditional economic rationality that seeks for earnings and maximize profits, but based on livelihood and support strategies aimed at satisfying basic needs. In this sense, serves as an example the answers obtained to the question: *why do you work as a self-employed?*



“For self-improvement, because I have two kids and I want them to live well, that at least they study”

Mr. A.P.D. Beneficiary Control Group #118  
(Commerce and orchid production)

“Well for my family, but this is the activity we have to subsist on”

Mrs. T.C.A. Beneficiary Control Group, Q2 #49

In addition, given that two thirds of this population represent female self-employed entrepreneurs, circumstances such as the double or triple female role are clearly reflected in the motivations of these women to carry out their activities:

“First because I have a daughter at school, and I didn’t want to leave her alone. Second because I had an operation in one hand”

Mrs. A.S.Cg. Beneficiary Treatment Group #5  
(Commerce in a bazaar)

Therefore, based on what has been observed it is argued that the activities evaluated can be classified into two large groups, for which the following definition is proposed:

The first, of **“livelihood or limited accumulation” (type 1)**: refers to economic activities for income generation, the minimum needed to meet the basic needs of the household (NBI, for its acronym in Spanish), or low productivity economic activities that achieve a limited accumulation of capital. All of these activities are carried out by individuals or families, by people with lower economic income, in a condition of vulnerability or poverty, and where the main motivation around the economic activities carried out is the need rather than taking advantage of an opportunity, and they may show, differentially, characteristics of the informal or semi-informal sector of economy<sup>143</sup>.

For example, some opinions of Managers and Trainers when describing the activities that they have selected to give them a credit, can be aligned to the suggested definition:

“You see, in this type of organizations one sees a little bit of everything because people have a low profile, (...) not everyone has the ability to grow, many people settle for just meeting their needs” (Manager 4, interview) [the underline is from the researcher]

“(…) it is a real motivation for subsistence” (Trainer 1, interview)

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<sup>143</sup> The Costa Rican National Entrepreneurship Policy, *Emprende 2010-2014*, introduced the concept of “livelihood entrepreneurship” (p.5) but a) was not included in Law 8262; and b) in the following government administration it was eliminated from the National Policy 2014-2018.

“(…) it is for personal growth” (Trainer 4, interview)

Likewise, this first type proposed resembles and can be supported by the definition of family microenterprises proposed by Razeto (1990):

“(…) authentic alternative forms of business, not based on capital but on work, not based on the individual but on the family, not oriented to unjustified profit but to the healthy and legitimate search for livelihoods, to improve the quality of life and to collaborate to community development (Cit by Scala, 2011, p. 287).

The second type of activity identified is the **“entrepreneurship or entrepreneur by opportunity” (type 2)**: this activity is more linked with the official concept of entrepreneurship, which is “that person who has the motivation and ability to detect opportunities or identify needs, organize resources for their use and execute actions in such a way that obtains an economic or social benefit for it” (MEIC, 2010, p, 5). However, to clarify, these are basic activities a) with weak managerial and production capacities; b) they are located in the traditional sectors of the economy; c) they have zero or low innovation due to a lack of skills; and d) have a high dependence on external factors. In the words of the stakeholders inquired about, this second type is described as follows:

“these are relatively small productive activities of a microentrepreneur, because they are people who already have their productive activity, what they do is complement or back on a credit”

(Manager 1) [ the underline is from the researcher ]

“A little bit of everything can be found but most of the activities that take place have to do with activities for the people”

(Trainer 3, personal interview)

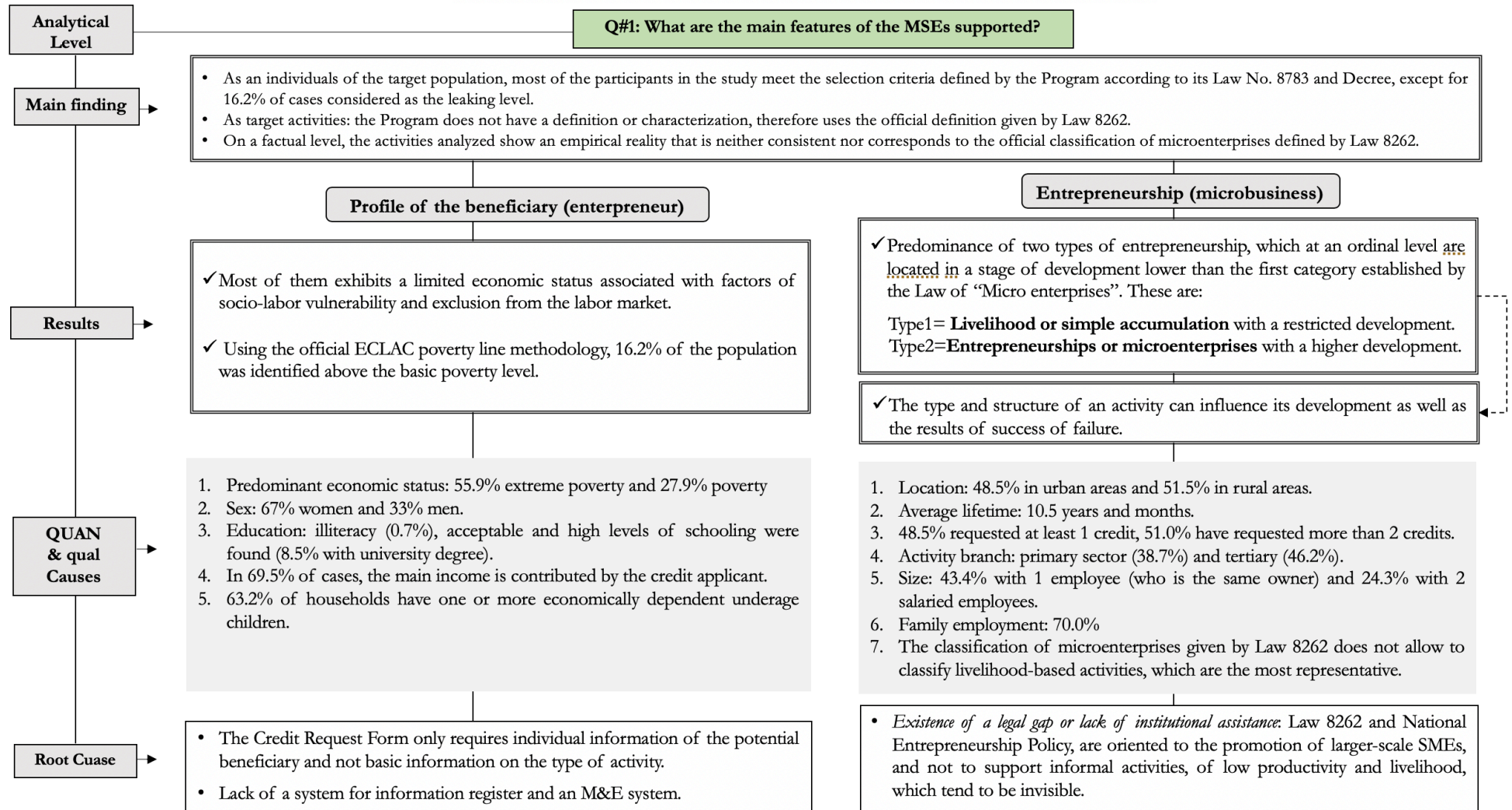
“we call it as agriculture and livestock farmer or small microentrepreneur”

(Manager 2, personal interview).

The relevance and usefulness of these two categories, lies not only in the institutional importance for the Program, but also, because this re-conceptualization has an explanatory scope that will be functional for understanding and interpreting the results obtained in the following impact indicators.

### 5.3.5 Summary of Indicator Findings: planned & unplanned

Figure 27 Summary of Indicator Findings: Profile of the beneficiary (Q1+Q3)



## 5.4 Increases (self) employment<sup>144</sup>

### 5.4.1 Question and evaluative judgment

Under the impact criterion, the question inquired for the first indicator of the impact theory is the following: *What are the effects of PRONAMYPE intervention on the generation of outcomes of (self) employability?* having the following answer.

The credit beneficiary or owner head of family achieves the objective of minimum and permanent employability (self-employment), but the productive activity does not increase the hiring of external paid labor, but instead turns to the use of family employment as a support mechanism and livelihood strategy. Moreover, given that two thirds of the financed activities are developed by women, the assurance of self-employment favors female self-employment and their participation in the work force of the labor market and the integration into the public sphere.

Statistically, there is not enough evidence to affirm that microenterprises have increased the number of paid workers since the granting of credit, but at least it does maintain the level of self-employment. Based on the results of Quasi Experiment 1 (QE1) it is concluded that obtaining a credit does not necessarily guarantee an entrepreneurship the possibility of generating employability (Q1) in a statistically significant way. Likewise, aspects such as age, schooling, zone, activity or the existence of other interventions do not have a predictive influence in the likelihood of a entrepreneurs to receive credit as an intervention.

On the other hand, according to the results of the Quasi Experiment 2 (QE2), in descriptive terms of the magnitudes of the OR (not of statistical significance), it was found that there is a greater propensity to increase employability when the entrepreneurships have received the two interventions of the Program components: credit and training. On this aspect, according to the type of regression model used, compared to the control group, it is concluded that only PRONAMYPE allows entrepreneurs to maintain or increase the number of employees as time goes by. However, in all cases (QE1, QE2, QE3), these results are statistically questionable due to the small magnitude of the pseudo  $R^2$  provided in the models, despite this, from the evaluation value, these data are valid evidence that establishes a first research precedent for the Program, for the sectorial level of operation and in general for the processes of public management evaluation carried out by MIDEPLAN.

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<sup>144</sup> This indicator is given by the following variables  $Employability = GE - GE4$ , see item 4.2.3.1

Qualitatively, it was observed that the inability to hire more people is caused by the limited conditions of production and operation. For this reason, the use of unpaid family employment is the support mechanism used by microenterprises to face and resist the external factors of the market and the environment to which they are exposed. This in turn is an element that benefits family cohesion of the nucleus (unintended effect).

Finally, although encouraging female employment is a planned result, a more phenomenological inquiry based on the set of interactions with the beneficiaries allowed to conclude that the productive activities and incorporation of women into productive life (public sphere) strengthens their autonomy and empowerment, which is essential to improve their quality of life and that of their families, and, in the short term, is something considered in the impact theory (see figure 9).

#### 5.4.2 Results according descriptive statistics

Based on the results of the descriptive tests, it was found that for QE1, the treatment group (PRONAMYPE credit) showed a decrease (-0.14) in the average number of people employed, while in the control group (FIDEIMAS) increased (0.32). However, it should be noted that these differences are not significant at a substantive level, since they showed an average increase of one person in the number of employees of the microenterprises that were in the control group. In contrast, for QE2, the results in favor of the control group disappeared since there are no significant differences (table 59).

Table: 59  
**Descriptive statistics of the employability indicator,  
 according to quasi-experiment and group analyzed.**  
 (n=264)

| Quasi Experiment              | Group               | Me-dian | Míni-mum | Percen-tile 25 | Median | Percen-tile 75 | Máxim-um | $\sigma$ |
|-------------------------------|---------------------|---------|----------|----------------|--------|----------------|----------|----------|
| Quasi Exp.1<br>(n pairs = 72) | Treatment           | -.14*   | -6       | -1.00          | .00    | .00            | 5        | 1.32     |
|                               | Credit              | .32*    | -2       | .00            | .00    | .00            | 5        | 1.09     |
| PRONAMYPE                     |                     |         |          |                |        |                |          |          |
| Quasi Exp.2<br>(n pairs = 60) | Treatment           | .40     | -5       | .00            | .00    | 1.00           | 5        | 1.55     |
|                               | Credit and training | .13     | -2       | .00            | .00    | .00            | 5        | 1.07     |
| PRONAMYPE                     |                     |         |          |                |        |                |          |          |

Note: \* Statistic  $t_{pair}$  ( $p - value < \alpha = 0.05$ ), significant.  
 Source: Own elaboration.

Therefore, these data do not provide statistical evidence to demonstrate that credit treatment and credit plus training together, are factors that generate differences in the number of employees in enterprises, this added to the variability in the number of people reported at the beginning of the company's operations and then according to the post test.

On the other hand, and with the aim of using as many analysis techniques as possible that the data allows, the employability indicator was put through a correlation analysis with the control variables and some others considered relevant. This analysis is presented in the summary table 59 which is a matrix with the correlations of all the indicators for each of the three quasi experiments.

Likewise, when analyzing the correlations of the main study variables comparatively by quasi-experiment and employability indicator, only a slight trend was found between the perception of the business course and the number of employees ( $r = -0.219$ ), which means that as the favorable perceptions of people towards the improvement of their income decrease, so does the possibility of hiring more people.

#### **5.4.3 Results of the quasi experiments QE1, QE2, QE3**

The general result of QE1 (table 60) shows that in (all) convergent models, when the enterprise receives a credit from PRONAMYPE, the incorporation of the treatment is significantly different from zero.

Also, given the theoretical scope of the model used (Pseudo  $R^2 = 0.592$ ) with the variables: treatment, age, schooling and area, it can be affirmed that the propensity to increase employability decreases 94%<sup>145</sup> when the entrepreneurship receives a credit of PRONAMYPE, in contrast to the businesses that have requested FIDEIMAS funds.

In addition, when analyzing the Pseudo  $R^2$ , it can be concluded that age and schooling contribute little to the adjustment of the model and, consequently, to predict the increase in employability regardless of whether the persons belong to the treatment or control group.

To verify that these variables have no influence on the results of the indicator is important since, in the world of microfinances, there is an axiom that assumes that people working in this field have low level of education, and that this is one of the main causes for them not to be able to be incorporated into the formal employment market.

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<sup>145</sup> This percentage is obtained by taking the odd ratio and performing the following operation  $(1-0,061) * 100\% = 94\%$ .

Table: 60

Spearman Correlation Matrix<sup>146</sup> for each impact indicator and variables of interest according to quasi experiment

| Quasi Experiment<br>Variables *  | 1               |                   |                    |                     | 2               |                   |                    |                     | 3               |                   |                    |                     |
|--|-----------------|-------------------|--------------------|---------------------|-----------------|-------------------|--------------------|---------------------|-----------------|-------------------|--------------------|---------------------|
|  | Perma-<br>nence | Produc-<br>tivity | Emplo-<br>yability | Business<br>profits | Perma-<br>nence | Produc-<br>tivity | Emplo-<br>yability | Business<br>profits | Perma-<br>nence | Produc-<br>tivity | Emplo-<br>yability | Business<br>profits |
| Permanence   | --              | --                | --                 | --                  | --              | --                | --                 | --                  | --              | --                | --                 | --                  |
| Productivity   | 0,275           | --                | --                 | --                  | 0,421           | 1,000             | --                 | --                  | 0,387           | --                | --                 | --                  |
| Employability  | -0,120          | 0,273             | --                 | --                  | 0,160           | 0,439             | 1,000              | --                  | 0,106           | 0,212             | --                 | --                  |
| Profits  | 0,088           | 0,065             | -0,066             | --                  | 0,136           | 0,048             | -0,004             | --                  | 0,007           | 0,034             | -0,019             | --                  |
| Group (Treatment or control)   | -0,291          | -0,207            | 0,076              | -0,309              | -0,305          | -0,123            | -0,143             | 0,000               | 0,064           | 0,150             | -0,096             | 0,136               |
| Type of activity of the entrepreneurship   | 0,496           | 0,127             | -0,049             | 0,045               | 0,401           | 0,197             | 0,187              | -0,091              | 0,210           | 0,082             | 0,187              | -0,089              |
| Province   | -0,302          | -0,191            | 0,028              | 0,057               | 0,003           | -0,090            | 0,108              | -0,049              | -0,008          | -0,071            | 0,067              | 0,123               |
| Perception of whether the business will improve, will maintain or will get worse | -0,117          | -0,384            | -0,219             | -0,113              | -0,417          | -0,469            | -0,290             | -0,046              | -0,344          | -0,304            | -0,194             | -0,111              |
| Sex  | -0,145          | -0,016            | 0,022              | -0,018              | -0,074          | 0,078             | -0,009             | 0,138               | 0,040           | 0,110             | 0,101              | -0,010              |
| Age  | -0,076          | 0,039             | 0,008              | -0,073              | 0,146           | 0,078             | 0,095              | -0,220              | 0,080           | 0,058             | -0,035             | -0,094              |
| Marital Status   | 0,014           | 0,149             | 0,105              | -0,027              | 0,003           | 0,096             | 0,067              | -0,192              | -0,014          | -0,091            | -0,055             | -0,139              |
| Educational Level  | 0,062           | 0,002             | 0,013              | -0,143              | -0,029          | 0,087             | 0,049              | -0,144              | 0,147           | 0,037             | -0,126             | -0,167              |
| Perception of the socioeconomic level of the family                              | 0,004           | 0,165             | 0,157              | -0,103              | 0,143           | 0,254             | 0,160              | 0,058               | 0,209           | 0,305             | 0,087              | -0,077              |
| With or without training from PRONAMYPE or IMAS (C3)                             | ---             | ---               | ---                | ---                 | ---             | ---               | ---                | ---                 | -0,122          | -0,170            | -0,112             | -0,102              |

Notes: \* The correlation matrix is truncated and associated with the main variables in the column.

-- It is the same correlation in the triangular indicated in the inside indicated.

N/A Non aplicable

<sup>146</sup> Spearman's correlation coefficient,  $\rho$  (rho) is a measure of the correlation (association or interdependence) between two ordinal and continuous variables. To calculate  $\rho$ , the data is ordered and replaced by their respective order. The interpretation of the Spearman coefficient is the same as that of the Pearson correlation coefficient. It ranges between -1 and +1, indicating negative or positive associations respectively, 0 zero means no correlation, but no independence.

Table: 61  
**QE #1 Employability Indicator Results:**  
**Coefficients and Odds Ratio of conditional logistic regressions.**

| Variables             | Model with |         |                   |         |                              |         |   |         |  |       |  |       |
|-----------------------|------------|---------|-------------------|---------|------------------------------|---------|---|---------|--|-------|--|-------|
|                       | Treatment  |         | Treatment and age |         | Treatment, age and schooling |         | Treatment, age, schooling and area <sup>1</sup> |         | Treatment, age, schooling, area and activity |       | Treatment, age, schooling, area, activity and other credit interventions |       |
|                       | OR         | Coef.   | OR                | Coef.   | OR                           | Coef.   | OR  | Coef.   | OR   | Coef. | OR   | Coef. |
| Treatment             | 0,111      | -2,197* | 0,107             | -2,236* | 0,108                        | -2,224* | 0,061   | -2,790* |  |       |  |       |
| Age                   |            |         | 1,013             | 0,013   | 1,013                        | 0,013   | 1,054   | 0,053   |  |       |  |       |
| Schooling             |            |         |                   |         | 0,984                        | -0,017  | 1,143   | 0,134   |  |       |  |       |
| Area                  |            |         |                   |         |                              |         | 0,201   | -1,605  |  |       |  |       |
| Activity              |            |         |                   |         |                              |         |   |         |  |       |  |       |
| Other interventions   |            |         |                   |         |                              |         |   |         |  |       |  |       |
| Pseudo R <sup>2</sup> |            | 0,531   |                   | 0,533   |                              | 0,533   |   | 0,592   |  |       |  |       |
| AIC                   |            | 15,003  |                   | 16,951  |                              | 18,950  |   | 19,315  |  |       |  |       |
| BIC                   |            | 16,692  |                   | 20,329  |                              | 24,016  |   | 26,070  |  |       |  |       |

Notes: \* Indicates that ( $p - value < \alpha = 0.05$ ), the models that show no coefficient or odds ratio, is because the model does not converge.

<sup>1</sup> Indicates that it was the selected model.



Table: 62

**QE # 2 Employability Indicator Results**  
**Coefficients and Odds Ratio of conditional logistic regressions**

| Variables                         | Model with |        |                   |        |                              |       |                                    |       |  |       |  |       |  |       |
|-----------------------------------|------------|--------|-------------------|--------|------------------------------|-------|------------------------------------|-------|--|-------|--|-------|--|-------|
|                                   | Treatment  |        | Treatment and age |        | Treatment, age and schooling |       | Treatment, age, schooling and area |       | Treatment, age, schooling, area and activity |       | Treatment, age, schooling, area, activity and other credit interventions |       | Treatment, age, schooling, area, activity, other credit interventions and other training interventions |       |
|                                   | OR         | Coef.  | OR                | Coef.  | OR                           | Coef. | OR                                 | Coef. | OR   | Coef. | OR   | Coef. | OR   | Coef. |
| Treatment                         | 1,000      | 0,000  | 1,294             | 0,258  |                              |       |                                    |       |  |       |  |       |  |       |
| Age                               |            |        | 0,942             | -0,060 |                              |       |                                    |       |  |       |  |       |  |       |
| Schooling                         |            |        |                   |        |                              |       |                                    |       |  |       |  |       |  |       |
| Area                              |            |        |                   |        |                              |       |                                    |       |  |       |  |       |  |       |
| Activity                          |            |        |                   |        |                              |       |                                    |       |  |       |  |       |  |       |
| Other interventions               |            |        |                   |        |                              |       |                                    |       |  |       |  |       |  |       |
| Other interventions with training |            |        |                   |        |                              |       |                                    |       |  |       |  |       |  |       |
| Pseudo R <sup>2</sup>             |            | 0,000  |                   | 0,079  |                              |       |                                    |       |  |       |  |       |  |       |
| AIC                               |            | 15,863 |                   | 16,765 |                              |       |                                    |       |  |       |  |       |  |       |
| BIC                               |            | 16,859 |                   | 18,756 |                              |       |                                    |       |  |       |  |       |  |       |

Notes: \* Indicates that ( $p - value < \alpha = 0.05$ ), the models that show no coefficient or odds ratio, is because the model does not converge.

<sup>1</sup> Indicates that it was the selected model.

Table: 63  
**Q E # 3 Employability Indicator Results**  
**Coefficients and Odds Ratio of conditional logistic regressions**

| Variables                         | Model with |        |                   |        |                              |        |                                    |        |  |        |  |        |  |        |
|-----------------------------------|------------|--------|-------------------|--------|------------------------------|--------|------------------------------------|--------|--|--------|--|--------|--|--------|
|                                   | Treatment  |        | Treatment and age |        | Treatment, age and schooling |        | Treatment, age, schooling and area |        | Treatment, age, schooling, area and activity |        | Treatment, age, schooling, area, activity and other credit interventions |        | Treatment, age, schooling, area, activity, other credit interventions and other training interventions |        |
|                                   | OR         | Coef.  | OR                | Coef.  | OR                           | Coef.  | OR                                 | Coef.  | OR   | Coef.  | OR   | Coef.  | OR   | Coef.  |
| Treatment                         | 2,200      | 0,788  | 1,603             | 0,472  | 1,837                        | 0,608  | 2,146                              | 0,764  | 2,309  | 0,837  | 12,770   | 2,547  | 9,557  | 2,257  |
| Age                               |            |        |                   |        | 1,088                        | 0,085  | 1,080                              | 0,077  | 1,082  | 0,078  | 1,040  | 0,040  | 1,181  | 0,166  |
| Schooling                         |            |        |                   |        | 0,494                        | -0,705 | 0,439                              | -0,823 | 0,433  | -0,837 | 0,196  | -1,631 | 0,022  | -3,815 |
| Area                              |            |        |                   |        |                              |        | 1,784                              | 0,579  | 1,588  | 0,462  | 5,343  | 1,676  | 775,402  | 6,653  |
| Activity                          |            |        |                   |        |                              |        |                                    |        | 1,201  | 0,183  | 1,386  | 0,326  | 0,086  | -2,458 |
| Other interventions               |            |        |                   |        |                              |        |                                    |        |  |        | 2,996  | 1,097  | 7,242  | 1,980  |
| Other interventions with training |            |        |                   |        |                              |        |                                    |        |  |        |  |        | 0,210  | -1,563 |
| Pseudo R <sup>2</sup>             |            | 0,104  |                   | 0,169  |                              | 0,381  |                                    | 0,389  |  | 0,391  |  | 0,429  |  | 0,510  |
| AIC                               |            | 21,875 |                   | 22,433 |                              | 19,722 |                                    | 21,545 |  | 23,508 |  | 24,674 |  | 24,881 |
| BIC                               |            | 23,341 |                   | 25,364 |                              | 24,119 |                                    | 27,408 |  | 30,837 |  | 33,468 |  | 35,141 |

Notes: \* Indicates that ( $p - value < \alpha = 0.05$ ), the models that show no coefficient or odds ratio, is because the model does not converge.

<sup>1</sup> Indicates that it was the selected model.

Source: Own elaboration.

Therefore, according to the Pseudo  $R^2$  obtained, this axiom is not met in the case of PRONAMYPE, since as stated in item 5.1 of the entrepreneur profile, in general the beneficiaries of the Program have an acceptable or high educational level, therefore, increasing or not increasing the entrepreneurship activity has no causal relationship with the level of schooling accumulated. On the contrary, it could be hypothesized that non-formal education becomes more important for the development of skills and technical training

In relation to the results of the QE2 (table 62), statistically speaking, the Pseudo  $R^2$  are so small that it is risky to provide conclusions in this regard, besides that only two models converge and none of them show significant differences between the control and the treatment group. However, evaluatively, this absence of effect does represent a result, since it means that the subjects (beneficiaries) who participated in the sample with training + credit from PRONAMYPE and the subjects requesting credit at FIDEIMAS, do not show any difference despite the intervention of treatment.

Regarding QE3 (table 63) of a confirmatory type between the treatment groups of QE1 and QE2 of PRONAMYPE, none of the models of these indicators found statistical evidence ( $p - value < 0.05$ ) that suggests differences between the beneficiaries of PRONAMYPE without training (QE1 treatment and with training (QE2 treatment). Thus, it cannot be concluded that the training provided by the Program has produced an effect or impact on entrepreneurship in terms of the ability to generate employment.

This result of QE3 is particularly relevant for the evaluation, since it means that the beneficiaries of PRONAMYPE with credit + training do not have significant differences in relation to the beneficiaries of PRONAMYPE with credit only that participated in this quasi-experiment. That is to say, training is not an element that generates differences (of increase in employment) for the people / microenterprises that participated in the quasi-experiment, according to the degree or expectation of growth according to the number of workers.

#### **5.4.4 Qualitative results according to patterns found**

In the first place, it must be said that the “Credit Request Form” used by the Program does not have any question asking for the number of employees (or other characteristics of the activity), for this reason, there is no way to know the employment growth of a funded activity, as admitted by a manager when he recognizes that the Program and his Cooperative “do not have follow-up records and do not measure it” (Manager 5, interview).

The quantitative data indicated that there is no increase in employees, except a stable level of the entrepreneur's own employment (self-employment), this finding is explained, based on qualitative information, from three causes or participating factors, applicable to cases of treatment and control, since no representative differences were either found between the subjects of the qualitative sample of beneficiaries selected according to quasi-experiment and regression response values obtained (table 32).

The first factor shows that the credits work mainly to generate support resources so that the activities keep functioning minimally or sufficiently, because these are livelihood or limited capital accumulation activities (first type, see figure 23) that are not capable of hiring additional human resources, just as Managers respond to the question *When obtaining the credit, how do you assess the level and growth of employment?:*

“The level of employment depends on the development of the family economies and their size, since they not only employ family but also certain neighbors that work for them”

(Manager 1, interview, rural area)

“The credit is small and the employment very little, because businesses are mostly of livelihood”

(Manager 3, interview, rural area)

Where there is evidence of hiring external resources is in some cases of entrepreneurships by opportunity (second type), because occasionally or by season they perform some type of additional hiring of nearby people who live in their neighborhood or community environment on the basis of verbal and less formal agreements, for that reason they cannot be strictly considered as labor chaining:

“Self-employment and employment as indirect effects”

(Manager 6, interview, urban area).

“It generates occasional employment for many people”

(Manager 2, interview, rural area)

“It depends on the development of the Family economies and their size, sometimes they do not only employ family members, but there are certain neighbors who work for them”

(Manager 1, rural area)

This occasional hiring could at the same time produce a possible indirect and unintentionally negative effect: precarious or poor-quality employment with occupational risks and a lack of coverage of guarantees or labor rights.

The second factor that explains the non-increase in the number of paid employees is related to an ontological and universal characteristic of microfinance: the centrality of the family and their contribution to family employment. As noted in the entrepreneurship profile, a significant majority of activities (70.0%) are closely linked to the people that are part of the household. Family employment is perhaps the most decisive fixed cost factor in the productive process, since it not only allows to meet the need for human resources, but it is also a permanent support that in many cases is a cross-cutting axis of the daily life of an entrepreneurship in support tasks and everyday assistance:

“(…) the microentrepreneur relies on his family to be able to survive, it is the human capital for production” (Trainer 1, personal interview)

This entails a possible unintended effect of a positive type: the development of work dynamics and emotional support that lead to an improvement in the social cohesion of the family nucleus.

The third factor is, rather, an unintended impact of a positive type that, in turn, acts as a catalyst for entrepreneurship: the presence of a high level of female self-employment generating psychosocial effects on beneficiary women, which significantly strengthen each of the productive activities.

In the Costa Rican context, before entrepreneurships existed, there was none or very small participation of women in the formal labor market, in this sense, although credit was not the element that gave rise to the activity, according to the testimony of most of women interviewed, credit was indeed a support and confidence factor that has allowed better conditions for the production of goods and services, so it helps to maintain the condition of (self) employment.

This is because, although men and women beneficiaries experience conditions of poverty, the case of working women is different, since inequality, access to the labor market and their condition of double or triple role (domestic work, reproductive work and productive work) form barriers that limit access to means of production and personal development. Consequently, the fact that these women maintain at least their own work is an achievement of the Program, but also an effect, because when a woman maintains her activity autonomously, she becomes an income-generating (micro) economic agent, strengthens her role as a social actress (in the public sphere) no longer from informality, but from the semi-formal or formal labor world.

So, feeling capable of creating value despite the difficulties and from the productive and commercial dynamics that they develop, creates a positive self-assessment of their activities

and an individual self-recognition in women that, as it was clearly observed at the psychosocial level:

- a) Strengthen self-confidence and self-esteem.
- b) Improve their learning (own and intuitive or by other training received).
- c) Develop and expand social and economic relations.
- d) Promote self-reliance in problem solving.
- e) Promote empowerment and feeling capable of shaping their own opportunities.

As for empowerment, according to the observed woman-entrepreneurship relationship, this means the possibility of validating themselves as women and feeling capable of creating economic and social value, as well as assuming non-traditional roles. For example, in the rural area in agricultural work, women have naturally and successfully assumed functions in the field that are traditionally associated with male labor; or, in the urban area, the case of a woman manufacturer of sportswear that directly assumed the part related to commercialization. Therefore, these resilient processes have resulted in social capital that boost personal growth and empowerment, as is clearly seen in the following excerpt from one of many testimonies (all transcripts are available in the annexes section):

“(...) there are many things that one knows for having a business and the hardest part is to become the boss, especially when working with the family because everyone looks as the same and even more so when your siblings are older than you. When I started the [training] course one day I came back home and said: you know what, today I learned that I am your boss and you do as a say, and I am not joking, I am the head of all of you because I am the only responsible, the one who makes the decisions is me and the one that is going to invest is me; I learned to have a role, I learned to calculate costs, to determine how much the raw material costs me, the price for selling it and now if you ask me, I am already able to calculate how much a kilo of mass produces for me”

(Beneficiary 4, focus group participant, urban area,  
baking for catering service)

In all cases, the primary incentive factor is to provide for their family in order to satisfy their basic needs, which they can achieve through self-employment, hence the importance of a credit that helps to keep the entrepreneurship operating.

#### **5.4.5 Summary of Indicator Findings: planned & unplanned.**

Figure 28: Summary of Indicator Findings: Employment according planned results.

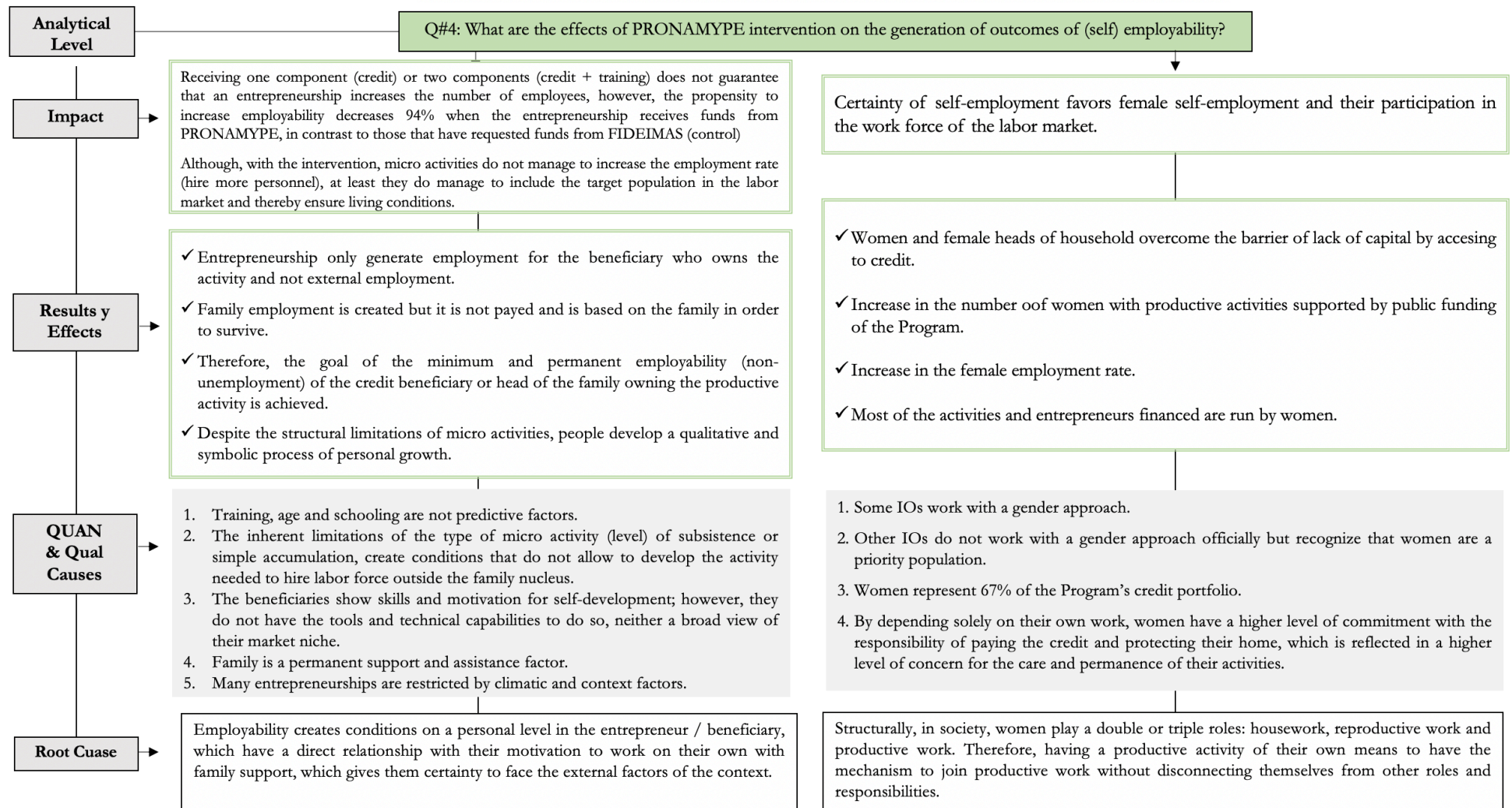
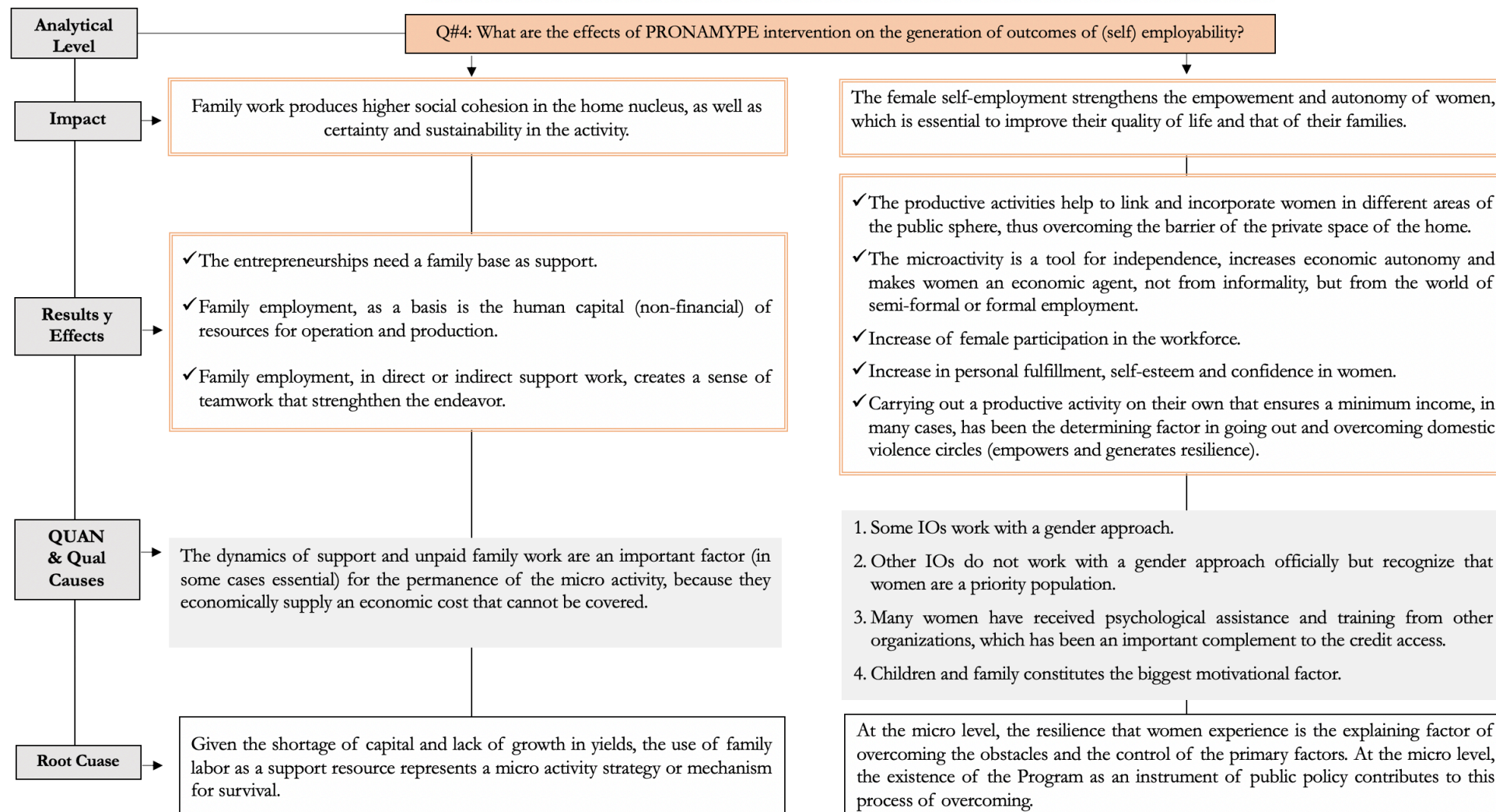


Figure 29: Summary of Indicator Findings: Employment according unplanned results.





## 5.5 Business profits<sup>147</sup>

### 5.5.1 Question and evaluative judgment

Under the impact criterion, the question inquired for the first indicator of the impact theory is the following: *How the loan has contributed to the growth of the real income of the enterprises?*

According to the statistical evidence collected through the three quasi-experiments it cannot be concluded that PRONAMYPE, through its microcredits and training, causes changes or an effect that leads to an increase of the profits of the enterprises, in addition, the R<sup>2</sup> are small and do not adjust or explain the response (predictor) variable.

For QE1, none of the logistic regression models run in the stepwise of this indicator found statistical evidence of differences between treatment beneficiaries (PRONAMYPE) and control benefit applicants (FIDEIMAS), so it cannot be concluded that the evaluated program is having an impact on the enterprises in terms of profits obtained by them.

In QE2, where one component (training) is added to the treatment group against the control group, and the confirmatory QE3, none of the variables have significant coefficients to determine differences between the beneficiaries of the different groups, so it is not possible to conclude that the program under evaluation is having an impact on the enterprises in terms of an increase in the profits obtained. On QE2, the only significant data is related to the OR, where, running the stepwise, it is found a greater opportunity of increasing profits (predictor variable) when analyzing the area, type of activity and other interventions, where the propensity decreases in 53%, in which, in triangulation with qualitative information, it was observed that it decreases when entrepreneurship are developed in rural areas and belong to the primary sector.

Regarding QE3, the fact that there are no differences between groups of the same Program, from a point of evaluative value view, is a relevant result in the study, since it means that the beneficiaries of PRONAMYPE with training + credit do not have significant differences in relation to the beneficiaries of PRONAMYPE only with credit, therefore, when estimating increase in profits, the training of PRONAMYPE is not an element that produces differences for the income of the entrepreneurs.

Although it did not show significant differences, the t-test showed that, on average, enterprises increased their income, with a general average profit of ₡170,012.31.

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<sup>147</sup> The indicators are created by two variables:  $Profits = IN2 - IN1$ , recoded in dummy variable (1 there are gains, 0 there are no gains), also, the the income data were deflated (normalized) (see item 4.3.4.8).

The targeting analysis according to poverty condition, showed that both programs fulfill the (legal) objective of selecting the poor and vulnerable population, with the exception of the percentage of non-poor, which represents for both programs the degree of non-goal population leak (treatment: 16.0% and control: 11.5%). However, the population analysis by per capita income quintile shows that most of the population served is located in the first- and second-income quintiles according to the national parameter.

Qualitatively, given that, for the most part, the Program supports livelihood entrepreneurship or limited accumulation, it is concluded that the level of income and earnings, rather than to be measured within a level of a scale, must also be assessed by their capacity to solve the daily socio-economic situation, day by day in the basic needs of the household and the responsibilities of the entrepreneurship, respectively

### 5.5.2 Results according t-test

In terms of an increase in profits, with a significance of 5%, no statistical evidence was found to show that there are differences between the PRONAMYPE credit treatment and the PRONAMYPE credit plus training. Therefore, there is no effect that lead to an increase in earnings due to the incentives provided (money or training). Although it should be noted that, on average, companies increased their income because, on one hand, the average is positive in all cases and, on the other, the overall average profit was ₡170,012.31, where the highest profit reported was ₡7,850,000 and the highest loss was ₡1,000,000 as shown in table 63.

Table 64  
**Descriptive statistics (t-test) of the profit's indicator,**  
**according quasi-experiment and group**  
 (deflated data in colones currency) (n=264)

| Quasi Experiment   | Group     | Median   | Mini-mum    | Percen -tile 25 | Median   | Percentil 75 | Máxi-mum   | $\sigma$ |
|--|-----------|----------|-------------|-----------------|----------|--------------|------------|----------|
| Quasi Exp.1<br>(n pairs=72)<br>Credit<br>PRONAMYPE                 | Treatment | ₡228.056 | -₡1.000.000 | ₡0              | ₡50.000  | ₡187.500     | ₡7.850.000 | ₡970.948 |
|  | Control   | ₡156.476 | -₡150.000   | ₡0              | ₡40.000  | ₡170.000     | ₡2.000.000 | ₡325.968 |
| Quasi Exp.2<br>(n pairs=60)<br>Credit and<br>training<br>PRONAMYPE | Treatment | ₡105.533 | -₡700.000   | ₡0              | ₡55.000  | ₡150.000     | ₡2.000.000 | ₡338.786 |
|  | Control   | ₡181.083 | -₡500.000   | ₡5.000          | ₡100.000 | ₡227.500     | ₡1.180.000 | ₡302.696 |

Note: T tests were performed for paired samples between each pair of groups in each experiment. Only significant differences were found between the groups marked with an asterisk (\*)

Source: Own elaboration.

Table 65

**QE #1 Profits Indicator Results:  
Coefficients and Odds Ratio of conditional logistic regressions.**

| Variables             | Model with |        |                   |        |                              |        |                                    |        |  |        |  |        |
|-----------------------|------------|--------|-------------------|--------|------------------------------|--------|------------------------------------|--------|--|--------|--|--------|
|                       | Treatment  |        | Treatment and age |        | Treatment, age and schooling |        | Treatment, age, schooling and area |        | Treatment, age, schooling, area and activity |        | Treatment, age, schooling, area, activity and other credit interventions |        |
|                       | OR         | Coef.  | OR                | Coef.  | OR                           | Coef.  | OR                                 | Coef.  | OR   | Coef.  | OR   | Coef.  |
| Treatment             | 1,357      | 0,305  | 1,357             | 0,305  | 1,477                        | 0,390  | 1,457                              | 0,389  | 1,573  | 0,453  | 1,476  | 0,389  |
| Age                   |            |        | 0,985             | -0,015 | 0,877                        | -0,020 | 0,976                              | -0,023 | 0,974  | -0,259 | 0,978  | -0,022 |
| Schooling             |            |        |                   |        | 0,860                        | -0,150 | 0,863                              | -1147  | 0,855  | -0,156 | 0,869  | -0,141 |
| Area                  |            |        |                   |        |                              |        | 1,112                              | 0,105  | 1,052  | 0,051  | 1,224  | 0,202  |
| Activity              |            |        |                   |        |                              |        |                                    |        | 1,213  | 0,193  | 1,108  | 0,102  |
| Other interventions   |            |        |                   |        |                              |        |                                    |        |  |        | 1,234  | 0,211  |
| Pseudo R <sup>2</sup> |            | 0,0167 |                   | 0,024  |                              | 0,035  |                                    | 0,035  |  | 0,044  |  | 0,055  |
| AIC                   |            | 46,987 |                   | 48,655 |                              | 50,149 |                                    | 52,135 |  | 53,736 |  | 55,240 |
| BIC                   |            | 49,177 |                   | 53,034 |                              | 56,718 |                                    | 60,893 |  | 64,684 |  | 68,378 |

Note: In the models that do not show any coefficient or odds ratio, is because the model does not converge.

Source: Own elaboration.

Table 66  
**QE #2 Profits Indicator Results:**  
**Coefficients and Odds Ratio of conditional logistic regressions**

| Variables                    | Model with |        |                   |        |                              |        |                                    |        |  |        |  |        |  |        |
|------------------------------|------------|--------|-------------------|--------|------------------------------|--------|------------------------------------|--------|--|--------|--|--------|--|--------|
|                              | Treatment  |        | Treatment and age |        | Treatment, age and schooling |        | Treatment, age, schooling and area |        | Treatment, age, schooling, area and activity |        | Treatment, age, schooling, area, activity and other credit interventions |        | Treatment, age, schooling, area, activity, other credit interventions and other training interventions |        |
|                              | OR         | Coef.  | OR                | Coef.  | OR                           | Coef.  | OR                                 | Coef.  | OR   | Coef.  | OR   | Coef.  | OR   | Coef.  |
| Treatment                    | 0,579      | -0,547 | 0,548             | -0,601 | 0,519                        | -0,656 | 0,497                              | -0,699 | 0,913  | -0,091 | 0,808  | -0,213 | 0,477  | -0,740 |
| Age                          |            |        | 1,015             | 0,015  | 1,015                        | 0,015  | 1,014                              | 0,014  | 1,020  | 0,020  | 1,019  | 0,019  | 1,012  | 0,012  |
| Schooling                    |            |        |                   |        | 1,094                        | 0,090  | 1,075                              | 0,168  | 0,863  | -0,147 | 0,903  | -0,102 | 0,913  | -0,091 |
| Area                         |            |        |                   |        |                              |        | 2,251                              | 0,782  | 2,680  | 0,986  | 2,742  | 1,009  | 2,893  | 1,062  |
| Activity                     |            |        |                   |        |                              |        |                                    |        | 2,028  | 0,707  | 1,980  | 0,683  | 1,941  | 0,663  |
| Other credit interventions   |            |        |                   |        |                              |        |                                    |        |  |        | 1,304  | 0,265  | 1,557  | 0,443  |
| Other training interventions |            |        |                   |        |                              |        |                                    |        |  |        |  |        | 0,616  | -0,484 |
| Pseudo R <sup>2</sup>        |            | 0,052  |                   | 0,058  |                              | 0,062  |                                    | 0,0913 |  | 0,170  |  | 0,185  |  | 0,198  |
| AIC                          |            | 41,429 |                   | 43,173 |                              | 45,013 |                                    | 45,792 |  | 44,517 |  | 45,896 |  | 45,756 |
| BIC                          |            | 43,524 |                   | 47,361 |                              | 51,296 |                                    | 54,169 |  | 54,989 |  | 58,462 |  | 60,417 |

Note: In the models that do not show any coefficient or odds ratio, is because the model does not converge.

Source: Own elaboration.

Table 67

**QE #3 Profits Indicator Results:  
Coefficients and Odds Ratio of conditional logistic regressions**

| Variables                    | Model with |        |                   |        |                              |        |                                    |        |  |        |  |        |  |         |
|------------------------------|------------|--------|-------------------|--------|------------------------------|--------|------------------------------------|--------|--|--------|--|--------|--|---------|
|                              | Treatment  |        | Treatment and age |        | Treatment, age and schooling |        | Treatment, age, schooling and area |        | Treatment, age, schooling, area and activity |        | Treatment, age, schooling, area, activity and other credit interventions |        | Treatment, age, schooling, area, activity, other credit interventions and other training interventions |         |
|                              | OR         | Coef.  | OR                | Coef.  | OR                           | Coef.  | OR                                 | Coef.  | OR   | Coef.  | OR   | Coef.  | OR   | Coef.   |
| Treatment                    | 0,615      | -0,486 | 0,636             | -0,453 | 0,571                        | -0,561 | 0,590                              | -0,527 | 0,655  | -0,423 | 0,437  | -0,828 | 0,3789   | -0,9706 |
| Age                          |            |        | 0,995             | -0,005 | 0,994                        | -0,006 | 0,992                              | -0,008 | 0,982  | -0,018 | 0,992  | -0,008 | 0,9969   | -0,0031 |
| Schooling                    |            |        |                   |        | 0,631                        | -0,461 | 0,630                              | -0,462 | 0,610  | -0,495 | 0,535  | -0,625 | 0,4949   | -0,7034 |
| Area                         |            |        |                   |        |                              |        | 1,338                              | 0,291  | 0,758  | -0,278 | 0,678  | -0,389 | 0,9002   | -0,1051 |
| Activity                     |            |        |                   |        |                              |        |                                    |        | 1,694  | 0,527  | 1,854  | 0,618  | 1,4776   | 0,3904  |
| Other credit interventions   |            |        |                   |        |                              |        |                                    |        |  |        | 0,669  | -0,403 | 0,6468   | -0,4358 |
| Other training interventions |            |        |                   |        |                              |        |                                    |        |  |        |  |        | 0,5980   | -0,5142 |
| Pseudo R <sup>2</sup>        |            | 0,041  |                   | 0,042  |                              | 0,141  |                                    | 0,145  |  | 0,180  |  | 0,222  |  | 0,240   |
| AIC                          |            | 29,910 |                   | 31,884 |                              | 30,987 |                                    | 32,886 |  | 33,895 |  | 34,662 |  | 36,128  |
| BIC                          |            | 31,648 |                   | 35,360 |                              | 36,200 |                                    | 39,836 |  | 42,583 |  | 45,088 |  | 48,292  |

Note: In the models that do not show any coefficient or odds ratio, is because the model does not converge.

Source: Own elaboration

### 5.5.3 Results of the quasi experiments QE1, QE2, QE3

The general result of QE1 (table 65) shows that, despite the convergence of the models, in no case the pseudo R<sup>2</sup> showed predictive power of the analyzed variables (treatment, age, schooling, area, activity or the implementation of other interventions) on the estimate of profits. Likewise, there was not enough statistical evidence to reject the hypothesis that coefficients are zero. However, in descriptive terms of the OR for the group of subjects studied, there is a probability of increasing the income of the organization when there is some type of credit to support it. In the same way, the variables area, activity and other credit interventions increase the probability of this happening, that is to say, with these variables, the models show a greater propensity to increase profits<sup>148</sup> with or without credit from PRONAMYPE.

For QE2 (table 66) the adjusted pseudo R<sup>2</sup> show that the models do not have sufficient explanatory level to distinguish any propensity to increase profits, therefore, with a significance of 5% there is no statistical evidence to ensure that the coefficients are different from 0. It should be noted that not finding significant differences is one of the risks that arise when executing the logistic regression models in impact evaluations. However, from the perspective of the research value, this is an important result of the evaluation, since it means that the subjects with training + credit and the subjects requesting credit from FIDEIMAS, do not differ despite the intervention of the program (treatment).

Particularly, at a more descriptive level in the case of the OR, a greater possibility of increasing profits is found when analyzing the area and type of activity, and even other credit interventions; compared to receiving credit + training from PRONAMYPE where the propensity decreases by 53%. Note that this contradicts quasi-experiment 1, which showed increases. This leads to the question of: whether the individuals who receive training and credit (treatment) are that much different from those who receive only credit (control)?

Just to answer that possible question, the QE3 (table 67) was planned. In this confirmatory quasi-experiment, it was found that, in fact none of the models run in the *stepwise* of these indicators show statistical evidence of differences between the beneficiaries of PRONAMYPE with credit + training and the beneficiaries of PRONAMYPE with credit only. Likewise, the OR are lower than 1 indicating that there is less propensity to increase profits when someone has received training from PRONAMYPE in comparison with not receiving it, which is in accordance with the results of QE2. However, given that in QE1

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<sup>148</sup> In the treatment group, in terms of perception, a) only 32.4% said their income increased, 39.7% maintained and 27.9% decreased; b) 64.7% of the population does not save up; c) 66.2% say they don't do it because their monthly income is not enough and it is difficult to cover their needs. This data matches the proportion of livelihood entrepreneurs or limited accumulation.

the OR are higher than 1, in favor of PRONAMYPE credit, it is important to question the nature and effectiveness of these trainings (subject to be analyzed in item 5.7). All of the above always remembering that the pseudo  $R^2$  are very low, practically 0 in the first case.

In this sense, a future methodological recommendation for a replicate of this type of study would be that, based on what has been identified in the qualitative analysis, new variables such as the type and size of micro entrepreneurship have to be incorporated, as well as elements related to gender perspective, because it was observed that these aspects have a qualitative impact on the management and results of the enterprises.

#### 5.5.4 Poverty Line Estimate

As analyzed in section A, one of the major weaknesses of programs to fight against poverty and of the socio-labor sectoral strategy is the lack of indicators of effectiveness at both the programmatic and strategic levels.

In the case of PRONAMYPE, whose purpose is to contribute to social mobility of its target population, after granting a loan, it does not have any estimates or ex post information on the evolution of business profits. Therefore, as an additional research result, an income estimation exercise was carried out, to find out how the income of families with microcredits has improved or not their poverty status according to the official indicator. In this sense, and with the goal of having a reference indicator about the level of poverty reduction that the Program is contributing with its intervention, all of the income reported before ( $t_1$ : baseline) and after ( $t_2$ : posttest) were taken and deflated<sup>149</sup>, subsequently, they were processed according to the three official parameters of extreme poverty, basic poverty and non-poverty line established by INEC<sup>150</sup>, to know that condition according to the two measurement moments.

Graphic 4, shows the distribution of the beneficiary population that obtained microcredits according to the level of poverty before and after, it also estimates the current level of poverty but subtracting the total of income obtained through other interventions, such as, for example, scholarships, pensions or other aid grants.

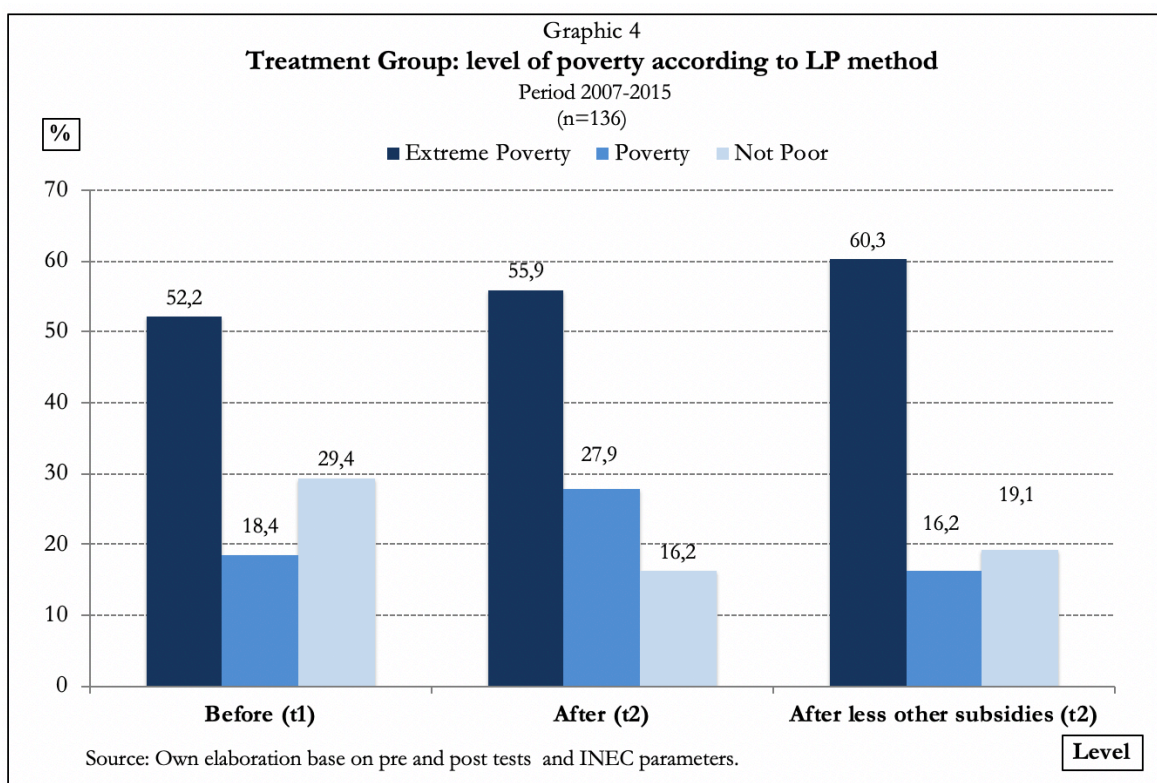
The results show a contradictory situation in terms of the expected behavior versus the factual behavior reached after an average of 7 years having the support. This is because from the moment  $t_1$  to moment  $t_2$ , the number of *people in extreme poverty* did not decrease, but

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<sup>149</sup> Since the money has a value over time, the normalization was carried out by deflating the income, which consists in the operation of turning the nominal income of a present period into to real income of a previous period for its correct comparison. See item 4.2.4.8

<sup>150</sup> Method of Line of Poverty (PL), see item 3.2

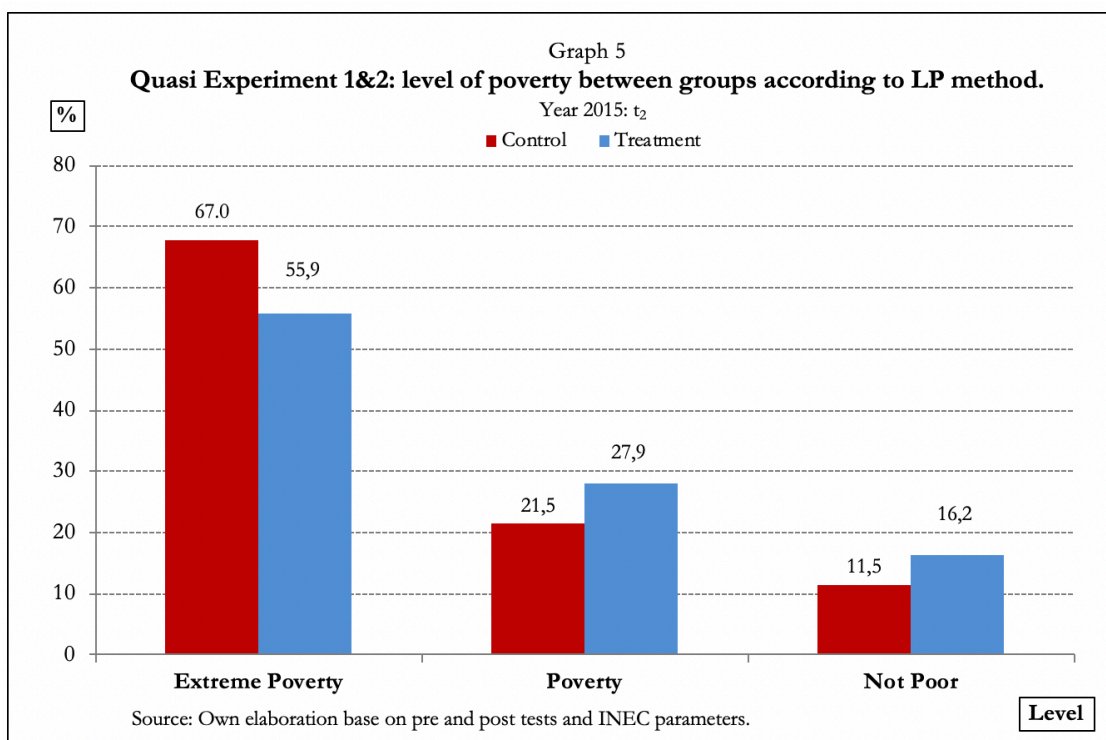
slightly increased 3.7%, the same happens with the population in *basic poverty*, which increased a significantly 9.5% in relation to the income obtained at the beginning. Likewise, to avoid any estimation bias or confusing variable, all household income provided by other State programs was subtracted. Coherently, the results show that the population in extreme poverty (without these other supports) increases to 60.3%, thus presenting an increase of 8.1%. This exposes the high economic dependence of the target population to the support obtained through the State's paternalist policies and programs.



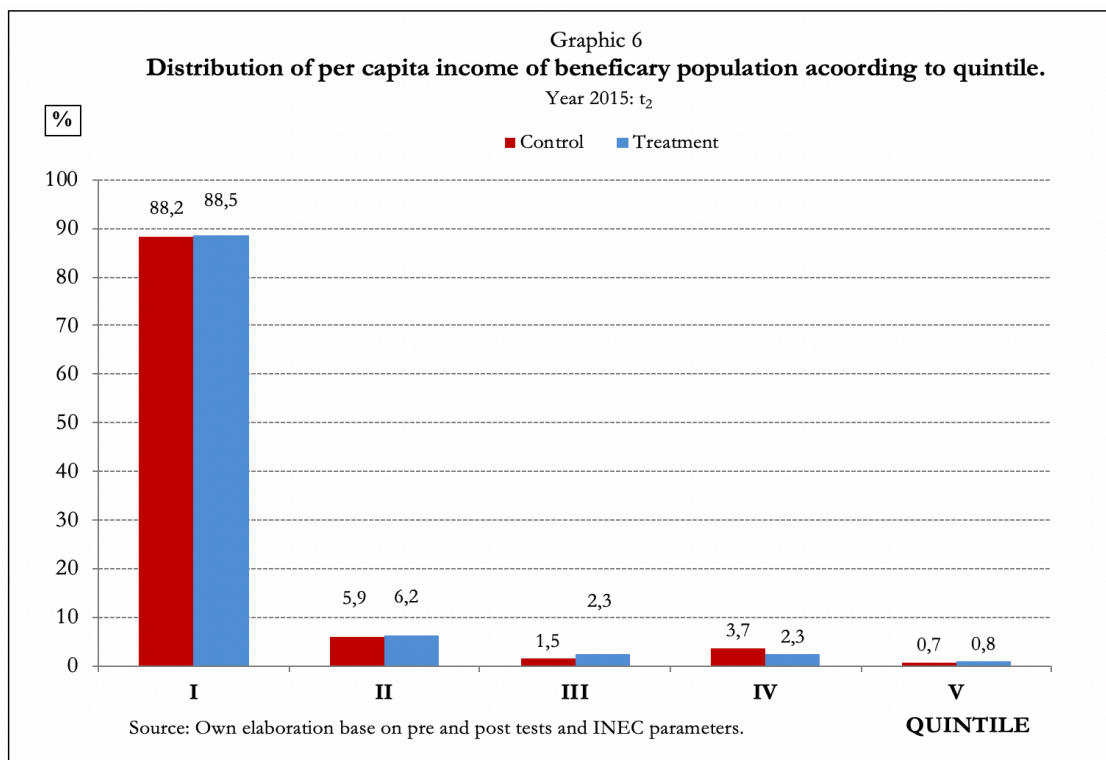
Two relevant and of interest data in graph 4, are related to the degree of *non-target population leak* achieved in the execution, which is usually the Achilles heel of social programs in Costa Rica and Latin America in general. The first data shows that the percentage of population reported in the Credit Request Form (FSC, for its acronym in Spanish) with an economic income greater than the poverty parameter at the time of the request, corresponds to 29.4% of the population analyzed during the period. In counterweight, a second data indicates that it is 29.4% of  $t_1$ , later in  $t_2$  it is 16.2%, which means a reduction of 10.3%. This cross-referenced information according to the location of the enterprise, shows almost the same trend for  $t_2$  without other subsidies: 16.9% in urban areas and 21.4% in rural areas. In summary, the data show a contradictory variability that does not allow the observation of positive differences for both programs.



Now, in comparative terms between the two participating programs of the quasi-experiment, Graph 5 presents the estimation of the level of poverty among the groups according to the three categories of national poverty.



Graph 6 uses the same income information but analyzes the distribution of the beneficiary population of both programs, ordered by quintile of national income in terms of the parameter used by INEC at the time of application of the posttest ( $t_2$ ).



Regarding the level of poverty between the groups (graph 5), the level of both programs is higher than the national poverty level registered for 2015 (extreme poverty: 7.2% and basic poverty 16.6% for a total of 21.7%) which is logical and mandatory because they are targeted programs. However, according to the results of both programs, FIDEIMAS serves more people in extreme poverty than PRONAMYPE, a situation that is reversed in the population group in poverty. This trend does not represent something good or bad for either of the two programs, but rather, is consistent with the specificity of each institution and the method and instrument of selection that is used. In this sense, it is understandable that the control group has more population in extreme poverty, since they use interdisciplinary teams of professionals in the field that identify and refer the cases to the Regional Managements according to a pre-diagnosis.

Therefore, what can be affirmed is that both programs fulfill the normative objective of selecting the poor and vulnerable population, with the exception of the percentage of non-poor, which represents for both programs a non-target population *leaking* (treatment: 16.0% and control: 11.5%) that somehow managed to “meet or bypass” the selection criteria.

Given the aforementioned data, a population analysis was performed according to income quintiles (graph 6). The results, positively for both programs, show that the population served is concentrated in the first (extreme poverty) and second quintile (basic poverty)<sup>151</sup>, with lower percentages in other quintiles, which would be the leaked cases identified above.

Comparatively, a relevant finding related to the assessment of the level of focalizing achieved, according to the poverty line or distribution by quintile of per capita income, is for both programs (graph 5 and 6) the sum of the categories of extreme poverty and basic poverty, and they are almost equal in both measurements (slight difference for FIDEIMAS 0.3% and very low for PRONAMYPE 4.7%), all of which shows that there is some consistency in the selection of beneficiaries.

It should be noted that, as a variable, economic income is one of the universally most difficult aspects to estimate, since it always has inherently the measurement bias for different reasons: not to declare the real income, underestimation, over estimation, sub-records, among others. However, methodologically, it will be very important for future research to incorporate new variables such as the type and size of micro entrepreneurship, as well as aspects related to gender perspective, because as observed in situ, all of them have a qualitative impact on the results.

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<sup>151</sup> Which is good in terms of focalizing, but according to the program theory, these populations should move towards the third income quintile, an aspect that shows the need for baseline indicators to monitor and evaluate subsequent results.

### 5.5.5 Qualitative results according to patterns found

In a harmonious way with what is stated in the theoretical framework of this study (see item 3.2.3), the abundant qualitative evidence<sup>152</sup> proves that the microcredit is mainly an instrument of poverty alleviation, especially for female heads of household who, different from men, spend all their income on the welfare of their children. In that line, the microcredit helped to start or support an economic activity, but this activity did not necessarily result in an increase in economic income, but in reducing the vulnerability of families through self-employment, which allows people to be part of the economically active population (EAP) of the labor market.

Far from a cost-effectiveness analysis perspective, it is assessed that the main changes occurred with income level are related to the way in which this helps to keep an enterprise active which becomes the **livelihood** for a majority<sup>153</sup>. Therefore, the level of income and earnings, rather than measurable within a scale, must also be assessed by the way in which they allow a socio-economic situation that permits to satisfy the basic needs of the household and the responsibilities of the entrepreneurship, in that order. Below are two answers from beneficiaries, to the question *do you consider that you are earning or losing profits?* answers that clearly show the abovementioned and can be absolutely generalized from all the testimonies obtained:

“Look, taking in consideration the current situation,  
to be surviving is a win”

Mr. J.R.V. Beneficiary Quasi Experiment 1. Treatment Group, #104.  
(farmer)

“I think it is okay, I don’t think about profits because there are a few months when it rises more, but it is hard to maintain. At least here, last month 3 businesses were closed and to be able to be here you have to persevere, every day you have to open from Sunday to Sunday”

Mrs. D.P. Beneficiary, Treatment Group QE2 97  
(Restaurant service)

“Everything has its highs and lows, there are good seasons and low seasons, and more with the products that you launch, where there are seasons when summer is good, but in winter everything is low”

Mrs. MRV, Beneficiary, Treatment Group QE2, #2  
(Sportswear industry).

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<sup>152</sup> Beneficiaries of both programs were interviewed to assess possible differentiating factors, unfortunately no representative differences were found between the subjects of the qualitative sample of beneficiaries selected according to quasi-experiment and regression response values obtained (table 33).

<sup>153</sup> Two thirds are classified as livelihood entrepreneurship or limited accumulation, they represent the enterprises that claimed to be able to save and have an increase in their profits.

In the interviewed persons belonging to QE2, family obligations were quite mentioned, which, in addition to the economic aspect, makes clear a symbolic and social burden regarding the responsibility of household maintenance, which causes that the flow of investment to be almost not perceived in those economic terms. In this sense, this symbolic and social burden is a clear indicator that these people live under **livelihood strategies**, which is essential to understand the little or no significant results of the quasi-experimentation.

For these people, the profits are less than or equal to their income, so, in the most extreme cases, their income is decapitalized, there is no saving and the entrepreneur performs several functions, as explained in the employment indicator regarding to family support. However, despite the economic difficulties, maintaining an activity that allows livelihood triggers changes or phenomenological transformations in gender values, attitudes and relationships in the entrepreneurial population. All of which shows a **clear interweaving** between labor, productive and social spheres.

On the other hand, in relation to the quantitative data referring to the poverty line (graph 4), and specifically about the inconsistency that some of its measurements produced could have occurred due to a problem of underreporting on the economic income variable, a variable that is usually considered a “taboo” subject for the interviewees. It is important to mention that this is a record that was taken from the credit requests made with the Credit Request Form (FSC), an information that is not supervised due to the absence of an M&E system. Regarding the percentage of population that according to the estimate (16.4%, graph 5) does not have a poverty condition, this degree of “leak” is explained and has as its cause, the findings related to the variability of the selection criteria used by the Managers of the IOs and the constant changes in the FSC instrument of the Program (see item 5.2.2.4, table 54).

The importance of this exploration exercise is that, as was widely explained in Chapter 2, PRONAMYPE and FIDEIMAS are the normative and institutional expression of a public policy of redistributive order, since it involves efforts by governments to change the distribution of wealth. Therefore, the orientation of social policy towards selectivity or focalizing, acquires a special meaning in terms of public policies that seek to give order and balance, reducing or trying to correct existing social inequalities, without the structural ambition of reaching a change at a general level of the labor market. Therefore, “the knowledge generated through an evaluation focused on equity provides evidence to influence the main political decisions to assure that current and future policies raise equity and improve the well-being of the most disadvantaged groups” (UNICEF, 2012, p. 12-13).

### **5.5.6 Summary of Indicator Findings: planned & unplanned**

Figure 30: Summary of Indicator Findings: Business profits and Level of poverty according planned results.

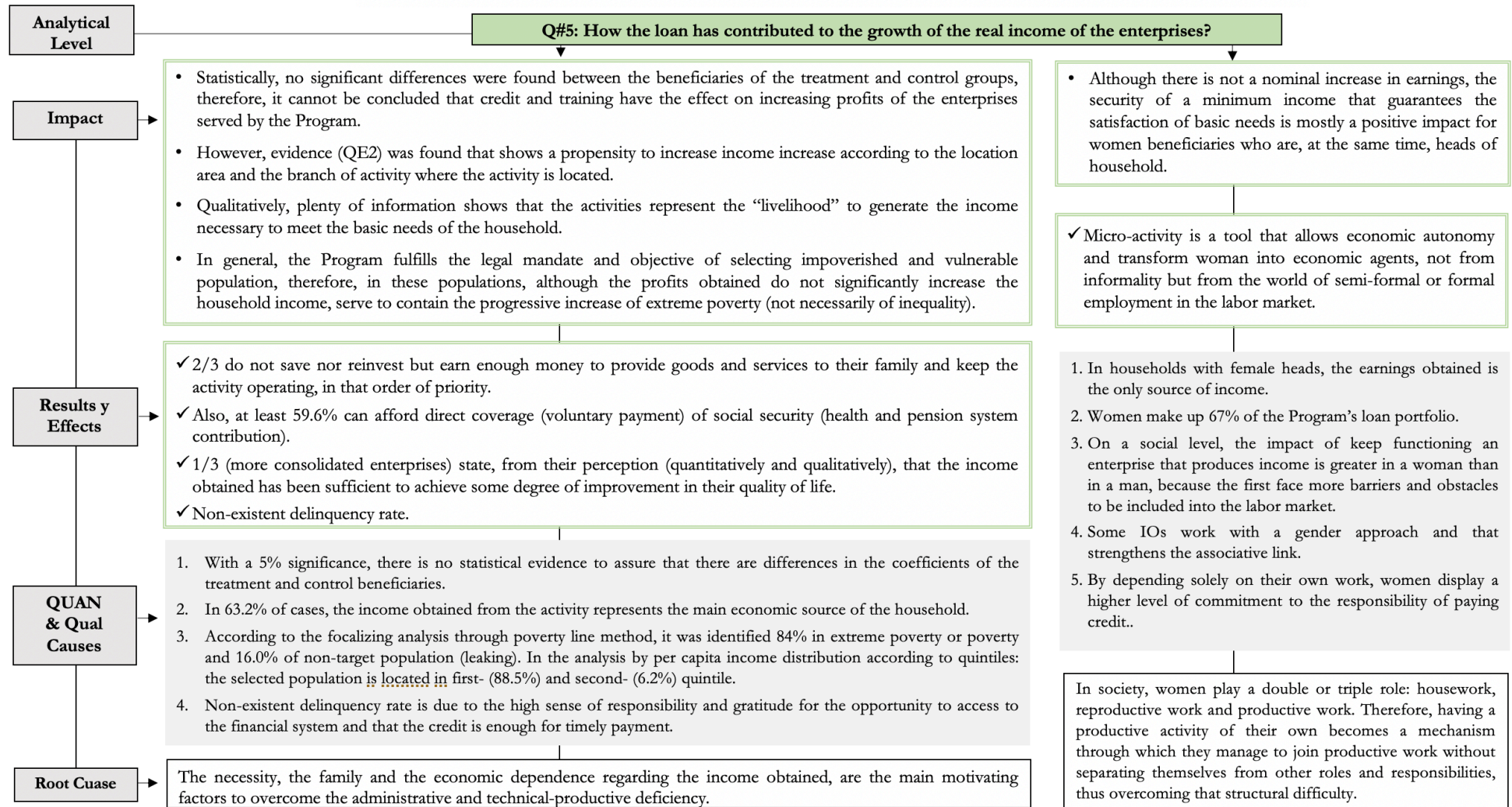
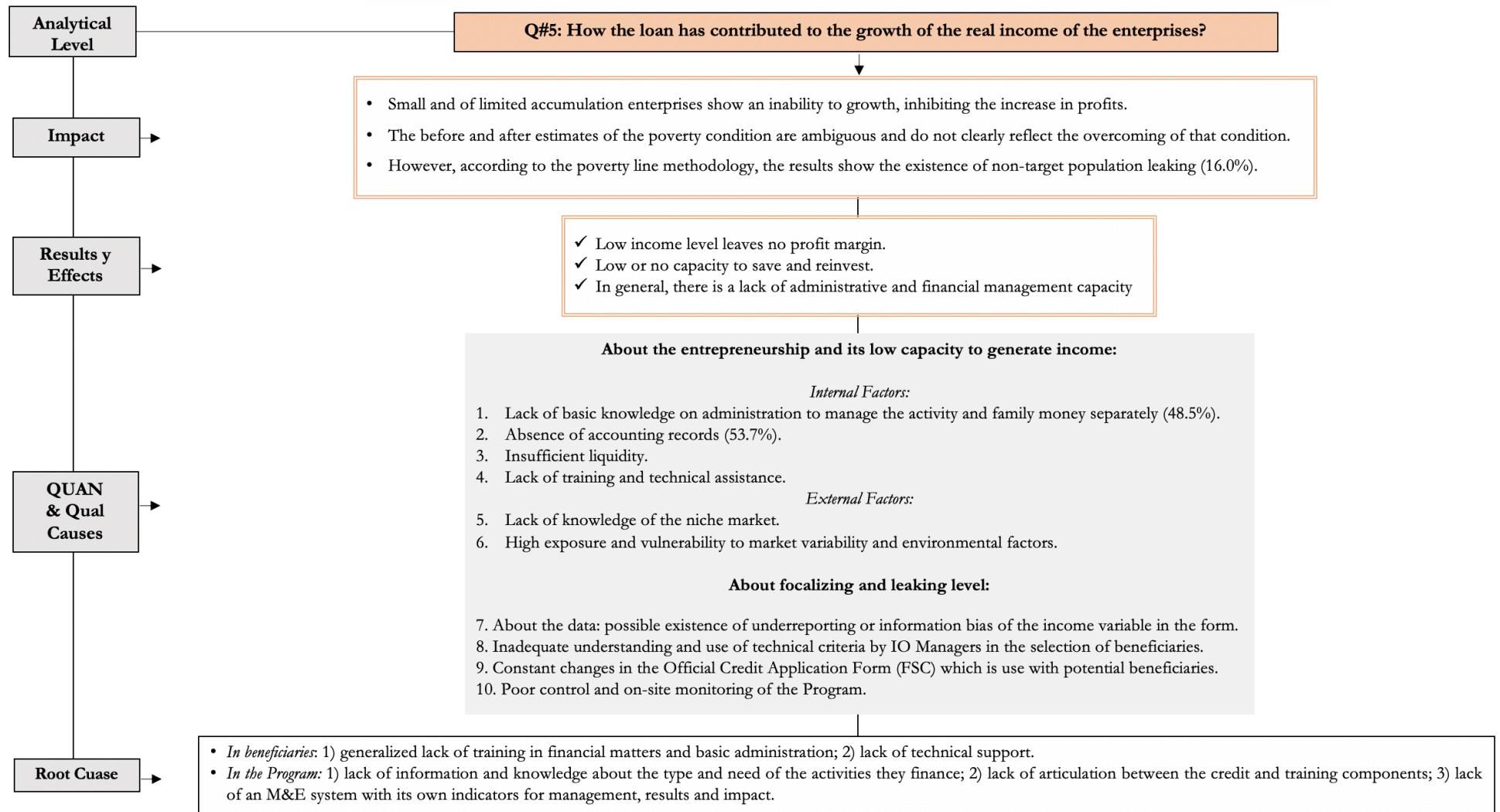




Figure 31: Summary of Indicator Findings: Business profits and Level of poverty according **unplanned** results.



## 5.6 Factor analysis and construction of scales: production and permanence indicators.

With the purpose of identifying the factors within the scales of productivity and permanence of the activity, a factorial analysis was performed for the binary variables (binary data). To do this, a matrix of tetrachoric correlations<sup>154</sup> between the dichotomous variables analyzed was calculated in the first place. Once this correlation matrix was calculated, the analysis process was similar to that of the classical factor analysis. Regarding the productivity and permanence indicator, table 68 shows the matrix of tetrachoric correlations calculated from the items that make up each of the scales associated to the index.

Table 68  
Matrix of tetrachorical correlations calculated  
from the items that make up this scale

| Scale      | Item             | IP1   | IP2   | IP3   | IP5  | IP6  | IP7  | --- |
|------------|------------------|-------|-------|-------|------|------|------|-----|
| Production | IP 1             | 1     |       |       |      |      |      | --- |
|            | IP 2             | 0,56  | 1     |       |      |      |      | --- |
|            | IP 3             | 0,70  | 0,59  | 1     |      |      |      | --- |
|            | IP 5             | 0,21  | 0,24  | 0,18  | 1    |      |      | --- |
|            | IP 6             | 0,09  | 0,16  | 0,25  | 0,27 | 1    |      | --- |
|            | IP 7             | -0,01 | -0,03 | -0,03 | 0,16 | 0,24 | 1    | --- |
|            | --               | ---   | ---   | ---   | ---  | ---  | ---  | --- |
| Permanence | Item             | PA1   | PA2   | PA3   | PA4  | PA7  | PA6  | PA8 |
|            | PA1 <sup>a</sup> | 1     |       |       |      |      |      |     |
|            | PA2              | 0,65  | 1     |       |      |      |      |     |
|            | PA3              | 0,76  | 0,49  | 1     |      |      |      |     |
|            | PA4              | 0,61  | 0,41  | 0,61  | 1    |      |      |     |
|            | PA7              | 0,04  | 0,03  | -0,07 | 0,09 | 1    |      |     |
|            | PA6              | 0,74  | 0,30  | 0,57  | 0,62 | 0,39 | 1    |     |
|            | PA8              | 0,59  | 0,49  | 0,26  | 0,31 | 0,12 | 0,26 | 1   |

Notes: <sup>a</sup>The variables PA1 Accounting, 2 (plan of n) and 4 (ced j) have an acceptable or strong correlation with each other regarding to a microenterprise having a “commercial patent”, this means that the permanence of the activity indicator can be explained to a large extent by the daily administrative management of the entrepreneur. This is confirmed by the fact that variable 1 is also correlated with having a “business plan”. What in summary indicates that the result of the analysis is that financial education is important and determining, which in turn allows to indicate that the training component of the Program is relevant

<sup>154</sup> Measures the association between binary variables assuming that originally these are continuous and normally distributed; that is, the variables observed are incompletely measured, and assumes that the fictitious variables (not observed by the way they were measured) are continuous with normal distribution (Bartholomew D. et al., 2002, p. 175-206). The tetrachoric correlation coefficient is described by the following formula, where  $O_{ii}$  describes each

entry of a 2x2 table formed by the possible combinations of two dichotomous variables.  $r_{tet} = -\cos \left[ \frac{\pi}{1 + \sqrt{\frac{O_{12} \cdot O_{21}}{O_{11} \cdot O_{22}}}} \right]$

For the construction of both production and permanence, the variables used obtained moderate correlations ( $0.27 < r < 0.59$ ) y ( $0.3 < r < 0.74$ ), in that order. In addition, **Bartlett's sphericity test** results statistically justify the existence of these correlations between items, since the null hypothesis about the variables not been correlated is rejected ( $p < 0.05$ ) in both cases. However, the **Kaiser Meyer Olkin (KMO)** index, according to its rating scale<sup>155</sup>, indicates a “mediocre” sample association (KMO=0.58 y **KMO=0.68, respectively**).

Table v2 shows the factorial analysis calculated for each index, according to the variables that comprise it. The method used for the extraction of the factors was that of “main components”. For the first index there are 2 relevant factors with a characteristic root higher than 1 ( $\lambda_1 = 2.42$  y  $\lambda_2 = 1.32$ ), which together explain 62% of the item's variance, the first factor explains a 40% of the variance and the second 22% of the variance

Table 69  
**Characteristic values and their proportion of explained variance obtained in the factor analysis of productivity and permanency scale.**

| Factor | Productivity scale |                               | Permanency Scale |                               |
|--------|--------------------|-------------------------------|------------------|-------------------------------|
|        | Eigenvalue         | Portion of variance explained | Eigenvalue       | Portion of variance explained |
| 1      | 2,42               | 0,40                          | 3,64             | 0,52                          |
| 2      | 1,32               | 0,22                          | 1,18             | 0,17                          |
| 3      | 0,78               | 0,13                          | 0,95             | 0,14                          |
| 4      | 0,73               | 0,12                          | 0,49             | 0,07                          |
| 5      | 0,46               | 0,08                          | 0,42             | 0,06                          |
| 6      | 0,27               | 0,05                          | 0,27             | 0,04                          |
| 7      | --                 | --                            | 0,06             | 0,01                          |

Source: Own elaboration based on the post test results.

While the other index was formed by three factors ( $\lambda_1 = 3.64$  y  $\lambda_2 = 1.18$ ) and very close to 1 with a 14% explain of the variance <sup>156</sup> ( $\lambda_3 = 0.95$ ), altogether an 83% of the variance of the reagents. Likewise, this was confirmed by graphic visualization of the characteristic roots obtained from the factor analysis shown in Figure XX.

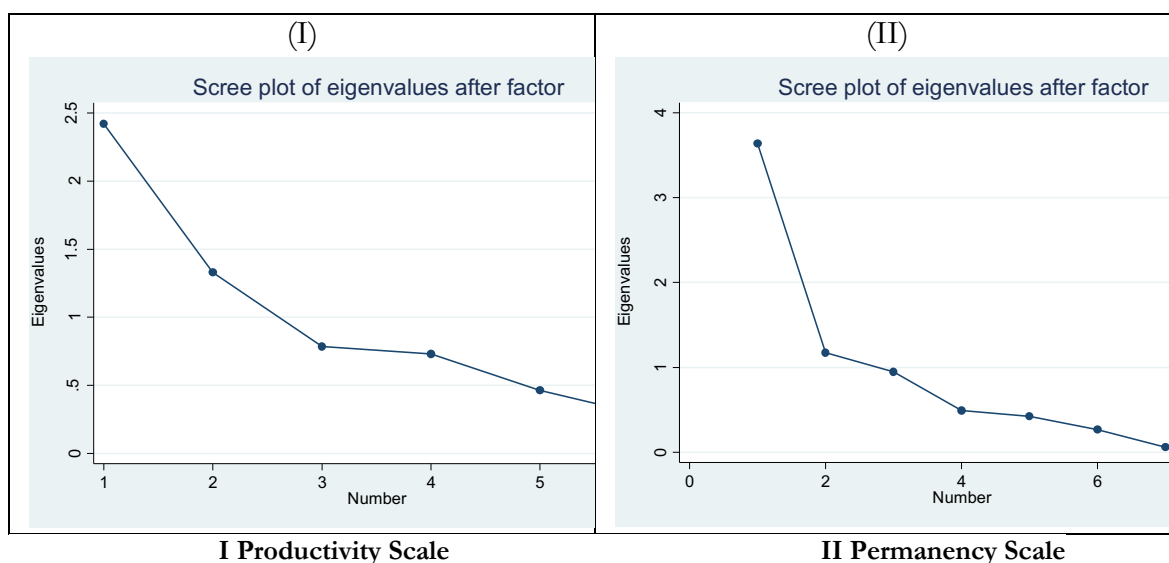
<sup>155</sup> For reference, Kaiser use the following values on the results: 0,00 to 0,49 unacceptable; 0,50 to 0,59 miserable; 0,60 to 0,69 mediocre; 0,70 to 0,79 middling; 0,80 to 0,89 meritorious; 0,90 to 1,00 marvelous.

<sup>156</sup> One way to preserve a factor is if it explains more than 10% of the variance.



Graph 7

**Sedimentation graphs according to type of variables implemented for productivity and permanence of the activity indicators.**



Source: Own elaboration based on the post test results.

Table 70 shows the matrix of rotated factor loads using varimax method. Regarding the two factors of the production index: items loaded in factor 1 refer to the increase in the number of products and services (IP1), if the activity has provoked any change to improve the way of working (IP2) and if the marketing channels have increased (IP3). On the other hand, items loaded in factor 2 refer to whether the entrepreneurship invested in capital goods: infrastructure (IP5), tools or equipment (IP6) or transport (IP7).

Table 70  
Factorial loads with Varimax rotation of the productivity and permanency scale

|            | Item       | Factor 1 | Factor 2 | Factor 3 |
|------------|------------|----------|----------|----------|
| Production | IP 1       | 0,86     | 0,01     | -        |
|            | IP 2       | 0,81     | 0,07     | -        |
|            | IP 3       | 0,88     | 0,08     | -        |
|            | IP 5       | 0,28     | 0,60     | -        |
|            | IP 6       | 0,18     | 0,73     | -        |
|            | IP 7       | -0,16    | 0,73     | -        |
|            | Permanency | PA1      | 0,77     | 0,55     |
| PA2        |            | 0,37     | 0,75     | -0,10    |
| PA3        |            | 0,86     | 0,21     | -0,19    |
| PA4        |            | 0,81     | 0,17     | 0,07     |
| PA7        |            | 0,04     | 0,05     | 0,97     |
| PA6        |            | 0,82     | 0,09     | 0,44     |
| PA8        |            | 0,12     | 0,90     | 0,14     |

Source: Own elaboration based on the post test results.

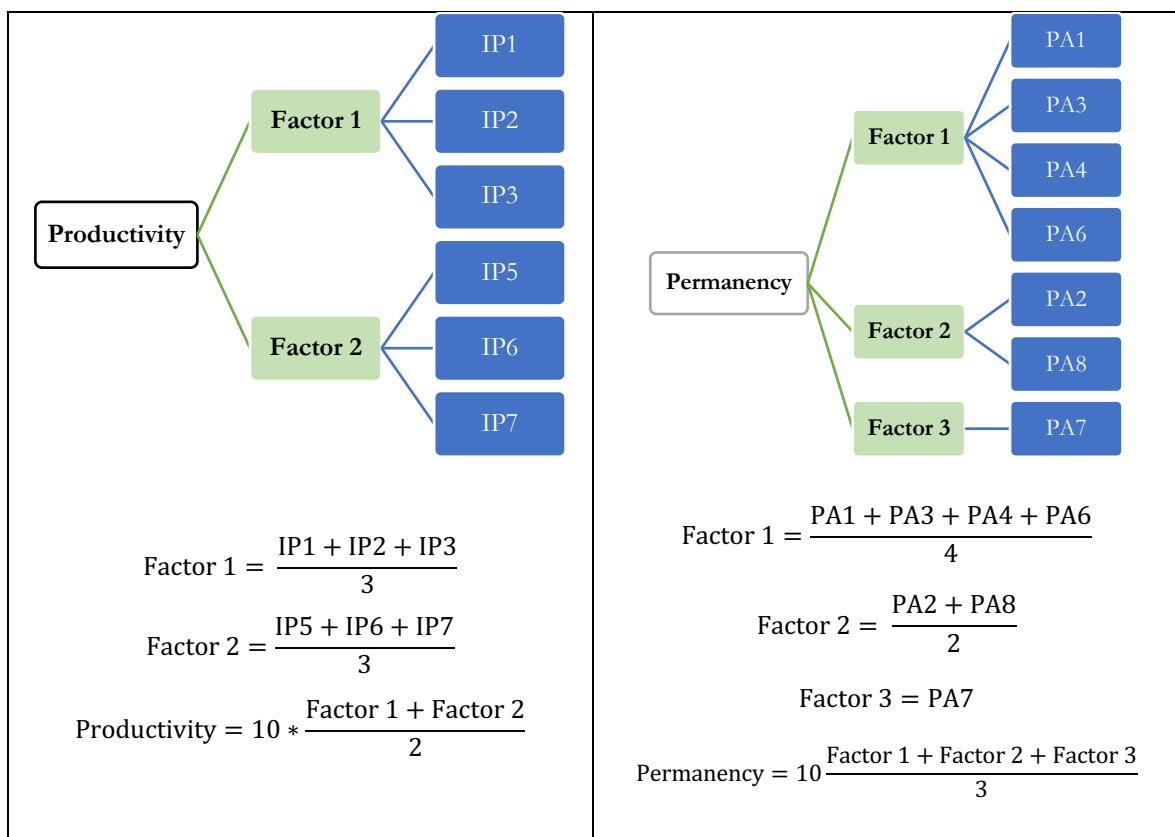
Likewise, regarding the three factors that form the permanence index, the first factor is associated with variables that inquire if the entrepreneurship has elements that demonstrate

a transition to formal activity such as: accounting records (PA1), legal identification card (PA3), commercial patent (PA4) and income statement (PA6). The items that load in factor 2 refer to the way of working: business plan (PA2) and cash flow management (PA8). The item that loads in factor 3 is related to the enrollment to social security of the employees of the activity (PA7).

From the previous reasoning, an index with two factors was first constructed, which in turn is based on means of scales, while the second contains three factors. Both indicators are on a scale of 0 to 10 where 0 is the lowest possible rating and 10 is the highest.

Figure 32

**Diagram of productivity and permanence indices based on theory and empirical analysis**



Source: Own elaboration based on the based on the theoretical foundation and design of the indicators.

Thus, the purpose of this section is to guide the reader in a clear understanding of the steps taken in the construction of the indicators that theoretically (see item 4.3.3) and empirically allowed, with greater validity, to carry out the analysis that will be described in the following sections in a reasoned manner.

## 5.7 Production increase

### 5.7.1 Question and evaluation judgment

Under the impact criterion, the question inquired is the following: *What are the effects of PRONAMYPE intervention on the generation of outcomes in the production conditions of the SMEs?* Which is answered as follows.

Statistically, according to the evidence produced in the three quasi-experiments, it cannot be concluded that the credit and training components have an effect on increasing the productivity of the enterprises supported by PRONAMYPE, however, some relevant evidence was identified.

In QE1, in the general result with the complete model, no variable showed sufficient differences to predict the response variable (production). Nevertheless, in the same model, but run only with the variables age and schooling, PRONAMYPE beneficiaries decreased 0.566 points in the productivity indicator compared to FIDEIMAS<sup>157</sup> credit applicants. This data turns out to be relevant since, regardless the number of variables, in all cases the R<sup>2</sup> of the model is always higher than 40%, and this indicates that the presence or absence of the credit explains an important proportion of the variation in production.

In QE2, although coefficients are very low, in four of the six models the coefficient symbol of the treatment is negative, which shows a trend that leads to the assumption that if there were differences between the groups, these would be in favor of FIDEIMAS (coefficients from -0.21 to -0.36). However, when the “activity” variable is added, this trend is reversed in favor of PRONAMYPE. In addition, the analysis of the indicator marginal means showed that there is interaction between the lines, which confirms that the productivity of an enterprise is directly related to the branch of activity (primary, secondary, tertiary) to which an enterprise belongs. Regarding this aspect, the qualitative analysis allowed to explain how certainly, due to the main activities financed by the Program are located in the primary and tertiary sector, such activities, according to the different opinions of the stakeholders, present various risks and difficult situations face by their entrepreneurship.

The confirmatory type QE3 showed that entrepreneurship with the two components do not show differences in relation to those with only one, which keeps showing that training is a component that does not produce a difference in the performance of the enterprises.

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<sup>157</sup> In a logistic regression model *with stepwise*, the treatment coefficients are negative whether they are significant or not, which allows to conclude that the differences found correspond to the control group.

Likewise, the information obtained through non-participant observation allowed to ratify that regardless of the hypothetical effect and scope of the credit or training, the type of entrepreneurship according to its composition and characteristics are very important, since that is what determines each production process and its results.

Finally, the disarticulation of the credit and training components and the lack of follow-up does not allow the Program to carry out a more comprehensive intervention, so that the absence of capacity, mainly on livelihood entrepreneurship, is influencing the existence of a intuitive type of management and not minimally trained. Although it should be noted that, in all the QEs analyzed so far, the training component does not represent an intervention with significant quantitative or qualitative results.

### **5.7.2 Results according descriptive statistics and t-test**

According to the descriptive statistics of the variables that form the production increase indicator, 11.7% of the micro-businesses of the treatment group expressed that their offer of goods or services decreased, 42.6% said they maintain the same volume and 45.6% reported an increase. Of this last group that increased its production, 64.0% of the cases indicated that it was because they increased their production channels and 70.0% said they made some change or improvement in the way of working.

In general, the credit was used for investing in four major items: purchase of goods and raw materials (83.0%), infrastructure or improvement of facilities (47.0%), purchase of tools or equipment (45.0%) and purchase of vehicles or means of transport (26.5%)<sup>158</sup>.

Now, taking the data from both Programs, a verification of means was carried out, assuming the variance of the two populations studied as equal. The *t-test* analysis did not find statistical evidence to show that treatment with one component (credit) is different from that with two components (credit + training). However, for both Programs, the QE1 analysis showed significant differences in productivity scores of the enterprises that had only one component (credit): treatment 4.56 and control 5.60, respectively; This also shows that FIDEIMAS activities obtained higher scores on average.

It should be noted that the scores obtained contradict the null hypothesis, since the entrepreneurships of the control groups obtained higher average scores in relation to the expected treatment. A possible explanation for this could be in a greater homogeneity of the control group, since prior to obtaining a credit, the beneficiaries of FIDEIMAS have

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<sup>158</sup> According to the factor analysis, the rotated factor loads of the production index explain a high percentage of the variance explained (see item 5.4).

been addressed by interdisciplinarily teams of IMAS professionals, which in some way acts as filter and provides a certain formalization nature from a very early stage. This aspect was not considered in the measurement, since it arose as a possible emerging variable in the framework of qualitative analysis.

Table: 71  
**Descriptive statistics (t-test) of the production increase indicator, according to quasi-experiment and group analyzed.**  
 (n=264)

| Quasi Experiment   | Group     | Me-dian | Mini-mo | Percen -til 25 | Me-dian | Percen -til 75 | Máxi-mum | $\sigma$ |
|--|-----------|---------|---------|----------------|---------|----------------|----------|----------|
| Quasi Exp.1<br>(n pairs=72)<br>Credit<br>PRONAMYPE                 | Treatment | 4,56*   | 0       | 3,33           | 5,00    | 6,67           | 10       | 2,32     |
|  | Control   | 5,60*   | 0       | 3,33           | 5,00    | 8,33           | 10       | 2,61     |
| Quasi Exp.2<br>(n pairs=60)<br>Credit and<br>training<br>PRONAMYPE | Treatment | 5,42    | 0       | 3,33           | 5,00    | 6,67           | 10       | 2,70     |
|  | Control   | 6,03    | 0       | 5,00           | 6,67    | 8,33           | 10       | 2,24     |

Note: \* Statistic, significant.  
 Source: Own elaboration.

### 5.7.3 Results of the quasi experiments QE1, QE2, QE3

The general result of **QE1** (table 71) shows that, in the model of increased production with the variables *age* and *schooling*, the beneficiaries of PRONAMYPE decrease for the productivity indicator 0.566 points in comparison with FIDEIMAS credit applicants. Note that this behavior in the coefficients is similar in the other models. This trend is important and represents a finding, taking in consideration that in this type of logistic regression model (*with stepwise*), the treatment coefficients are negative whether they are significant or not, which allows to conclude that the differences found, place the control group at a higher level, which is not positive for the evaluation of PRONAMYPE.

Table 72

**QE #1 Productivity Indicator Results:  
Coefficient and p values of the regression models with fixed effects.**

| Variables           | Model with |         |                   |         |                              |         |                                    |         |  |         |  |         |
|---------------------|------------|---------|-------------------|---------|------------------------------|---------|------------------------------------|---------|--|---------|--|---------|
|                     | Treatment  |         | Treatment and age |         | Treatment, age and schooling |         | Treatment, age, schooling and area |         | Treatment, age, schooling, area and activity |         | Treatment, age, schooling, area, activity and other credit interventions |         |
|                     | Coef.      | p-value | Coef.             | p-value | Coef.                        | p-value | Coef.                              | p-value | Coef.  | p-value | Coef.  | p-value |
| Treatment           | -0,625*    | 0,026   | -0,588*           | 0,029   | -0,566*                      | 0,039   | -0,534                             | 0,057   | -0,433                                       | 0,140   | -0,433   | 0,135   |
| Age                 |            |         | -0,059*           | 0,006   | -0,062*                      | 0,007   | -0,065*                            | 0,006   | -0,065*                                      | 0,006   | -0,066*  | 0,005   |
| Schooling           |            |         |                   |         | -0,061                       | 0,671   | -0,084                             | 0,576   | -0,087                                       | 0,559   | -0,103   | 0,483   |
| Area                |            |         |                   |         |                              |         | 0,277                              | 0,538   | 0,123  | 0,793   | 0,355  | 0,463   |
| Activity            |            |         |                   |         |                              |         |                                    |         | 0,260  | 0,282   | 0,150  | 0,543   |
| Other interventions |            |         |                   |         |                              |         |                                    |         |  |         | 0,273  | 0,091   |
| R <sup>2</sup>      |            | 0,408   |                   | 0,469   |                              | 0,470   |                                    | 0,473   |  | 0,482   |  | 0,504   |
| AIC                 |            | 597,155 |                   | 583,609 |                              | 585,229 |                                    | 586,420 |  | 485,909 |  | 581,625 |
| BIC                 |            | 813,951 |                   | 803,374 |                              | 807,965 |                                    | 812,126 |  | 814,585 |  | 813,271 |

Note: The models that do not show any coefficient or odds ratio, is because the model does not converge.

Source: Own elaboration.

Table 73

**QE #2 Productivity Indicator Results:  
Coefficient and p values of the regression models with fixed effects.**

| Variables                    | Model with |         |                   |         |                              |         |                                    |         |  |         |  |         |  |         |
|------------------------------|------------|---------|-------------------|---------|------------------------------|---------|------------------------------------|---------|--|---------|--|---------|--|---------|
|                              | Treatment  |         | Treatment and age |         | Treatment, age and schooling |         | Treatment, age, schooling and area |         | Treatment, age, schooling, area and activity |         | Treatment, age, schooling, area, activity and other credit interventions |         | Treatment, age, schooling, area, activity, other credit interventions and other training interventions |         |
|                              | Coef.      | p-value | Coef.             | p-value | Coef.                        | p-value | Coef.                              | p-value | Coef.  | p-value | Coef.  | p-value | Coef.  | p-value |
| Treatment                    | -0,367     | 0,217   | -0,213            | 0,476   | -0,269                       | 0,389   | -0,240                             | 0,445   | <b>0,207(-)</b>                              | 0,622   | 0,194  | 0,646   | 0,058  | 0,897   |
| Age                          |            |         | -0,045            | 0,054   | -0,042                       | 0,082   | -0,041                             | 0,092   | -0,039                                       | 0,100   | -0,041   | 0,090   | -0,038   | 0,115   |
| Schooling                    |            |         |                   |         | 0,121                        | 0,499   | 0,088                              | 0,628   | 0,031  | 0,867   | 0,039  | 0,834   | 0,045  | 0,808   |
| Area                         |            |         |                   |         |                              |         | 0,438                              | 0,344   | 0,363  | 0,428   | 0,343  | 0,459   | 0,369  | 0,427   |
| Activity                     |            |         |                   |         |                              |         |                                    |         | 0,441  | 0,119   | 0,429  | 0,134   | 0,403  | 0,161   |
| Other credit interventions   |            |         |                   |         |                              |         |                                    |         |  |         | 0,132  | 0,563   | 0,129  | 0,573   |
| Other training interventions |            |         |                   |         |                              |         |                                    |         |  |         |  |         | -0,152   | 0,384   |
| R <sup>2</sup>               |            | 0,424   |                   | 0,460   |                              | 0,464   |                                    | 0,473   |  | 0,496   |  | 0,499   |  | 0,506   |
| AIC                          |            | 491,673 |                   | 485,921 |                              | 486,950 |                                    | 487,014 |  | 483,672 |  | 484,922 |  | 485,187 |
| BIC                          |            | 661,710 |                   | 658,745 |                              | 662,562 |                                    | 665,413 |  | 664,859 |  | 668,897 |  | 671,949 |

Note: The models that do not show any coefficient or odds ratio, is because the model does not converge.

(-) There is a change in the sign of the coefficient of this factor.

Source: Own elaboration.

Table 74  
**QE #3 Productivity Indicator Results:**  
**Coefficient and p values of the regression models with fixed effects.**

| Variables                    | Model with |         |                   |         |                              |         |                                    |         |  |         |  |         |  |         |
|------------------------------|------------|---------|-------------------|---------|------------------------------|---------|------------------------------------|---------|--|---------|--|---------|--|---------|
|                              | Treatment  |         | Treatment and age |         | Treatment, age and schooling |         | Treatment, age, schooling and area |         | Treatment, age, schooling, area and activity |         | Treatment, age, schooling, area, activity and other credit interventions |         | Treatment, age, schooling, area, activity, other credit interventions and other training interventions |         |
|                              | Coef.      | P-value | Coef.             | P-value | Coef.                        | P-value | Coef.                              | P-value | Coef.  | P-value | Coef.  | P-value | Coef.  | P-value |
| Treatment                    | 0,436      | 0,103   | 0,466             | 0,091   | 0,458                        | 0,100   | 0,504                              | 0,079   | 0,425  | 0,156   | 0,435  | 0,253   | 0,430  | 0,262   |
| Age                          |            |         | -0,010            | 0,588   | -0,009                       | 0,659   | -0,009                             | 0,653   | -0,009                                       | 0,654   | -0,009   | 0,662   | -0,010   | 0,646   |
| Schooling                    |            |         |                   |         | 0,050                        | 0,714   | 0,010                              | 0,948   | 0,003  | 0,982   | 0,004  | 0,980   | 0,001  | 0,995   |
| Area                         |            |         |                   |         |                              |         | 0,338                              | 0,462   | 0,480  | 0,324   | 0,484  | 0,332   | 0,482  | 0,338   |
| Activity                     |            |         |                   |         |                              |         |                                    |         | -0,244                                       | 0,363   | -0,246   | 0,376   | -0,229   | 0,425   |
| Other credit interventions   |            |         |                   |         |                              |         |                                    |         |  |         | 0,008  | 0,968   | 0,006  | 0,975   |
| Other training interventions |            |         |                   |         |                              |         |                                    |         |  |         |  |         | 0,055  | 0,782   |
| R <sup>2</sup>               |            | 0,556   |                   | 0,559   |                              | 0,560   |                                    | 0,565   |  | 0,572   |  | 0,572   |  | 0,573   |
| AIC                          |            | 416,681 |                   | 418,066 |                              | 419,779 |                                    | 420,600 |  | 420,763 |  | 422,760 |  | 424,581 |
| BIC                          |            | 567,908 |                   | 571,994 |                              | 576,407 |                                    | 579,929 |  | 582,792 |  | 587,488 |  | 592,011 |

Note: The models that do not show any coefficient or odds ratio, is because the model does not converge.

Source: Own elaboration.



However, as stated earlier, in these models the treatment becomes significant when the model includes the variables age and schooling, but when other variables are added the significance disappears, leaving no detectable differences between the control group and the treatment group. In this sense, and regardless of the model, for every increase of one unit in the age of the owner of the micro entrepreneurship, on average, the business is less productive.

Likewise, in the model of QE1 there are significant differences in the age of the participants of the control and treatment groups, that is, the couples that were formed for the analysis have important differences in age, which can affect the performance of the entrepreneurship. This aspect draws attention, because at the moment that the age variable is included in the *stepwise*, the treatment variable is no longer significant.

Although that is true, no significant variables are found and none of the variable evidences differences nor predicts the production between the control group and the treatment group. It is relevant to highlight that although none of the coefficients are significantly different from zero in these models, the  $R^2$  are always higher than 40%, even when the only predictor variable is the treatment. The above is positive, since it shows that the presence or absence of the credit (which can also be interpreted as belonging to PRONAMYPE or FIDEIMAS in this quasi-experiment) effectively explains an important proportion of the variation of the response variable, in this case the productivity. Here then, the question arises, *is this effect inherent to FIDEIMAS or to the credit of PRONAMYPE?* In this sense, the result presented at the beginning, of 0.566 points of the coefficient in favor of FIDEIMAS, could support the hypothesis that this effect is oriented in favor of the control group.

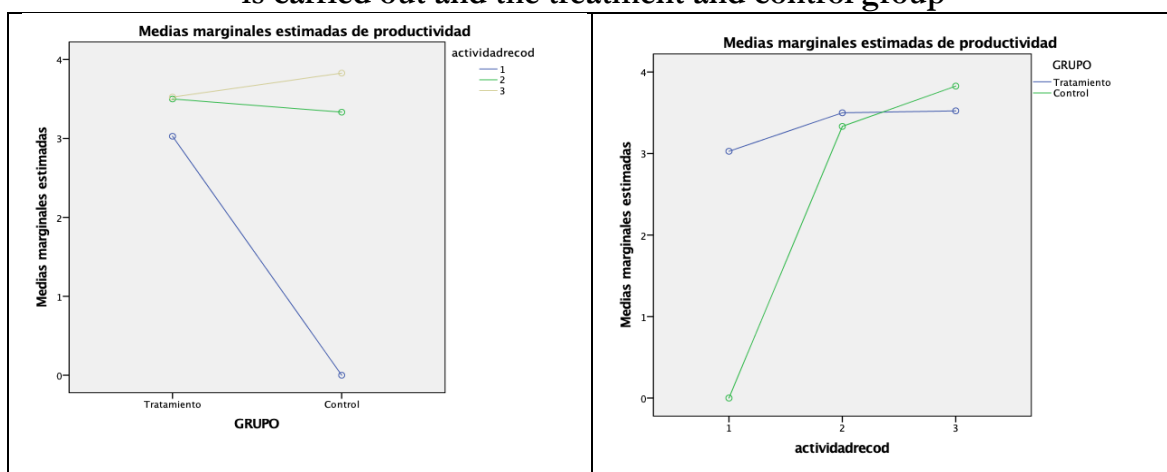
In the case of **QE2** (Table 73) it is important to note that in the first four models the symbol of the treatment coefficient is negative, indicating that if there were differences between the groups it would be in favor of FIDEIMAS (coefficients with values of -0.21 to -0.36). However, when adding variables such as “activity” and “other credit or training interventions,” this trend is reversed, which is relevant for the research hypothesis (that PRONAMYPE causes positive effects against a control group that does not receive credit), particularly when different types of activity were analyzed and the treatment found an interaction that would explain the change in this sign. Nevertheless, for the purposes of predictive analysis it was not really significant although, explanatory speaking, there is relevance in the **first type of activity** (primary sector) in relation to the control group in the subjects analyzed.

To deepen and verify as a possible effect that the branch of activity is a variable that has some relevance in the production, a quick *analysis of treatment means* was performed, which is exposed by graph 8.

In this analysis, the theory says that when there is no interaction the linear segments that join any two means will be parallel across the blocks, this means that it is valid to make general considerations regarding the treatments without having to specify the block involved (branch of exercise). In this scenario it can be deduced, for example, that the treatment is less effective than the control. But when the segments (lines) are not parallel it is deduced that there is interaction between the blocks and treatments, this means that care must be taken when making statements regarding the treatment because the block involved, in this case the branch of activity, is important since, as the following graph shows, the activity branch lines (1 = primary sector; 2 = secondary sector; 3 = tertiary sector) are not parallel but interact. The same happens in the second subgraph of the groups.

Graph 8

**Interaction between the levels of the activity branch in which the entrepreneurship is carried out and the treatment and control group**



Source: Own elaboration base on post test data.

The foregoing, from a methodological point of view, shows that the behavior of these results can be of strategic usefulness, in the sense that, in essence, they are related with the (true) knowledge that PRONAMYPE has about its Program design and the target population that tries to impact, an aspect that this study has been underlining in the findings of the previous indicators. Therefore, it is left for future research to analyze the issue of the classification of beneficiaries according to information more in touch with the reality of the entrepreneurs.

Regarding to the results of the confirmatory **QE3** (table 74) there are two types of results. On one hand, none of the models run in the *stepwise* found statistical evidence of differences between PRONAMYPE beneficiaries with credit and those with credit + training, so it cannot be concluded that this Program is having an impact. However, from an evaluative point of view, this is a relevant result of the research, since it means that the beneficiaries of PRONAMYPE with two components do not have significant differences in relation to

those who only had credit. Therefore, it keeps confirming that training is an element that does not make a difference.

On the other hand, and taking into account the limitations above mentioned, it is important to highlight that in this case all the treatment coefficients are positive (between 0.4 and 0.5), indicating that when there is credit and training of PRONAMYPE it is expected that productivity increases by at least 0.4 or 0.5 points, but *is this enough to make a relevant difference at a practical level between the control and treatment groups?* It seems not, since the results obtained in the employment, profits and productivity indicators have not shown that the training component has significance.

#### **5.7.4 Qualitative results according to patterns found**

As observed in each visits made and taking in consideration the different accounts of those involved, it must be said that, at a macro level, the nature of the activities studied, as informal or semi-informal economic units, entails a set of circumstances of production and coordination with the local and regional structures where they are located. On the other hand, at the micro level, many of the findings already analyzed in the employment and profits indicators are confirmed: few workers participate in the activities, prevailing single-person microenterprises, the provision of resources is low. Now, regarding the reasons to explain why the quantitative measurement does not report significant results in the activities under study, the primary source information provided evidence that allows to establish three explanatory factors at the micro level in relation to the productive processes.

#### **5.7.5 Specific strengths and difficulties according to type of enterprise**

There is enough qualitative evidence to state that, although there are many difficulties and factors of production that affect all activities equally, it was clearly observed that some elements affect and determine more intensely one type of activity than another.

In the **type 1** entrepreneurships of **livelihood or limited accumulation**, the smaller units, their major difficulty is to go beyond the small-scale productive logic since, for example, the determinant factors are: the shortage of capital for investment, minimum or lack of use of the basic business plan, use of credit for personal purposes, use of handicraft and basic work procedures, not much diversity, low innovation, poor separation between household space and productive space and weaknesses to identify the niche market. This results in a difficult positioning of the product or service offered.

In addition, it has been identified a limited capacity building for the development of personal skills and scarce technical training, which prevents the activity from been diverse and from having a projection in a term beyond the immediate.

In type 2 entrepreneurships of **microenterprises by opportunity**, it was found that, based on their feasibility and potential, productive and commercial processes of greater complexity and formality are developed, which in turn are conditions that favor production and continuous improvement.

In these cases, enterprises that are productively feasible usually have a business plan and those that do not, at least have a clear idea of how to exceed minimum productivity, so the (small or regular) profit margin obtained allowed some reinvestment and improvement in business management. A different characteristic is that, although there is family work, this is only a support resource as a secondary labor that makes easier the work of the business, but the operation of the activity does not depend on it (for example, in tasks such as the use of Internet and social networks).

In addition, they have a greater knowledge of their “market niche” and productivity levels that are more sustained and less vulnerable to external factors, partly because they keep updating their knowledge, technical capabilities and human resources skills to interact with different environments. Knowledge acquired through training processes that PRONAMYPE did not necessarily provide, an issue that will be analyzed in detail in item 5.7.

### **Climate factors and market**

Costa Rica is a tropical country with a lot of topographic variety, therefore, there can be found a diversity of microclimates; at the same time, it has only two climatic seasons, a short summer and a long winter. In recent years, given the climate change, the country has constantly suffered from national emergencies, in summer due to drought and in winter due to heavy rains that saturate the soils. On the other hand, the economy of the country heavily relies on seasonal cycles, whether for tourism or for marked times of the year such as summer, school year or regional celebrations.

Both factors, climate and market cycles, positively or negatively affect type 1 or type 2 entrepreneurships, but most of the enterprises served by the Program are located in the primary sector of the economy (38.7%) in activities such as agriculture and cattle raising mainly, and in the tertiary sector (46.2%) in activities such as trade or transport.

Thus, for example, during on-site visits, it was observed that in **cattle raising** activities such as stockbreeding and milk and cheese production entail limitations on fixed costs (veterinary care, supplies), but in summer they also suffer from a drop on production due to drought.

Contrary to the case of agriculture<sup>159</sup> where the production of pineapple, banana and yucca is outstanding, these products have a single production cycle and their crop areas suffer from high exposure to rainfall and soil saturation, therefore, climate is decisive in the success or loss of harvest. Or, the tourism sector which is affected by the extreme fluctuation of both seasons, winter and summer, which directly affects regional and local economies throughout the country. The following testimonies clearly illustrate the above:

“We don’t take anything for granted, no matter how hard you work to get the product, there is still the pests and that can left you in bankrupt, there is also the bad placement of the product by the enterprise, so it is very difficult for them buy to the whole product”

Beneficiary 2, Focus Group participant, San Carlos, northern area.

“... it happened to me once I sowed yucca, summer came very quickly and that yucca was never grew, so all that I invested I lost it and I had to mechanize again to be able to sow and that was a great loss. That summer was the one that harm me”

Beneficiary 5, Focus Group participant, Guanacaste, northern area.

“(…) neither every success in financial credits depends on credit, nor all failures depend on credit, for example, in the agricultural area it is mostly related to the product we are financing, environmental behavior, climate and the performance of the agroindustry”

(Manager 5, personal interview).

All of the above helps to explain why in the quasi experiments, the branch of activity showed some influence on the results.

### **The absence of training creates an intuitive management**

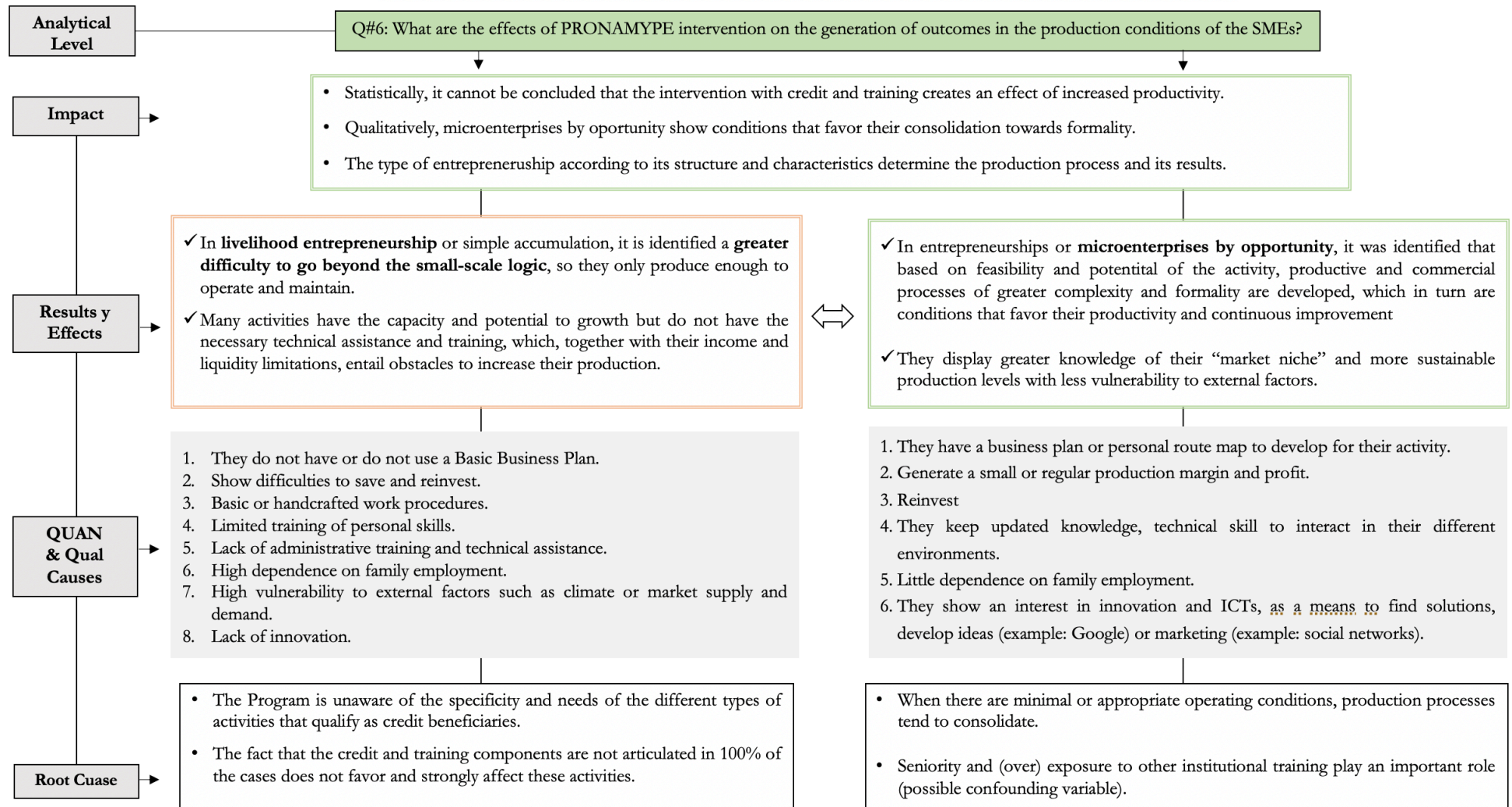
Certainly, the QEs did not show that the training component had a weight that make a difference in the yields produced by the study groups. However, the lack of articulation between both components and the lack of technical assistance was a present and crosswise element in the qualitative field work. In that sense, in the majority of type 1 entrepreneurship it was observed that they work from a *more intuitive approach* and from *exploration*, this means, on one hand, without basic administrative knowledge and without cost calculation; and on the other, as several beneficiaries said: “taking the plunge” in a trial-and-error process, which in a positive scenario subsequently allows for a better basic organization of work as a result of the lessons learned. This, in addition to the restrictions of this type of entrepreneurship, partly or largely explains the quantitative results. All of the above can lead to entrepreneurship mortality, as will be analyzed in the next and last section.

#### **5.7.6 Summary of Indicator Findings: planned & unplanned**

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<sup>159</sup> There is an important amount of organic and hydroponic production, which have high costs and rigorous care, but depend heavily on an incipient demand.

Figure 33: Summary of Indicator Findings: Production according **planned** results.



## 5.8 Training component: a cross analysis

Training is urgent, people need to be trained.  
Training is what leads to success and to not fail.

*Beneficiary 6, focus group participant,  
San Carlos, north zone.*

### 5.8.1 Question and evaluation judgment

The final question of this research is: *is there differential effect between MSEs who have accessed to one component (credit) and those who have accessed to two components (credit and training)?* To answer this question in an unify way, based on the Explanatory Design Sequential Mixed Method (see Figure 5, item 4.1), an evaluation judgment is developed based on quantitative (QUAN) and qualitative (qual) information (evidence).

The QUAN information is taken from the general conclusions of the different quasi experiments according to coefficients and p values of each regression model applied to each indicator. And the qual information has been obtained from the content analysis performed on the data obtained throughout the research process<sup>160</sup>.

However, despite the precautions and the technical methodological rigorousness applied, the task of answering the initial question is not a simple task, taking in consideration that in this study, training (such as education in general) is an intangible public investment, therefore, from an economic perspective, its rate of return is hard to establish, since it is difficult to define the concrete effects from a short or a long term, even more taking into account the complex universe of microfinance and the semi informal sector. For that reason, any attempt of answer must also consider the explanatory and phenomenological character of micro social reality.

Consequently, in quantitative terms and based on the results obtained from the impact estimates of the three quasi experiments applied, the null hypothesis is rejected, since no statistical evidence is found to indicate that there are significant differences between microenterprises with or without training, nor that the training component produces significant changes or effects on employability, profits and productivity. The foregoing allows to conclude that, according to quantitative results, the training component has no effect on the development and innovation of microenterprises as outlined in more detail in table 76.

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<sup>160</sup> The 60 beneficiaries of credit and training of the treatment group of the quasi experiment 2 were interviewed or consulted by focus group. Therefore, the quotes that are extracted and used in this item have a representative nature of the response patterns identified in general. All audios and transcripts are available.

Table: 75  
**Impact estimation of the training component  
of the Quasi Experiment according to indicator.**

| Indicator        | General Finding  |
|------------------|--|
| Employability    | <p>No significant differences are identified between the beneficiaries who have credit and those who have both components.</p> <p>However, according to the magnitudes of the OR there is a greater propensity to increase employability when the entrepreneurs have both components. Although this is a result that must be carefully analyzed due to the low magnitude of the R<sup>2</sup> delivered by the models.</p>   |
| Business profits | <p>It cannot be concluded that both components cause changes in the level of profits (the R<sup>2</sup> are small and do not explain the response variable).</p> <p>With a significance of 5% and a power of test of 80, no statistical evidence was found to demonstrate that there are differences between treatment with one component (credit) and two components (credit and training).</p>   |
| Productivity     | <p>No statistical evidence was found to demonstrate that the intervention with one component (credit) and two components (credit and training) produces an increase in the productivity of the microenterprises of the treatment groups (PRONAMYPE).</p> <p>However, in the first quasi-experiment, significant differences were found in the scores of the coefficients of the productivity in microenterprises indicator where the treatment was a credit: treatment-PRONAMYPE (4,56) and control-FIDEIMAS (5,60).</p> |
| Permanence       | <p>No significant differences were identified between the beneficiaries who had credit and those who received the two components, therefore, there is no statistical evidence to indicate that there are differences between the microenterprises with one or two components in the treatment groups (PRONAMYPE).</p> <p>However, for this indicator, the average values found indicate that the control groups (FIDEIMAS) had higher scores than the treatment groups (PRONAMYPE).</p>                                  |

Source: Outputs results of item 5.1, 5.2, 5.3, 5.4, 5.5, 5.6.

Regarding the potentiality of the information provided by the “permanence” indicator it is important to note that, according to the factor analysis applied to the scale of this indicator, composed of variables related to administrative management (use of an accounting record and business plan) and level of formality (legal patent and social security) of the microenterprises, its explanatory scope allows to affirm that the training component offered by the Program is relevant and constitutes an element that can make a difference if it is properly carried out.



In this sense, based on the qualitative information and its analysis at the case study level, it can be affirmed that there are successful cases in which people with credit and training report an appropriate or high level of use of PRONAMYPE's program offer. Within this group of cases, the opinions expressed by the women beneficiaries of both components, heads of household, and especially those women beneficiaries whose associative link is with IOs working under a gender-based approach, stand out significantly.

The motivation expressed by women can be explained as follows: as entrepreneurship constitutes their livelihood, training represents a tool to: a) strengthen entrepreneurship and thus ensure the economic income to supports their family; b) personal learning and empowerment based on the understanding of basic elements of their immediate environment.

In spite of this, the triangulated analysis of the information (QUAN and qual) indicates that the interest and capacities developed until now cannot be attributed solely to the Program, since the post-test found that 66.0% of the people interviewed by PRONAMYPE and 75.4% of FIDEIMAS, have been exposed to over-treatment, taking in consideration they had received between 1 and 5 training from other institutions, at least previously. In this sense and in concrete, 31 institutions with training offers were identified, belonging to the public, private, international cooperation, academic and non-profit sectors. Finding that in turn leads to another, since it shows the high programmatic dispersion existing in Costa Rica regarding non-formal education and microfinance, as well as a lack of cohesion and inter-institutional coordination.

Finally, regarding to the analysis of the component's design and implementation, the cross of the information obtained in the field with all the stakeholders: PRONAMYPE staff, managers, trainers and beneficiaries participating in the training, showed that there are inconsistencies in the selection process of the target population, but above all, in the suitability of the curricular offer and the teaching-learning methodology according to the real type of entrepreneurship to which it is aimed (livelihood, limited accumulation and basic enterprises) and their needs.

In accordance with the evaluation approach used (Stockmann, 20009<sup>a</sup>, 2011b and Stockmann & Meyer 2010), all these findings have been classified as unexpected outcomes of a negative kind (see summary diagram).

The following part is a summary of a set of data (evidence) representative of the opinion trends on the aforementioned elements, which support the evaluation judgment presented.

## 5.8.2 Profile of the target population <sup>161</sup>

The documentary evidence analyzed (2005-2017) indicates that demand for training is highly diverse, and comes not only from IOs within the second-tier banking scheme, but also from a set of various of institutions, 24 in total, within which are IOs (14), Ministries (4), State institutions (4) and NGOs (6) with community links and programs.

As explained in chapter 2, according to the Law, the executive decree and its regulations, the basic requirement for people to access training and technical assistance is that to be in a poverty or extreme poverty condition. In this regard, according to the information obtained from the 60 people of the QE-2, a profile of the trained beneficiary was obtained (which coincides with the information in item 5.1):

- Women represent 72% of the trained population, of those women, 60% are heads of household. The percentage of men is 28%.
- Regarding their age, 62% are among 30 and 50 years old and 31% are older than that.
- About educational level: only 3% have incomplete primary education, 57% have completed primary school and the rest, 40%, have secondary or higher education, therefore, illiteracy is not a problem or obstacle.
- Trained people work mainly on agriculture (49.0%), commerce (28.0%), poultry farming (8.0%) and services (7.0%)
- They state that the usefulness of the training received was very important (45.0%), important (33.0%) and 22% did not respond.
- They state that their degree of satisfaction with the training is: very satisfied (35%), satisfied (40%), regular (3%) and did not respond (21%). What shows that 75% expresses a high degree of satisfaction with the training process, likewise, as stated in the extended answers of the open questions, the process was stimulating, motivating and helpful on a personal level.

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<sup>161</sup> To better understand the results obtained and the analysis that will be carried out, it is important to remember that the training and technical assistance programs are not given by PRONAMYPE servants, but that the Program is only responsible for managing (through a request for bids) the hiring of consultancies as professional services to answer the training requests sent by the IO.

This information confirms that, in general terms, the target population that has attended the trainings meets most of the selection criteria (not all).

However, after analyzing the records of attendance and asking the Program staff, it was identified that the IOs and PRONAMYPE staff do not specify whether the population that is served in these training processes matches the definition of the expected target population. On the contrary, during the in-depth interviews with IO managers, it was observed that each of these organizations has its own understanding of the people they should attend. For example, Mrs. S.L. Manager 1 in rural areas, emphasized that “we do not attend extreme poverty, we do consider that it has to be middle class down (...), it is hard to classify them” (Manager 1 interview, 2016, p. 01). Also, the previous manager, Mrs. S.L. Manager 4 in urban area, mentions that, “the profile is not really of poor people (...) if I see that you have no ability to pay even if you have all the requirements, I prefer to say no” (p. 01)<sup>162</sup>.

From these opinions, which were quite frequent in all interviews with **managers**, it becomes clear how one of the main concerns is not to select the target population, but to select that population that shows less risks and provides greater financial security to IOs, all of which is a contradiction since this service is paid by the Program and not by the IO.

On the other hand, and on the same topic, the interviews that were conducted with the **consultants-instructors** who provided the training services, showed that these people, although having their own understanding of the target population, they are closer to the official definition. Also, it was found that there is no clarity or conceptual unity, for example:

“The population is divided into three groups or segments: first young people in social risk and who have dropped out from the school system (...) housewives, female heads of household, young people from 14 to 15 years old and the third population is elderly people” (Trainer 2, personal interview).

“They are very humble people, from rural areas (...), the people who attend are farmers, housewives, ladies, women, people who do not have financial resources, or very scarce, many do not have jobs, they live from agriculture, from the sale of some services, or from handouts given by the State” (Trainer 2, personal interview).

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<sup>162</sup> A problem that coincides with the analysis of the context (item 5.2.2.3 Selection criteria according to regulation) and that this topic has another consequence.

“(...) people who want to develop a business idea, entrepreneurs (...) people who are in disadvantage conditions, such as people from rural areas or from the poor areas of cities” (Trainer 4, personal interview).

In addition to the above, it was also identified that in the groups selected by the IOs through their massive invitations, people who are not credit beneficiaries nor have a productive idea have joined, therefore, it is a “padding population” in which public resources are invested.

### **5.8.3 Overtreatment and the inter-institutionalism needed**

Over-treatment is one of the unexpected findings of a negative kind, taking in consideration that, of the beneficiaries who were interviewed, 66.0% stated they had previously participated in other training processes (75.4% in the control group), with a maximum of 5, which were taught by 31 institutions from the different public, private, international cooperation, academic and non-profit NGOs sectors.

It is important to highlight that INA, IMAS and MAG are the organizations that have carried out most of the training with SMEs. The contribution of universities and specialized institutes is also quite considerable, thanks to the innovation and entrepreneurship processes that have been developed in these organizations. Among the topics of the training provided by these organizations, the most frequent are agricultural themes, followed by the processes of technical and administrative assistance of SMEs. On this matter, the following are some of the many opinions that coincide with the above:

“I think I had done something like that but years ago”

(Beneficiary #5, treatment group QE2, commerce activity)

“the training was with IMAS, INA, UTN, then I continued training with the INA, I have about 15 diplomas from different courses”

(Beneficiary #31, treatment group QE2, wood artisan).

“I used all the tools they gave me because I started from scratch and started with a workshop from INA called Cost Accounting and then different courses”

(Participant 4, focus group, urban area).

Based on the above, it is concluded that there is a wide over-offer of training services by public organizations, which means that a target population with the same characteristics is being overloaded and that many resources are being invested in the same activity by different programs and institutions.

All of which, sociologically, allows to argue that in Costa Rica in the non-formal education and microfinance subjects, there is a high **programmatic dispersion** and a **lack of cohesion** as a result of public **inter-institutional coordination** (sectoral).

On this last matter, all the instructors interviewed, considered that inter-institutional work is key for the success of the process. One of the trainers, that works under a social approach due to her academic training in social sciences, indicates that where personal growth and formality factors intervene in terms of the attitude towards the development of a business, the success of the process depends 100% on the State institutions with which the trained people are linked. According to this instructor, “I do not finish a course until I link them with at least one institution, for example, this group that I am finishing right now will go to five institutions, they are women so they will go to the ICT, INAMU, the TCU of Limón, and will go again to PRONAMYPE” (Trainer 4, interview).

Therefore, it is important that the Program meets the needs of the trained population to not only access credit, but also to maintain the possibilities of providing more extensive training that allows these people to continue and maintain their productive activities (to avoid mortality). All of these aspects correspond to the design and implementation of the component and are analyzed in the following sub item.

#### **5.8.4 Design and implementation of the component**

According to the Executive Directorate of PRONAMYPE in its Annual Settlement Report (2013), the training component is focused on three axes,

- a) Impoverished people with the plan to consolidate or strengthen a micro productive project that is underway, in order to develop basic business skills.
- b) People who have an idea or knowledge of a microenterprise opportunity and who can develop and sustain an investment plan, which allows them to route their efforts and, in the best case, start their micro project.
- c) People who, without having a productive project, or an idea in this regard, need to learn some basic skill that allows them to develop minimum employability conditions and thereby enter the local labor market. (p. 11).

In the same report, the Executive Directorate explains that the Program has received criticism about the training component that has created duplication of the functions of the National Learning Institute (INA, for its acronym in Spanish). However, they argue that INA’s programs are very rigid and generally do not reach the areas where PRONAMYPE trainings do. Additionally, the target population of the training of the Program has a low

educational level, which is an obstacle to access the educational resources of INA, a topic analyzed in the previous point.

Despite this, the results obtained from the interviews with the Intermediary Organizations indicate the opposite, because some managers interviewed expressed that the coordination processes with PRONAMYPE are slow and bureaucratic.

However, in terms of the programmatic design of the Program, the **structural weakness** can be found in the **high disconnection** between the credit and training component, or, when interventions have been delivered (case of the Quasi Experiment 2 interviewees) it has not been done in a planned way (first the training with the business plan and then the credit) or joint (both at the same time), but on a temporary way (first the credit and much later, the training). Even after the survey and when a sample of beneficiaries was interviewed in person, some people do not refer or remember PRONAMYPE.

Therefore, this disconnection between components means that the Program is facing a **self-contradiction**, since people who have the possibility of accessing a credit to invest in their business, are not being properly trained to develop tools that allow them make better use of these resources; and the people who are being trained by the Program do not have access to the IOs funding, even, in this second case, the trainers mention that if they have financing it is through another state institution, such as IMAS.

The following **questions** then arise: how is it that the Program does not consider the linkage between the components as necessary, it would not be more successful if the cases were addressed in a comprehensive manner, that those who have access to credit can be trained and those who are trained can access to financing? According to the results of this chapter 5, it can be argued that the disconnection between components may respond to the need to increase the volume of attended population for official purposes. However, if the support/intervention is not comprehensive, how then can these people have a chance for their entrepreneurship to be sustainable so that this gradually allows them to improve their quality of life and that of their families?

As a result, the researcher consulted the PRONAMYPE Staff about this situation and the response given by a credit officer confirms the problem identified:

“(…) the training has not focused on reforming the microenterprises that are born or grow with a credit from the program, but, instead, to train people in areas of administration, accounting and others, but who may want to start a business but do not have one, or train people through the Omar Dengo Foundation (FOD, for its Spanish acronym) on computer and others subjects to improve their skills and help them to be included in the labor market” (Credit Officer 5, written communication, 2017) (the underline is from the researcher).

### 5.8.5 Curricular approach and implementation

According to the curricular design and as expressed by the instructors, the training focuses and aims to the development of a Business Plan (BP), this being the ultimate goal of each of the training activities, therefore, at the end of this process PRONAMYPE grants a certificate of participation. Consequently, the **expected effect** of this teaching-learning process is that each trained person, in the daily life of their activity, is capable of using and applying their BP.

Therefore, the institutional intention of the Program is to consolidate a typical and successful case, where a person knows how to “design a product (...) generate incomes (...) knows how to develop a pricing strategy (...) has (...) a distribution strategy and has (...) a promotion strategy” (Trainer 4, semi-structured interview) in a framework of competitiveness and free market.

At the time of carrying out this research, the offer was formed by 6 previously designed course programs<sup>163</sup>. However, in practice, each instructor conducts the workshop according to their own training and criteria, as evidenced below when the trainers were consulted about the approach they use:

“the thing is that since we are external consultants then it is a bit difficult to come to an approach” (Trainer 1).

“it is a generalist approach; the titles of the proposals are training in skills and knowledge for entrepreneurship” (Trainer 2).

“let’s say an approach to solve the needs that arise, including everything that occurs daily and the links that occur in everyday life.” (Trainer 3).

Linked to this aspect, the **curricular content** of the course is also another changing element, since although the main purpose is to learn the different parts to build a BP, all the interviewed people mentioned one element: the need for the training program to broach, in a complementary and articulated way, topics related to human development, but from the specific needs of the different groups. Such is the case of women who exercise a double or triple role, which socially determines their performance and the way in which they can develop their productive activity, an example of this need can be seen in the following testimony:

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<sup>163</sup> Which are: Business knowledge and skills (60 hours), Customer Service (60 hours), Basic accounting fundamentals (60 hours), Basic Marketing Strategies (60 hours), Technical Assistance in the formulation of the business project (40 hours) and Office operator (80 hours).

“there are several trainings that women must have... it is to separate the house from the business and women, we do not know how to do it... We have to differentiate what is the business and what is for the house, one does not apply that and if it does, is done incorrectly. To all women who have a microenterprise they have to teach us that there is a separation, a boundary that cannot be crossed so that your business survives through time” (Beneficiary, Participant 2 in focus group, urban area).

The abovementioned shows that the Program needs understand that is not possible to train entrepreneurs with courses of 40 or 60 hours developed from a business approach. In order to train people with a view of development of their productive idea, a **more comprehensive work** is necessary, in addition to provide adequate monitoring and technical support while these people develop their productive idea, because, for vulnerable population, **getting out of poverty** is not an issue that is solved solely by knowing how to set up an entrepreneurship, but it is a **multifactorial challenge** that has interrelation with many spheres.

The causes of this problem are that, initially, the Program and IOs have no mechanism to identify the training and learning needs of the beneficiary population; and later, during the implementation, there is no M&E system that accompanies and supervises the development of the activities. Therefore, about the curricular design it is concluded that in order for these processes to have greater impact, it is necessary to improve the coordination between the design of the PRONAMYPE courses and what is requested of the trainers; in addition to improving the communication with IOs so that these programs are focused on the needs of the population. In that sense and as stated by an instructor with training in sociology:

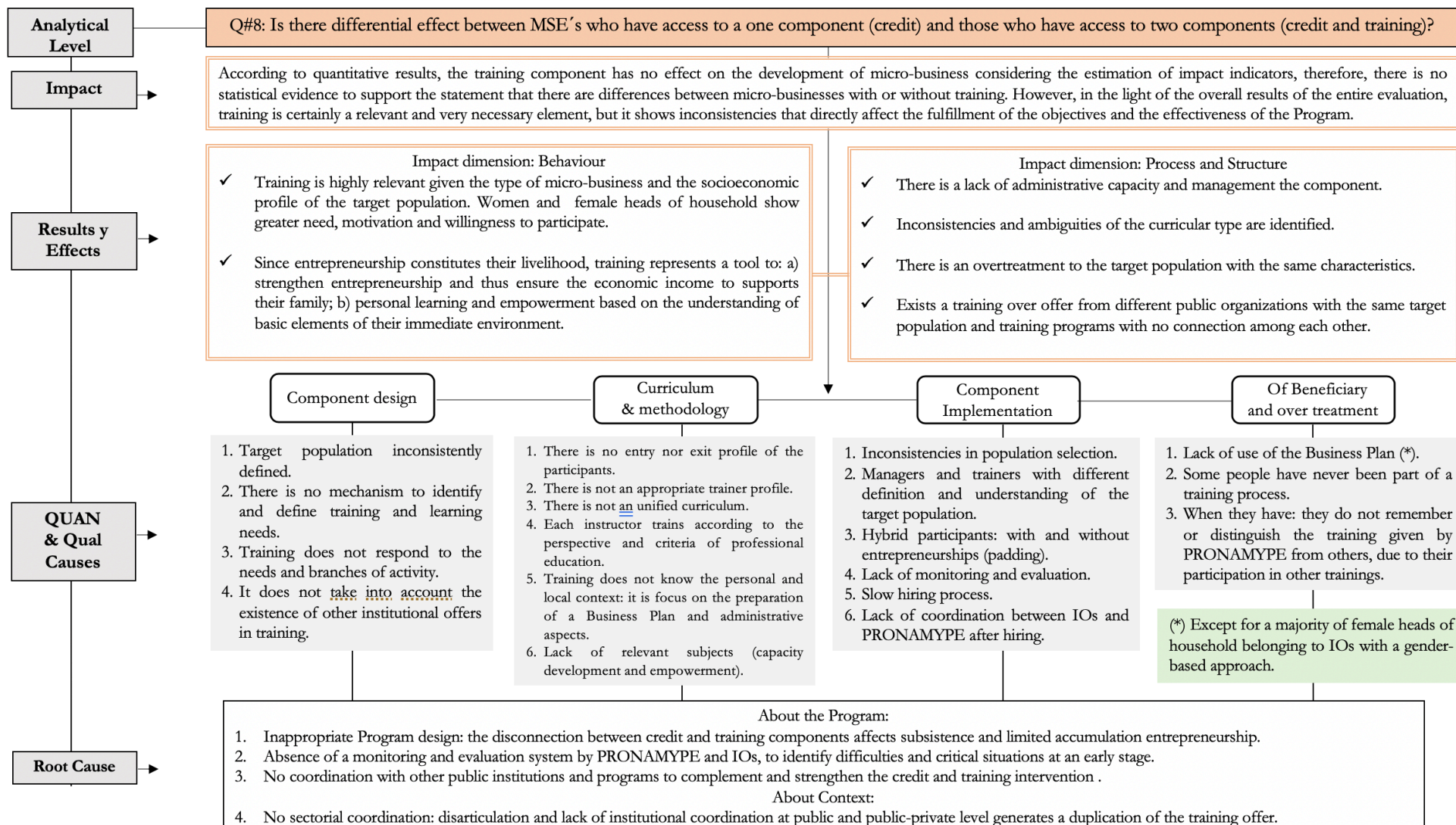
“An adjustment to the design of the training component would have to seek to avoid or reduce the level of orphanage with which the trained people are left, seeking a follow-up in terms of the training process, but a follow-up in observation and a follow-up in practice... integrated into the search for institutional articulations” (Trainer 1, interview).

Therefore, the opportunities for improvement of this component consist on the reformulation of several aspects: the importance of reducing the bureaucratization of the mechanisms of management and hiring processes for the training; the conceptual and methodological unification of training programs in order to encourage a more efficient use of the resources allocated to this area, which can be done by improving the terms of the request for bids. Regarding curricular content, it is necessary for the Program to recognize and incorporate capacity development from a perspective of social capital and solidarity-type entrepreneurship; and finally, in a structural term, to unify the credit component with the training component, to achieve greater efficiency and promote more comprehensive support, giving periodic monitoring and training.

#### 5.8.6 Summary of Indicator Findings: unplanned



Figure 34: Summary of Indicator Findings: Training regarding unplanned results.



## 5.9 Ensuring the permanence of the activity

### 5.9.1 Question and evaluation judgment

Under the sustainability criterion, the question inquired is the following: *to what extent or in what way, the MSEs have improved their formal status of operating/work?*

According to the “strengthening microenterprises” broad construct of the program theory, the following assumption is accepted: fewer limitations and a higher degree of formality are structural elements that contribute to the permanence of activities over time. Therefore, this inquiry addresses the fifth and final indicator of the impact theory, dealing with specific aspects of the activity’s operation. Thus, from a prospective point of view, it seeks to know which level, within the informal-formality range, the activities financed by the Program have, in order to finally assess its sustainability.

The answer is as follows. Statistical evidence (QE1 & QE2) was found that shows the existence of significant differences between the groups according to the treatment variable. However, the nature of these differences, according to the regression model used, clearly exhibits that the result is not in favor of the treatment group but in favor of the control group. Therefore, the null hypothesis is rejected. This result is based on a general interpretation of the specific differences found.

Broadly speaking, regarding the permanence indicator, when comparisons were made between beneficiaries of PRONAMYPE with credit and FIDEIMAS credit applicants, some statistical evidence was found that the people who expected FIDEIMAS credit have better coefficients in the indicators than the beneficiaries of the treatment (QE1). This is a negative result for PRONAMYPE, because it also shows to be in favor of the control group in QE2, which means that the beneficiaries of PRONAMYPE with two components do not reach better sustainability conditions.

Now, that general conclusion becomes clearer with the specific evidence found. In summary, in terms of **QE1**, in the fourth model of permanence of the activity, the treatment variable is significant, that is to say, differences between the control group and the treatment group are found. The last model of permanence, which includes all independent variables, allows to conclude that in the permanence indicator the beneficiaries of PRONAMYPE have 0.626 points less (given the negative coefficient symbol) than the credit applicants of FIDEIMAS.

In **QE2**, the interpretation of the treatment coefficient of the fourth model clearly shows that beneficiaries of PRONAMYPE have 0.951 points less (from the permanence indicator)

than FIDEIMAS credit applicants. Given that activity and schooling are variables with coefficients significantly different from zero, it can be concluded that, when the educational level increases, the permanence decreases (unexpected results) and that, when the level of complexity of the economic activity increases the permanence of the microenterprise also increases (a finding that was also discovered in the QE1).

For **QE3**, due to the nature of the research, whose mixed method is based on a dominant quantitative component through a quasi-experiment, and given the hypothesis of the research, a better scenario was expected for the program evaluated. However, in the favor of the Program, the only positive significant differences found in the coefficients were located in QE3 which, as already explained, is a confirmatory exercise taking parts of the treatment groups QE1 and QE2.

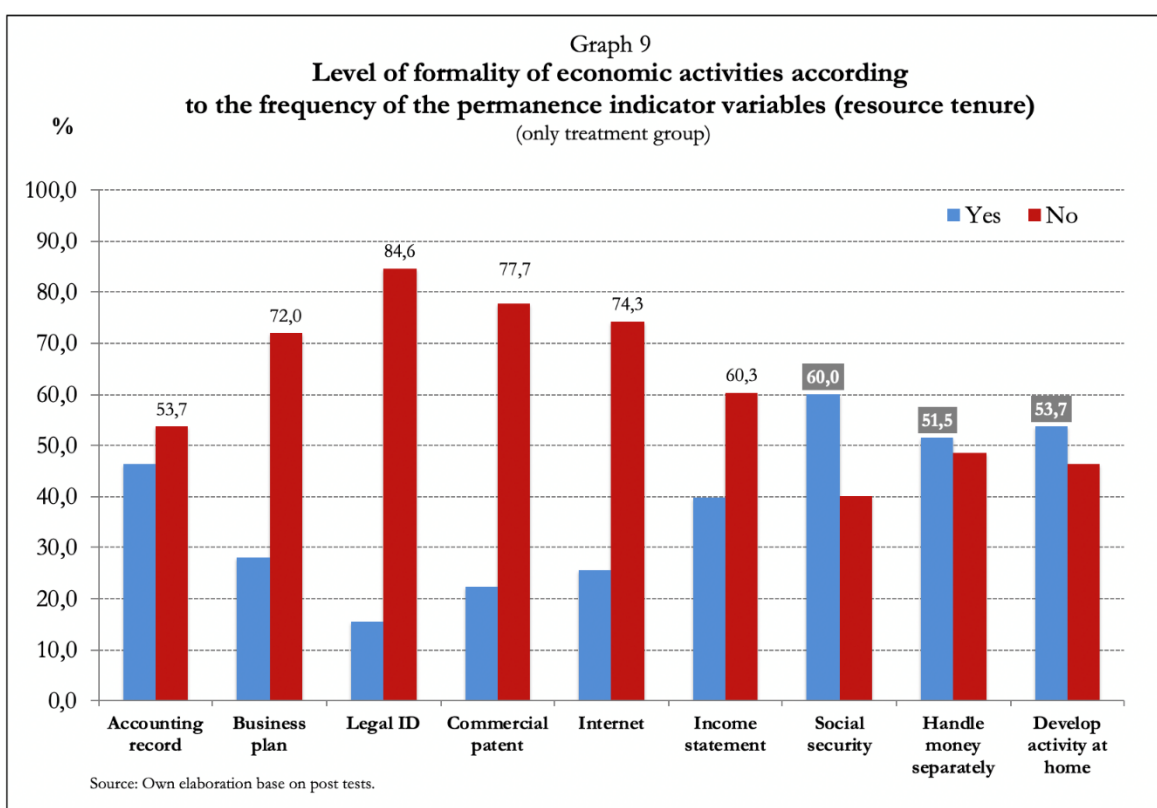
The results of the *t-test* support the meaning of what was found in the QEs, since the average values of the test show a higher score in the control groups, therefore, the null hypothesis is rejected once more since no statistic evidence was found to show that the credit and training components have an effect that favors the strengthening of entrepreneurs regarding the aspects of the variables that form the permanence indicator. On the other hand, **Spearman's** correlation analysis confirms that the type of activity carried out by the enterprise has a direct positive relationship with a better result on the indicators under study.

Likewise, the mostly informal or semi-informal nature of the activities supported by the Program is verified, due to strongly marked features of basic administration in terms of management, which supports the entrepreneurship typology (type1 and type2) proposed in this study. Strongly linked to this, an unexpected result of a negative type, is the finding of 12.0% of **mortality** in the enterprises.

Qualitatively, it is concluded that there is a highly diverse set of factors that influence the performance and sustainability of the enterprises. However, when it comes to the impact dimension of the behavior and structure, it is identified: a) the existence of a **clear interweaving** between labor, social and productive aspects that is expressed in a factual way in different spheres and in 3 axes (entrepreneurship, family and local environment & external context of the beneficiary) that are dialectically related; and b) the **social** and economic **structure** of the different IOs, communities and regions, where activities are developed that, in one way or another, influence the productive cycle and social life of the enterprises, all of which positively or negatively affects depending on the case.

## 5.9.2 Results according descriptive statistics, Spearman and t-test

The results of the **simple frequencies** of the variables that make up the permanence indicator for PRONAMYPE, confirm the mainly informal or semi-informal nature of the enterprises supported by the Program, since 84.6% of the activities do not have a legal ID or a municipal permit for operation. In addition, they also have strongly marked features of less administrative management (53.7%) and more intuitive (72.0% do not have a business plan); or, practically more than half of the activities take place in the same house where they live (53.7%), which coincides with the fact that 53.7% of the activities do not have accounting records and consequently do not perform a separate management of the money and the micro enterprise (51.5%).



It is important to note that 60.0% claim to have social security, which coincides with the statements made by the head of household when he said that they pay for the voluntary insurance for themselves and their families (59.6% of the cases). In summary, the results of these features confirm what has been concluded so far in the sense that, according to the cases studied, at least 2/3 parts can be livelihood as subsistence entrepreneurship (type 1) and 1/3 entrepreneurship by opportunity (type 2).

In the **Spearman's** correlation analysis, in QE1 and QE2, when the correlation levels of the permanence indicator with the variable "type of activity of the entrepreneurship" were compared with the productivity indicator with the variable "type of entrepreneurship": an slight associations between these variables were found, which is interesting because at least

one of these variables was important for the regression analysis. Likewise, there is an interesting relationship because as the person considers that the business will worsen there is a better prevalence to remain in the activity ( $r = -0.41$ , see table 59).

Finally, the means test of the **t-test** for the permanence indicator did not show statistical evidence in favor of PRONAMYPE, on the contrary, the average values of the test showed a higher score in the control groups of the FIDEIMAS program. Therefore, there is no statistical evidence to state that there are differences between the conditions of permanence of the microenterprises with or without intervention, consequently, with a significance of 5% the null hypothesis is rejected, that the credit and training of PRONAMYPE have an effect that helps strengthening (table 64).

Table 76  
**Descriptive statistics (t-test) of the permanence indicator,  
 according to quasi-experiment and group analyzed.**  
 (n=264)

| Quasi Experiment   | Group     | Me-dian | Mini-mum | Percen-til 25 | Me-dian | Percen -til 75 | Maxi-mum | $\sigma$ |
|--|-----------|---------|----------|---------------|---------|----------------|----------|----------|
| Quasi Exp.1<br>(n pairs = 72)<br>Credit<br>PRONAMYPE               | Treatment | 4,38*   | 0        | 2,50          | 4,17    | 5,83           | 10       | 2,74     |
|  | Control   | 5,78*   | 0        | 4,17          | 5,83    | 7,50           | 10       | 2,50     |
| Quasi Exp.2<br>(n pairs = 60)<br>Credit +<br>Training<br>PRONAMYPE | Treatment | 4,28*   | 0        | 1,67          | 4,58    | 6,67           | 10       | 3,02     |
|  | Control   | 6,17*   | 0        | 4,17          | 6,67    | 7,92           | 10       | 2,31     |

Note: \* Statistic, significant.  
 Source: Own elaboration.

### 5.9.3 Results of the quasi experiments QE1, QE2, QE3

In **QE1** (table 77), an unfavorable result for PRONAMYPE was found, according to the null hypothesis that credits help to assure permanence. The above based on the fact that in all models, and particularly in the complete model with the 7 variables (model selected for having the highest correlation-adjustment coefficient), there is a negative effect on the permanence indicator of the groups with credit, compared to productive activities without intervention.

Table 77

**QE #1 Permanence Indicator Results:  
Coefficient and p values of the regression models with fixed effects.**

| Variables           | Model with |         |                   |         |                              |         |                                    |         |  |         |  |         |
|---------------------|------------|---------|-------------------|---------|------------------------------|---------|------------------------------------|---------|--|---------|--|---------|
|                     | Treatment  |         | Treatment and age |         | Treatment, age and schooling |         | Treatment, age, schooling and area |         | Treatment, age, schooling, area and activity |         | Treatment, age, schooling, area, activity and other credit interventions |         |
|                     | Coef.      | p-value | Coef.             | p-value | Coef.                        | p-value | Coef.                              | p-value | Coef.  | p-value | Coef.  | p-value |
| Treatment           | -1,125*    | 0,001   | -1,115*           | 0,001   | -1,141*                      | 0,001   | -1,036*                            | 0,002   | <b>-0,626*</b>                               | 0,048   | -0,627*  | 0,049   |
| Age                 |            |         | -0,015            | 0,543   | -0,012                       | 0,663   | -0,021                             | 0,429   | -0,022                                       | 0,372   | -0,022   | 0,367   |
| Schooling           |            |         |                   |         | 0,074                        | 0,670   | 0,001                              | 0,995   | -0,013                                       | 0,933   | -0,019   | 0,904   |
| Area                |            |         |                   |         |                              |         | 0,905                              | 0,093   | 0,282  | 0,576   | 0,368  | 0,486   |
| Activity            |            |         |                   |         |                              |         |                                    |         | 1,061*                                       | 0,000   | 1,020*   | 0,000   |
| Other interventions |            |         |                   |         |                              |         |                                    |         |  |         | 0,102  | 0,560   |
| R <sup>2</sup>      |            | 0,523   |                   | 0,523   |                              | 0,527   |                                    | 0,547   |  | 0,639   |  | 0,640   |
| AIC                 |            | 637,471 |                   | 638,704 |                              | 640,321 |                                    | 636,230 |  | 605,648 |  | 606,903 |
| BIC                 |            | 854,268 |                   | 858,470 |                              | 863,058 |                                    | 862,005 |  | 834,326 |  | 838,548 |

Notes: \* Indicates that in the models that no coefficient or odds ratio is shown, it is because the model does not converge.

Source: Own elaboration.



Table 78

**QE #2 Permanence Indicator Results:  
Coefficient and p values of the regression models with fixed effects.**

| Variables                    | Model with |         |                   |         |                              |         |                                    |         |  |         |  |         |  |         |
|------------------------------|------------|---------|-------------------|---------|------------------------------|---------|------------------------------------|---------|--|---------|--|---------|--|---------|
|                              | Treatment  |         | Treatment and age |         | Treatment, age and schooling |         | Treatment, age, schooling and area |         | Treatment, age, schooling, area and activity |         | Treatment, age, schooling, area, activity and other credit interventions |         | Treatment, age, schooling, area, activity, other credit interventions and other training interventions |         |
|                              | Coef.      | p-value | Coef.             | p-value | Coef.                        | p-value | Coef.                              | p-value | Coef.  | p-value | Coef.  | p-value | Coef.  | p-value |
| Treatment                    | -1,217*    | 0,001   | -1,115*           | 0,003   | -1,007*                      | 0,008   | <b>-0,951*</b>                     | 0,012   | -0,207                                       | 0,668   | -0,169   | 0,723   | -0,076   | 0,882   |
| Age                          |            |         | -0,030            | 0,283   | -0,037                       | 0,200   | -0,034                             | 0,225   | -0,032                                       | 0,242   | -0,026   | 0,334   | -0,028   | 0,310   |
| Schooling                    |            |         |                   |         | -0,234                       | 0,272   | -0,296                             | 0,169   | -0,392                                       | 0,066   | -0,416   | 0,050   | <b>-0,420*</b>   | 0,049   |
| Area                         |            |         |                   |         |                              |         | 0,831                              | 0,129   | 0,707  | 0,182   | 0,770  | 0,143   | 0,752  | 0,156   |
| Activity                     |            |         |                   |         |                              |         |                                    |         | 0,736  | 0,025   | 0,775*   | 0,018   | <b>0,792*</b>  | 0,017   |
| Other credit interventions   |            |         |                   |         |                              |         |                                    |         |  |         | -0,398   | 0,126   | -0,396   | 0,131   |
| Other training interventions |            |         |                   |         |                              |         |                                    |         |  |         |  |         | 0,104  | 0,599   |
| R <sup>2</sup>               |            | 0.560   |                   | 0.569   |                              | 0.578   |                                    | 0.595   |  | 0.630   |  | 0.646   |  | 0.648   |
| AIC                          |            | 529.752 |                   | 529.345 |                              | 528.786 |                                    | 525.710 |  | 516.805 |  | 513.552 |  | 514.919 |
| BIC                          |            | 699.789 |                   | 702.169 |                              | 704.398 |                                    | 704.197 |  | 697.992 |  | 697.527 |  | 701.681 |

Notes: \* Indicates that in the models that no coefficient or odds ratio is shown, it is because the model does not converge.

Source: Own elaboration.

Table 79

**QE #3 Permanence Indicator Results:  
Coefficient and p values of the regression models with fixed effects.**

| Variables                    | Model with |         |                   |         |                              |         |                                    |         |  |         |  |         |  |         |
|------------------------------|------------|---------|-------------------|---------|------------------------------|---------|------------------------------------|---------|--|---------|--|---------|--|---------|
|                              | Treatment  |         | Treatment and age |         | Treatment, age and schooling |         | Treatment, age, schooling and area |         | Treatment, age, schooling, area and activity |         | Treatment, age, schooling, area, activity and other credit interventions |         | Treatment, age, schooling, area, activity, other credit interventions and other training interventions |         |
|                              | Coef.      | p-value | Coef.             | p-value | Coef.                        | p-value | Coef.                              | p-value | Coef.  | p-value | Coef.  | p-value | Coef.  | p-value |
| Treatment                    | 0,255      | 0,522   | 0,277             | 0,499   | 0,228                        | 0,575   | 0,418                              | 0,304   | 0,525  | 0,219   | -0,014   | 0,978   | -0,032   | 0,951   |
| Age                          |            |         | -0,008            | 0,785*  | 0,002                        | 0,953   | 0,001                              | 0,975   | 0,001  | 0,975   | 0,014  | 0,625   | 0,012  | 0,689   |
| Schooling                    |            |         |                   |         | 0,293                        | 0,150   | 0,129                              | 0,541   | 0,138  | 0,516   | 0,112  | 0,590   | 0,101  | 0,630   |
| Area                         |            |         |                   |         |                              |         | 1,375*                             | 0,040   | 1,182  | 0,092   | 1,003  | 0,149   | 0,998  | 0,152   |
| Activity                     |            |         |                   |         |                              |         |                                    |         | 0,330  | 0,387   | 0,478  | 0,216   | 0,549  | 0,168   |
| Other credit interventions   |            |         |                   |         |                              |         |                                    |         |  |         | -0,478   | 0,095   | -0,486   | 0,091   |
| Other training interventions |            |         |                   |         |                              |         |                                    |         |  |         |  |         | 0,226  | 0,406   |
| R <sup>2</sup>               |            | 0,462   |                   | 0,463   |                              | 0,484   |                                    | 0,526   |  | 0,533   |  | 0,556   |  | 0,565   |
| AIC                          |            | 506,359 |                   | 508.202 |                              | 505,787 |                                    | 498,561 |  | 498,900 |  | 494,582 |  | 484,984 |
| BIC                          |            | 657,585 |                   | 662.130 |                              | 662,415 |                                    | 657,890 |  | 660,929 |  | 659,312 |  | 662,413 |

Notes: \* Indicates that in the models that no coefficient or odds ratio is shown, it is because the model does not converge.

Source: Own elaboration.



In the same vein, another variable with a significant coefficient in the permanence model is the activity of entrepreneurship, since differences are detected depending on where the activity is carried out, either the primary, secondary or tertiary sectors of the economy. Therefore, it could be assumed that the more progressive or complex the activity is, the greater the possibility of having more stable conditions. In that sense, tertiary sector businesses are more likely to remain through time than others.

In summary, in the indicator model the treatment variable is significant, in other words, differences are found between the control group and the treatment group, especially in the (last) model ran with all of the independent variables; since it allows to conclude that the beneficiaries of PRONAMYPE have 0.626 points less (given the coefficient symbol) to achieve better conditions, than the FIDEIMAS credit applicants. Therefore, it is shown that PRONAMYPE did not create the intended impact according to its theory of change. In that sense, the question of other items arises again: does this result have to do with the characteristics of the control group or with any element related to the program under study? An answer to this dilemma is considered in the final conclusions of this work.

Regarding the results of **QE2** (table 78), the first 4 models (with fixed effects) of the indicator with the variables *treatment, age, schooling and area*, show significant differences in the treatment coefficient. However, when adding the activity and other credit and training interventions variables, **the significance in the treatment coefficient disappears**. This yet again indicates that the difference in the type of activities they carry out caused the treatment to cease to be significant and therefore there are no differences between the beneficiaries of both programs. But the **significant finding** is that the interpretation of the treatment coefficient of the fourth model clearly shows that PRONAMYPE beneficiaries own 0.951 points less (from the permanence indicator) than FIDEIMAS credit applicants.

On the other hand, as it was also observed that since both activity and schooling are variables with coefficients significantly different from zero, it can be concluded that as the educational level increases the permanence decreases (a non-expected result for this indicator, that previously appeared in another indicator) and that as the level of complexity of the economic activity increases, the permanence of the microenterprise also increases, which was also confirmed in QE1.

Finally, in QE3 (table 79), the model **with all the variables does not present any significant coefficient** that allows to conclude that there is evidence about differences between the control and treatment groups, besides the main variable of interest: treatment, is never significant. This means that the training does not produce differences in the ability to strengthen in order to have better conditions of permanence, although the treatment coefficients are positive in favor of the first group (population with credit only).

On the other hand, in the model with treatment and age, the coefficient of *age* is significant, and in the model with treatment, age, schooling and area, the coefficient of *area* is significant; in other words, differences in ages and areas are detected in the corresponding models of the beneficiaries of the control and treatment groups. However, these differences disappear when other variables are added to the model that, in theory, allows to more accurately characterize the reality of the people included in the sample, since when new variables are introduced to the models, the **non-explained variance** is reduced for the response variable, consequently, it is assumed that the model controls, in a broader way, “the environment” in which the activities are carried out.

#### 5.9.4 Mortality: incidence and causes

One of the most relevant unplanned effects is the discontinuity found in the enterprises. The discontinuity, also called mortality, is a latent risk and, therefore, a common phenomenon in the world of microfinance. As a reference only, the mortality rate in underdeveloped countries is between 50% and 75% (ECLAC cit by MEIC, 2014, p. 37).

In Costa Rica, according to the latest study conducted by the Global Entrepreneurship Monitor (GEM) Report, the national rate is 45.9%. This study indicates that in these cases the mortality was due to:

“(…) problems related to the profitability of the business and access to financing (financial problems) are the main reason why some entrepreneurs discontinued their businesses, according to these data, the low profitability of the business is the main cause of discontinuity, reaching in 2014 almost 45.92% compared to a 37% in 2012 (GEM, 2014, p. 26).

In this research, the finding shows that the **mortality rate identified** belongs to 12% of all the interviews conducted in the post test, a percentage that responds to the total amount of 24 microenterprises cases of the treatment group that had closed their activities after obtaining the credit. For obvious reasons, this group of 24 cases was not included in the quasi experiments, but they were subsequently contacted to conduct with them a brief semi-structured interview with questions related to the temporality of the business, credit data and the reasons behind the closing of the activities.

The specific results of the interviews that deepen on the mortality are the following:

1. The mortality<sup>164</sup> or discontinuity rate of the enterprises is in the order of 12% of the nationwide consultation.
2. The 24 cases are located specifically in 4 areas of the country: Guanacaste, San Carlos, Heredia, Zarcero, and also belong to 4 intermediary organizations: FUNDECOCA, CEMPRODECA, COOPEMUPRO and COOPEZARCERO.
3. The activity sector in which these activities were located before their closure are: primary sector of agriculture 33% (production of pineapple and watermelon) and cattle raising 17% and the tertiary sector (50%), activities mostly related with the sale and resale of products.
4. The average life of the economic activity was 3 years. A number that is slightly below the national average of 3.5 years (GEM, 2014, p. 09).
5. The amount of the credits was very variable: the average was \$3000, where the lowest amount was \$1000 and the highest was \$9,890.
6. Regarding payment or credit delinquency. At the time of the interview, 67% of the interviewees had completed the payment of the credit, and the remaining 33% continued to pay for it with resources from a new job. It should be noted that most of the credits had been approved in 2012.
7. In 100% of the 24 cases, the former credit beneficiaries did not start other activities on their own, devoting themselves to other salaried labor, study or domestic work.
8. Regarding the reasons that caused the closure of the microenterprises, the qualitative analysis of the information identified 15 causes grouped into 5 main causes, which are detailed in the following table:

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<sup>164</sup> A future recommendation for PRONAMYPE, another research or even for SINE of MIDEPLAN, is to perform a survival analysis with length models. A recommendation that could be extended to the entire microfinance ecosystem coordinated by MEIC.

Table 80

**Mortality: main reasons for closing operations**

|      | Main cause (*)                           | Sub-causes   |
|------|--|--|
| I.   | Problems in agricultural production      | a. Poor pest management<br>b. High cost of agrochemicals<br>c. Risks in production due to a high susceptibility to climatic factors. |
| II.  | Low profits and low profitability        | d. Lack of feasibility studies<br>e. Insufficient working capital<br>f. Over indebtedness  |
| III. | Low demand for the product in the market | g. Lack of a market research<br>h. Weaknesses in the competition mapping<br>i. Lacking or little innovation                          |
| V.   | Lack of knowledge in the use of credit   | j. Lack of knowledge about financial management<br>k. Lack of capacity to define investment priorities                               |
| VI.  | Personal issues                          | l. Illness<br>m. Studies<br>n. Social vulnerability factors<br>o. External circumstances   |

Note: (\*) Ordered according to the highest number of mentions.

Source: Own elaboration based on semi-structured interviews with former beneficiaries.

As can be seen, most of the closing reasons are directly linked to the productive business, and the remaining reasons are due to external events they faced. It is important to mention that 5 of the 24 former beneficiaries interviewed had received training by PRONAMYPE, which, it should be noted, have as a graduation requirement the preparation of a “business plan” as a necessary tool for the administrative strengthening of the entrepreneurship, a fact that provides other qualitative data regarding the questionable effectiveness of this component.

Finally, when asked for a recommendation for activities that face problems and must close, the interviewees stated that it is necessary that IOs and the Program: provide advice on the administration of the credit, improve the payment system and lower the rates of interest.

### 5.9.5 Qualitative results according to patterns found

At a comprehensive level and given that the findings of the present and previous indicators, regarding the impact dimension of the behavior and structure of the theoretical model used, in fact, it can be concluded that the economic activities or entrepreneurs served by the Program (whichever their type), experience a **clear interweaving** between labor, social and productive. An interweaving that is concretely expressed in different spheres and variables

that can be located in **3 axes** that are related in a dialectical way, these elements are the *entrepreneurship, the family and the local environment & external context of the beneficiary* (see figure 35).

Therefore, the elements that act within the structural and behavioral dimensions of each entrepreneurship, condition its management capacity and the way in which each of these determines itself, based on the greater or lesser ownership of a set of necessary resources. Resources that, within the analytical model of this study, were understood as variables<sup>165</sup>, such as: resources, personal and technical capabilities, business plan, accounting record, commercial patent, level of associativity with IO, diversification and innovation.

In this line of thought, the **social** and economic **structure** of the different IOs, communities and regions where activities are carried out, in one way or another, influence the productive cycle and social life of the enterprises, which positively or negatively affects depending on the case. Likewise, the answers obtained to the open question asked to all the beneficiaries under study (*GT1*) *Mention the main problem or limitation that your business faces*, provides plenty of information and examples on the specific aspects that they experience daily, which were grouped into the three axes mentioned above.

The most important conditioning factors for the entrepreneur, are located within the **subjective sphere** that is expressed in the way of thinking and individual motivation, where the former determines the latter. According to the statements made by Managers and Trainers, many of them agree that most of the beneficiaries are self-convinced that “they were born to be poor” and therefore they will never leave that condition (Manager 2), or that, there are people who “overestimate their weaknesses above their abilities and their own possibilities” (Manager 5).

Within the subjective sphere, the family is related<sup>166</sup> to economic responsibilities and satisfaction of basic needs, which is a factor. Or in the case of working women (who are the majority), experience specific problems such as the lack of time, because they have a triple role that does not allow them a full dedication to entrepreneurship. Also, it was identified an important presence of factors such as machismo or problems related to alcoholism.

On the other hand, and remaining latent, the local environment and external context where the activities take place plays an important role. Climate is vital in the cycles of agricultural production and harvest, as well as other aspects that interact with each other such as the

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<sup>165</sup> Variables with a high percentage of the variance explained and, therefore, quantitatively, have high reliability according to the analysis of factors in item 5.4.

<sup>166</sup> A clear example of the interweaving of spheres and factors.

area, the marketplace and the greater or lesser public institutional presence with interventions that support the microfinance sector.

A relevant aspect is the level of associativity variable. Although each owner is responsible for their own business, it was observed that in some cases the IO to which they belong can mark the difference, since they try to have a closer link, assist them in some aspects and know possible payment delinquency or the reasons why production is not optimal or as expected. This is even clearer in the case of IOs with a gender approach.

All of the above influences the *self-determination* of entrepreneurships in their management capacity<sup>167</sup>, but, in addition, the own and installed capacity of each activity is added. That is why the levels of employment, income, profits, production and sustainability conditions are very inconstant, because the control and management of the business in all its aspects varies in relation to the greater or lesser amount of material resources and of capacities of the microentrepreneur. This raises the **dilemma** of *how to treat in a similar way, with the same intervention, a target population that is diverse*, hence the importance of keeping in mind the conclusions of the context analysis of section A in chapter 5, regarding to *the lack of adequate sectoral coordination for a comprehensive intervention* from the contributions of each project or program.

Finally, from a needed and **fair assessment**, it is essential to say that, in at least one third of the entrepreneurships studied, **good practices** were identified, especially in type 2 entrepreneurships. This allows to point out something very important from an evaluative point of view: many internal and external factors influence the success of micro entrepreneurship, which cannot be reduced to PRONAMYPE. Therefore, the components provided constitute only one intervening factor in the reality of entrepreneurship, consequently, not all of the good or the bad is because and is attributable to this Program, without this meaning to avoid the responsibility that pertains to the Program according to all the findings identified in this research.

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<sup>167</sup> Which affects the unequal levels of production.

### 5.9.6 Summary of Indicator Findings: unplanned

Figure 35: Interacting of conditioning factors of productive and commercial development according to the theoretical model of impact and factual reality.

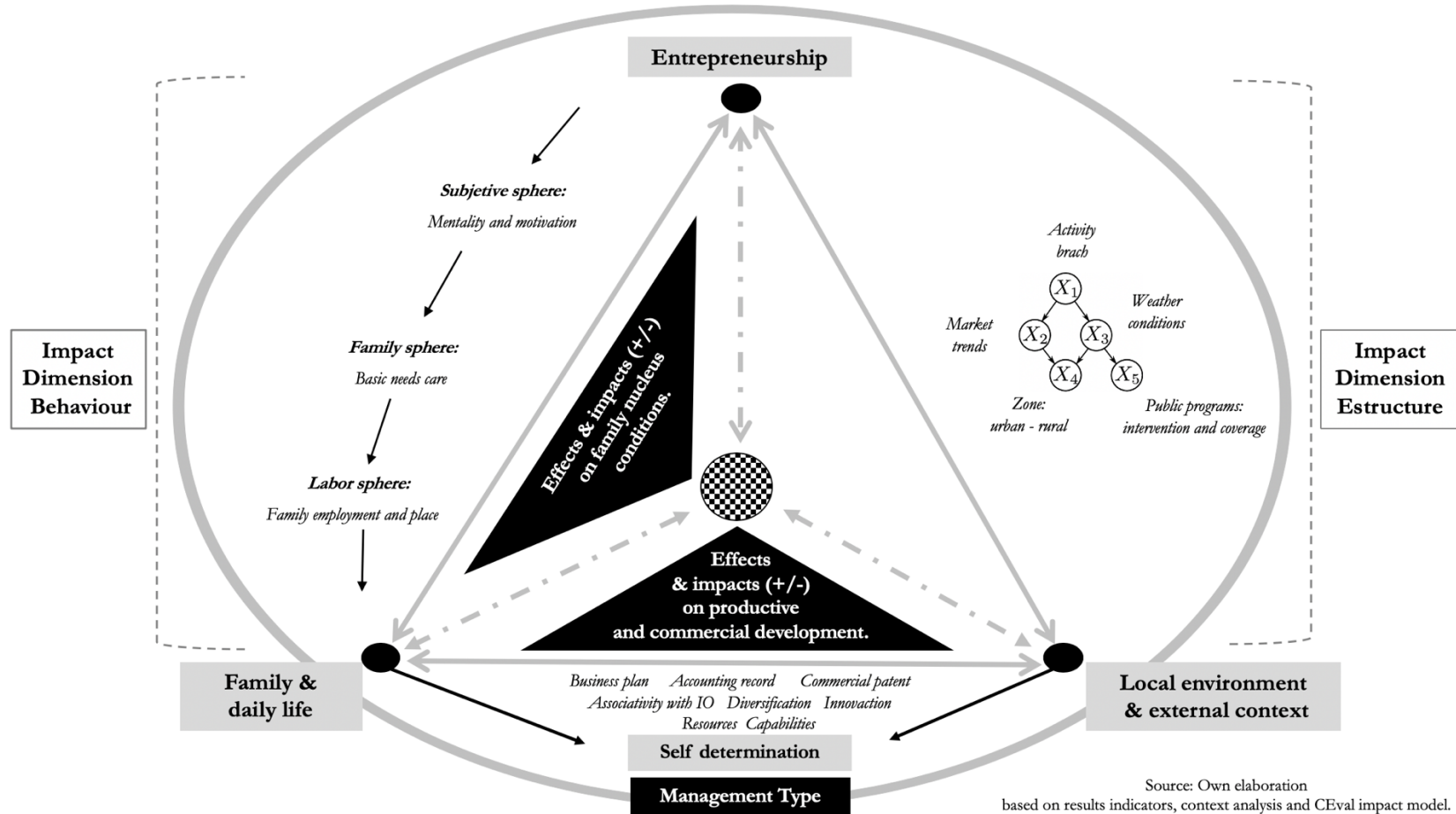
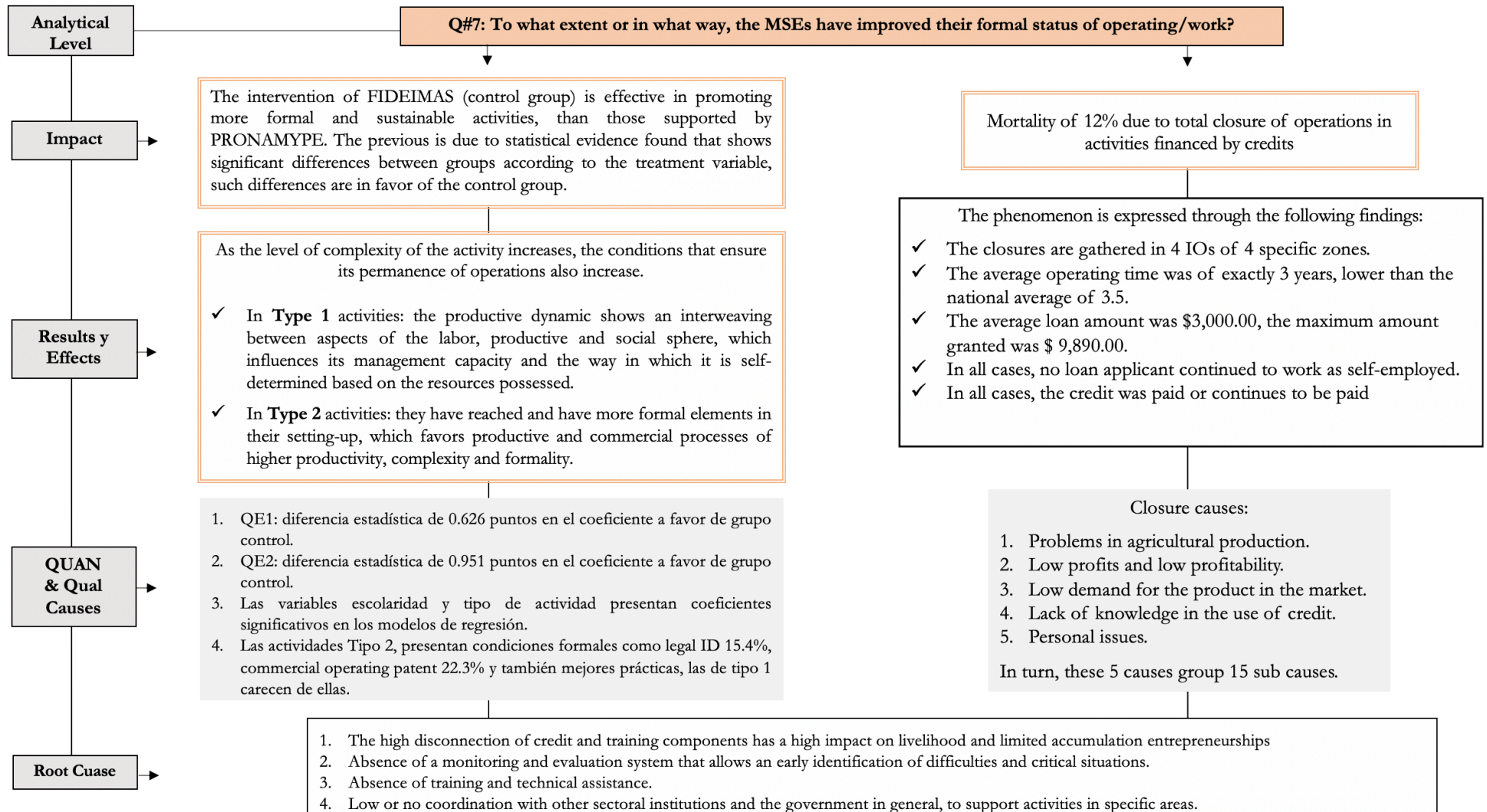


Figure 36: Summary of Indicator Findings: Organizational strengthening according **unplanned** results.





Marco Polo describes a bridge, stone by stone.

-But which is the stone that supports the bridge? -Kublai Khan asks.

-The bridge is not supported by one stone or another," Marco answers,

-but by the line of the arch that they form.

Kublai Khan remains silent, reflecting. Then he adds:

-Why do you speak to me of the stones? It is only the arch that matters to me.

Polo answers:

-Without stones there is no arch.

*Italo Calvino*  
*Invisible Cities, part IX*

## 6. CONCLUSIONS AND DISCUSSION

Throughout chapter 5, each of the eight-research evaluation sub-questions were analyzed and answered, for that reason, this last section will refer to the main outcomes achieved by PRONAMYPE, only as an essential input to state the reasons or causes that explain these outcomes. For this purpose, the value and consequences of the Program as a public action of the State will be discussed from a broader perspective, considering that at the strategic level, it represents the intentionality of a sectoral (social) policy and, at the instrumental level, it is the programmatic expression of resource mobilization through a distributive program in order to achieve the goals and objectives of a given field of public action.

Following the approach of Robert Castel (2004), the abovementioned implies assessing how the outcomes achieved by the Program under study contribute to the ambition of the institutions of the Costa Rican Welfare State, to guarantee for a certain segment of the citizenry the protection of their right to work and to an economic income that allows them to have welfare and social mobility conditions. This is because “social security is located in the interaction between the labor regime and social policy” (Martínez, 2008, p.11) and has a constitutional duty to manage the social risks produced by asymmetries in national development.

Thus, this section is made up of two interrelated items that together provide the reader with a different but complementary level of conclusions, seeking to show the contribution of this research, and in particular of the evaluation, as an “instrument for the empirical generation of knowledge” (Stockmann & Meyer, 2016, p.65) leading to the assessment of the action of public authorities, political control and good governance.

In this line of action, the first part of this section (7.1) fulfills the scientific responsibility to answer the question from the main research problem and discuss about the implications of these results for national development. In turn, the second section (7.2) seeks to offer a causal explanation about the outcomes achieved according to different internal and external factors of the Program and of the subject under study, for this reason, the item is organized according to the theoretical dimensions of the theoretical impact model of CEval.

### 6.1 Overall conclusion according to the problem and research hypothesis

Based on the main objective of this work which is “Knowing the impact of PRONAMYPE as a programmatic instrument of public policy of the Ministry of Labour and Social Security”, the research problem will be answered, “To what extent PRONAMYPE, as an instrument of public employment policy, fulfills its objective of promoting employability and human capital of the workforce of micro and small enterprises of population in

vulnerability and poverty?”<sup>168</sup> whose hypothesis ( $H_0$ ) is “as a policy and public investment, PRONAMYPE meets institutional and sectorial objectives, to contribute to employment generation and social mobility of the poor people”.

Therefore, based on all the quantitative and qualitative empirical evidence collected and analyzed according to the mixed method (explanatory sequential design), this research concludes that the **hypothesis is partially accepted**, since there is not enough evidence to accept ( $H_0$ ) or reject ( $H_1$ ) it.

The reasoning (**evaluative judgment**) that supports the partial acceptance of the research hypothesis is based on the fact that, within the dimension of “*Impact dimension behaviour*”: the intervention achieves the effect of promoting self-employment like a livelihood, but it does not produce the expected impacts on the improvement of the entrepreneurship. Consequently, as an instrument of social and labor policy, it improves the quality of life in the short term, but it does not reduce the level of poverty or promote an upward social mobility, that is to say, the medium and long-term impact is not achieved according to the design of the Program, the Law and policy guidelines.

In connection with the analytical dimension called “*External and internal subsystems*”, the results show that a) internally, Program has no incidence on the national employment and poverty indicators; b) externally, the intervention is excluded from the dynamic of the National Entrepreneurship Policy.

From a compressively sociological perspective, it is important to remark that the social risk factors of the analyzed population suggest that their well-being should not be reduced to Program intervention, since an inter-institutional approach with efficient execution is necessary.

The evaluative judgment is expanded and discussed in the light of the following conclusions and causal analysis (item 6.2).

The Program was characterized, during the study period, by a complex execution that shows an **inconsistent management**, marked by **contradictory** outcomes, some **planned** that were positive (+) and also negative (-), and others **unintended** that were favorable (+ but intangibles) and also unfavorable (-). All within the context of a public policy where it belongs, that has normative aspects that favor the Program but also inhibit its management capacity and its effectiveness.

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<sup>168</sup> Taking into account that according to the “*results chain*” **at meso level**, the Credit component seeks to: improved the productive enterprises by increasing financial capital of work, production, income and competition. As a complement, the Training component seeks to develop capabilities and organizational skills of the beneficiaries, allows them to make better business management. And **at the macro level**: the expected impact corresponds to reduced poverty; improved the quality of life and increased social mobility in sectors with greater backlog, and disadvantage of access to opportunities for economic and productive integration of Costa Rica; and (see item 2.4 Theory of the program).

Therefore, **evaluatively**, through its credit component but not through the training component, PRONAMYPE supports the operation of the enterprises of its target population, thereby achieving the important objective of generating self-employment in people from the informal or semi-informal sector. In turn, this employment generates an income that allows to satisfy the basic needs of the household (effects), which allows to reduce social vulnerability (effects). However, given that two thirds of the entrepreneurships are for livelihood (called Type1), they generate an income that is not enough to lift them out of poverty, reduce inequality and generate social mobility (expected impact). In contrast to a third part of entrepreneurships (called Type 2) whose feasibility and the potential of their activities manage to develop productive and commercial processes of greater complexity and formality, which in turn favor the improvement of their living conditions.

Additionally, according to the results obtained in the quasi experiments, there is no significant evidence showing that the credit and training components have an impact on the entrepreneurships served by PRONAMYPE. On the contrary, when significant results were identified in the coefficients of some indicators (production or permanence of the activity, for example), the results showed that the significant effect favors the control group (FIDEIMAS) as a comparison program and not PRONAMYPE as the case study.

Likewise, the study has proved according to the quantitative and qualitative empirical evidence, that the training component has no effect on the development of micro-business considering the estimation of impact indicators, therefore, there is no statistical evidence to support the statement that there are differences between micro-businesses with or without training. However, in the light of the overall results of the entire evaluation, training is certainly a relevant and very necessary element, but it shows inconsistencies that directly affect the fulfillment of the objectives and the effectiveness of the Program.

Certainly, the Program is relevant according to the problem it intends to intervene and at the objectives and goals of the programmatic level. It was identified that there is coherence between the objectives of PRONAMYPE, those outlined at the sectoral level and the National Development Plan (NDP), which has allowed it to occupy a space within the ecosystem of microfinance sector interventions.

However, in terms of policy formulation of that sector, a lack of coherence and inconsistency is identified at the implementation level of PRONAMYPE, due to the sectoral location of the Program and the Ministry responsible for its implementation. Although the Program responds to a socio-labor purpose of promoting self-employment, which is why it is located in the Ministry of Labor and Social Security (MTSS, for its acronym in Spanish), the nature and objectives of PRONAMYPE show a relevant and greater relationship with the competencies of the Ministry of Economy, Industry and Commerce (MEIC), governing body and head of the national entrepreneurship policy of Costa Rica, and that also manages the Development Banking System (SBD).

But **sociologically**, what are the country's implications of the lack of effectiveness of the program? Well, from a more comprehensive perspective, and knowing that a quality public policy must take in consideration the forecast of its results and impacts (Lahera, 2004; Stockmann, 2009a), this situation can be interpreted as a governmental action that, under the approach of results-based management (RBM) (promoted by the New Public management NPM) develops a social and employment policy with serious limitations to achieve its social goals (Cocharan & Malone, 1995).

The aforesaid, understanding that public policy is an intervention strategy from the political power over the social relationships that determine the social structure, we have then PRONAMYPE is a redistributive social policy instrument oriented under an equity criterion which at the *strategic level* **does not reach the purpose** of contributing to reduce inequality and to change social stratification through the promotion of an upward social mobility. Moreover, at the *institutional level* its role in the social area, as established in the National Development Plan (NDP), is relevant and essential but as a Program, and according to the policy network analysis carried out, its impact in the frame of the entrepreneurship promotion ecosystem has limitations and an inappropriate sectorial location, which **inhibits its ability to provide protection** on the socio-labor rights of its target population (Castel, 2004).

Therefore, taking in consideration that the intervention as an instrument policy does not guarantee the strengthening of the mechanisms implemented by the public action for equality of opportunities and the relative effectiveness of the Program in achieving its purpose, despite the existing intentionality, may result in turning the public policy to which it responds in a mere ambition, especially taking into account that **not reducing poverty** but only **reaches to contain it**, entails in itself the **risk of perpetuating** the existing conditions. This is because the evidence in this study shows that the fact that productive units, especially those of livelihood (called Type 1), **do not evolve towards value chains** entails the risk of **reproducing and perpetuating their condition**<sup>169</sup> thereby the intentionality of the policy to fight against poverty and the promotion of entrepreneurship end up being more a **legal illusion** and less a possible reality **for the entire target population** and also for the population it serves, but also for the population that has not yet been reach, since according to the Potential Effective Coverage (CEP) (MTSS's indicator) the levels of potential programmed coverage remain low compared to the impoverished target population in the country.

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<sup>169</sup> This coincides with what was stated by the International Labor Organization (ILO) when they indicate that some studies “have revealed that the policies of support for the SMEs generated over time in the region have reproduced the situation of stratum and have neither been able to improve it qualitatively, nor generate enterprises that have the capacity to develop themselves” (ILO, 2007, p.37)

Finally, from a necessary and **fair balance**, it is essential to point out that the impacts achieved in two thirds (2/3) of entrepreneurships (called Type 1), **even when they were unexpected, have a high social value**, especially for the segments with the greatest disadvantages and barriers, such as **women heads of household**.

Likewise, given that in at least one third (1/3) of the enterprises studied, better results were identified and elements that favor their escalation towards the formal economy (called Type 2 entrepreneurships), from an evaluative point of view it should be noted that the success of microenterprises is influenced by many internal and external factors, which cannot be reduced only to the intervention of PRONAMYPE. Therefore, the components provided are only an intervening factor in the reality of entrepreneurship, consequently, not everything good or bad is due and is attributable to this Program; however, this does not mean eluding the responsibility that corresponds to the Program according to all the findings of this study. Nevertheless, given the specificity of the socio-labor dynamics of the households and their different circumstances (see Figure 31), the course of the public action of the Government's social sector must be redirected towards an effective improvement of its coordination for an inter-institutional approach.

## **6.2 Explanatory conclusion according to the theoretical dimensions of the CEval impact model.**

At this point of the research, the question to be analyzed is *what internal or external causes or aspects of the Program can help to explain and understand why the policy and the Program did not generate the desired impact?* To address this task consistently with the theoretical-methodological logic of the impact model of CEval's approach<sup>170</sup> (see figure 4) the analysis is structured in four levels.

### **a. About the Life-course concept: an evaluative voice of alert.**

The first level refers to visualizing the results in terms of the socio-institutional life cycle of PRONAMYPE, given the usefulness of the Life-course concept as an analytical tool. Thus, from a process perspective, it is noted that it is not possible to give an evaluative judgment or a dichotomous conclusion in terms of whether or not there are impacts because, as previously stated, the overall balance shows that the Program reaches a set of outcomes, effects and impacts, positive and negative, both planned and unplanned, that are not only related to the implementation phase.

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<sup>170</sup> An attempt is made to formulate a conclusion based on the theory, that is, to understand and prove in a systematic way the causal relationship between the impacts identified through the empirical evidence with the intervention and the context of the public policy to which it belongs.

That is, just as in Marco Polo's dialogue with Kublai Kan<sup>171</sup>, the stone bridge and its arch cannot be understood neither from a piece nor from the whole, but considering each of the stones, their order and the sequence that compose it. In the same way, the results of the Program cannot be explained if they are seen only as isolated data, so it is necessary to analyze them from the explanatory elements that are located throughout the different phases of the life cycle of the public intervention of PRONAMYPE.

Thus, from the perspective of development planning and results-based management (RBM) on which Costa Rican public management is based, PRONAMYPE presents a set of inconsistencies in some of its phases, inconsistencies that causally affect subsequent actions and, in short, affect the necessary elements that a quality public policy must have. In this sense, it was observed how, although the Program has shown that the implementation process through the Second Floor Banking scheme has been feasible and viable and has allowed the management goals to be met, in terms of effectiveness of the socio-labor policy there are weaknesses in the understanding and clarity of the intervention problem (agenda setting), which in turn affects the internal consistency of the design, objectives, formulation of goals and indicators. Thus, the results presented in this research have identified the following problems according to the phases:

**Problem-need Identification Phase:** The Program does not adequately understand the problem that it seeks to address, since it does not envision that poverty is multicausal and multidimensional. It was created to increase income and overcome poverty, but not to improve the quality of employment in specific segments of the labor market (informal or semi-informal); therefore, the analysis of the needs of the target population and its entrepreneurships displays inconsistencies and the existence of several legal regulations causes the Program to ignore the nature of the world of microfinance.

**Design and Planning Phase:** The design does not adequately address the problem and has the following shortcomings: it does not have a conceptual or operational definition of the activities or target entrepreneurships, the lack or articulation between credit and training components, define as target population a beneficiary without taking into account the specificities of microfinance typical of the informal or semi-informal economy.

**Implementation Phase:** consequently, the intervention is not consistent because it carries a design problem, has weak information systems, lacks its own management indicators and therefore baseline information, has an inadequate application of selection criteria by IOs causing leaking, as well as absence of mechanisms or monitoring and evaluation. Likewise, the Program is inadequately located in the social sector whose governing body is the MTSS

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<sup>171</sup> See quotation from Italo Calvino that precedes these conclusions.

and not in the economic sector, whose governing body is MEIC (a problem that carries from the design phase).

**Evaluation Phase:** Outcomes are not as expected at the impact level, because the Program misses its design due to a misunderstanding of the problem, as a result, 2/3 of the enterprises served are unable to evolve towards value chains. An adequate multicausal understanding of the problem would show that it is not only a matter of providing people with credit and a training course, because the productive units are settled in very complex local and regional contexts, so they cannot be supported from an isolated approach.

Consequently, a problem of design and intentionality of the Program is identified, where the **empirical results** of this research serves as an **evaluative voice of alert** for project managers, at the institutional level, the MTSS as the governing body of the Social Sector, the SINE of MIDEPLAN as the entity in charge of the evaluation of the National Development Plan and, at the political level, for decision makers about the need for an adequate formulation of public policies based on a better understanding of the problem of exclusion from the labor market of impoverished people and their inclusion.

#### **b. Impact dimension behavior**

After the discussion of the results of the impact indicators, at this micro level of conclusions, the questions that arise are *what are the factors that explain the results achieved by the credit beneficiaries of PRONAMYPE?* and *why, if there is a high compatibility between the treatment and control groups, the statistical evidence showed that the results tended to favor the beneficiaries of FIDEIMAS?* These questions are developed through three explanatory factors.

#### **Endogenous limitations and internal capacity**

The study clearly showed that, as the level of complexity of the activity increases, the conditions that ensure the permanence of its operations also increase. In **Type 1** activities: the productive dynamic showed an interweaving between aspects of the labor, productive and social sphere, which influences its management capacity and the way in which it is self-determined based on the resources possessed. While, in **Type 2** activities: they have reached and have more formal elements in their setting-up, which favors productive and commercial processes of higher productivity, complexity and formality.

Consequently, the determining factor is the level of productive organization, but this level depends on two subfactors, the first (quantitative) is the good or bad management of the activities which has a causal relationship with the level of formality of the activities according to a set of variables, and the second subfactor (qualitative), is the major or minor level of overlapping between the labor and social spheres in its productive dynamics. On this last aspect, regarding the impact dimension of the behavior, an **overlapping** is concretely expressed in different spheres and variables that can be located in **3 axes** that are related in



a dialectical way, these elements are the *entrepreneurship, the family and the local environment & external context of the beneficiary*.

The previous results are supported by J. Schumpeter's **Theory of Economic Development** on which the creation of microcredits, when he points out that unexpected and discontinuous changes can occur within an economy that affect the economic equilibrium, thus appearing self-employed entrepreneurs who, stimulated by the granting of a loan, introduce new production methods and a new offer of goods or services.

However, this is an action that is not done only from the *logic of profitability* and accumulation, but from the logic of *achieving the best possible performance*, which in this research has been called: the logic for the survival of the activity, needed to keep operating. At this point, it is worth mentioning that this research provides evidence that the mortality rate of PRONAMYPE was 12% of the activities studied, which shows that the risk of discontinuity of economic units is latent.

### Program Design

In addition to the inconsistencies of PRONAMYPE's design already mentioned in item a (Life-course concept), as contradictory as it may seem, it is necessary to point out the following: although it is a Law mandate, it cannot be expected that the Program is going to reduce poverty, because its design was not made to achieve that purpose, but only to grant loans, hence its emphasis on results-based management to meet annual goals. Its theory states that supporting micro credits increases income, neglecting all other factors. In that sense and taking in consideration that it is a program that belongs to the Ministry of Labor and Social Security (MTSS) and not to the Ministry of Economy, its design should be aimed at generating and improving the quality of self-employment in specific labor market segments. This is one of the reasons why the context analysis of this study identified a problem of duplication of competences between programs (see item of network policy analysis).

In other words, according to the current design and its results chain, PRONAMYPE expects to have outcomes for which it was not designed, and although it fulfills the task of supporting self-employability by financing microenterprises, it is not able to fulfill the complementary objective of strengthening these activities in productive and commercial terms, of helping the activities to evolve towards value chains, especially when, in addition, it offers a training component.

Therefore, the Program may have a correct redistributive policy orientation, operate in a focalized manner and define a target population; however, its qualitative design, its programmatic offer and the way in which it is implemented do not address the problem, needs and contexts, which is partly due to the related methodological error of

conceptualizing the target population in terms of people and not of its productive activities, this aspect is essential, since:

“Support policies and programs must necessarily consider these differences to propose specific treatments for situations that are different. A superficial perspective can lead to a dangerous reductionism; units with some common appearance features do not constitute a homogeneous set. The informal universe is heterogeneous, highly dynamic and contradictory, with multiple and peculiar relationships between different informal units and with the various segments of formal activities.” (Mizrahi, 1987 p.113)

Additionally, it should be noted that the Program does not have an entry profile that serves as a quantitative and qualitative baseline of the beneficiaries and the activities that are located in the informal sector to, effectively, as Mizrahi points out, consider the differences between the types of entrepreneurships the Program finances. The above should be worked out together with the use of a comprehensive approach through inter-institutional coordination, both for the entrepreneurial beneficiary and to the family, which unfortunately is not possible today because the Program does not know the type of entrepreneurships and their contexts.

### **Homogeneity of the control group**

The fact that the results of the quasi experiments tended to be or were significant for FIDEIMAS as a control group, seems somewhat odd considering the high compatibility between the treatment and control groups (which was carefully studied). However, given this situation, it is proposed as an explanatory hypothesis that there is a relative greater homogeneity of the target population of the control group due to technical-methodological aspects and in the execution of FIDEIMAS, which generate greater consistency in the information (data) of its beneficiaries.

In that sense, it is believed that somehow these aspects worked as a filter of the activities of the FIDEIMAS program, providing a certain condition of greater formalization and commitment from a very early stage. An aspect that was not considered during the measurement, since it appeared as an emerging variable in the framework of qualitative analysis. Specific details of the mentioned aspects are found in table 81.

Table 81

**Possible factors that favor the homogeneity of the treatment group**

| Aspect                   | PRONAMYPE  | FIDEIMAS  |
|--------------------------|--|---|
| Selection process        | Decentralized through Intermediary Organizations (IOs)   | Centralize Management, more centralized, many cases are included because they are referred by interdisciplinary teams   |
| Selection criteria (*)   | It was identified that IOs use subjective criteria not approved by the Program.<br><br>Consequently, in practice the existence of a diversity of target population profiles was found.                 | The profile of beneficiaries is institutionally defined, since IMAS, the institution to which FIDEIMAS belongs, is by law the institution specialized in serving and reducing poverty.                                    |
| Selection instrument (*) | The Credit Request Form (FSC) that is used as an instrument has had many variations every year. Attached to the FCS are affidavits that do not confirm the real economic income and social conditions. | Professional teams of the regional management of IMAS, carry out a pre-diagnosis with which they refer the case.<br><br>Use of the Social Information Sheet of the Identification System of the Target Population (SIPO). |
| Management Focus         | Emphasis on administrative management for budget execution: in the placement of credits to meet the annual goal.   | Emphasis on social management.  |
|                          | It does not have an M&E system.  | There is indeed follow-up of cases.   |
| Design                   | Lack of articulation of credit and training.   | Credit and training but also, the follow-up of cases allows identification of the aspects that are referred for inter-institutional care  |

Note: (\*) Aspect that affected the poverty line estimate, see item 5.2.

**c. Internal process subsystem**

The core problem in the implementation of the Program is its administrative approach focused on the fulfillment of programmed goals (placement of credits). In that sense, the findings show that, when speaking about effectiveness, the objectives of the Program are partially achieved, because implementation varies by component, and there is also a lack of articulation between the two components. Likewise, the Program and the Intermediary Organizations lack their own management indicators that could provide strategic information about the promotion and monitoring of the enterprises served (an aspect related to a design and planning problem).

Undoubtedly, the Second Floor Banking (SFB) mechanism and the criteria used by IOs for granting support, are a point in favor of geographic democratization and access to resources for people excluded from the traditional financial system, but executing the program without an M&E system is also a barrier that does not allow to achieve impacts.

A consequence of the above has been analyzed and demonstrated in section A of the context analysis in chapter 5, where it was concluded that there is no precise evidence about the fulfillment of the strategic objectives and the contribution that can be attributed to the Program in its sectorial action and in the national goals of the National Development Plan (NDP). For this reason, the SINE of MIDEPLAN uses secondary data about employment (for men and women<sup>172</sup>) and unemployment from INEC, which are important but not enough to establish a causal relationship with PRONAMYPE<sup>173</sup>.

Therefore, it is concluded that it is not possible to prove how PRONAMYPE contributes to the improvement of national employment indicators and how it impacts the labor market, this difficulty has as a root cause the lack of management and impact indicators given the deficiencies on the design and planning, a common aspect to all programs of the social sector. This aspect is a serious concern since “the quality of the planning and execution, as well as the internal quality related to the impact, influence the external areas of the impact, that is to say in the areas related to the policy and the implementation of measures, in which a program impacts” (Stockmann 2009a, p.191), as will be seen in the following and last explanatory dimension.

#### **d. External-institutional subsystem**

One of the structural factors that explain why the Program has not achieved its “take off” in terms of tangible impacts and sectoral influence, has to do directly with its sectorial location and the trend of public microfinance policy. A positive finding of the research shows that PRONAMYPE has a space within the intervention ecosystem of the microfinance sector, due to the relevance of its programmatic offer and the problem it addresses. It is even part of the National Strategy to Fight Against Poverty and employment generation public policies. However, this place in the context is marginal<sup>174</sup>, which inhibits its ability to grow because it is not able access to the benefits and opportunities of the

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<sup>172</sup> Hence the relevance of the impact of the Program in strengthening female self-employment, given that 67% of its target population are women, mostly heads of household.

<sup>173</sup> This is not only a domestic problem of non-compliance and accountability on the effectiveness of social investment since, for the study period, the country, as one of the member states of the United Nations System (UN), signed several commitments in the framework of the Millennium Development Goals (MDGs). Unfortunately, Costa Rica failed to meet the proposed goals, since “the country has not been able to achieve the target of reducing poverty, although it certainly has not increased significantly.” (MDGs Report, 2015, p.13). This situation remains the same until today (INEC, 2019) as it was explained in Chapter 2. The Government also did not meet the goal of full and productive employment for all people including women and youth and although the rate of female participation has grown, it is still lower than the one registered for the male population (INEC, 2018, 2019).

<sup>174</sup> According to the policy networks analysis, the centrality, intermediation and proximity indicators show that PRONAMYPE and FIDEIMAS are unique, relevant projects but isolated from the set of public and private interventions of the national marketplace or the microfinance ecosystem.

microcredit sector and the Development Banking System (SBD) in charge of the economic sector, that is, the MEIC

Thus, the predominance of the traditional financial system approach in the sectorial public policy of microfinance promotion aimed at small and medium-sized enterprises with greater added value is above the recognition and support of livelihood entrepreneurs (type 1 and 2) from PRONAMYPE. Consequently, although within the social and labor policy the Program has as its goal a segment of the population excluded from the labor market and with specific needs, that is, a niche market, its weight and contribution is very low, according to the analysis of networks and study of the program goals in the NDP (section A).

A corrective action for this inconsistency would be to relocate the Program at the sectorial level, in the economic area, and articulate it with MEIC, the governing body in terms of entrepreneurship promotion, but accompanied by the recognition that PRONAMYPE (and even FIDEIMAS) is directed to livelihood entrepreneurship, which is why it is also considered as necessary to make a reform to Law 8262 to eliminate the legal gap of lack of recognition and attention to smaller-scale units.

Now, it is fair to point out that the conceptualization of social and solidarity economy proposed by the 2014-2018 government administration gave greater attention to the support of micro, small and medium enterprises. However, the levels of poverty and inequality in the country have not decreased and this could be due to the fact that such support, as has been argued, has a vision of entrepreneurship and productivity that is much higher than what people who qualify as beneficiaries of PRONAMYPE and FIDEIMAS could aspire to.

In that sense, sociologically speaking, informality or semi-informality and its livelihood or low-income entrepreneurs are a factual reality, they are part of the dynamics of the labor market and the economy of the country; therefore, the national promotion policy must go through recognizing the existence and specificity of this alternative economic sector. To ignore them is to distort the purpose of the sectorial public policy, as well as deny the opportunities for social and economic integration and inclusion to this important segment of the population, who are the most affected by the dynamics of national development. This conclusion is supported by the Economic Commission for Latin America (ECLA) when it states that:

“Selective programs will be more effective and will avoid dependence on the State of those who suffer from shortfall, when they coordinate better with measures against the structural causes of poverty. The design of such programs involves: a) assessing the redistributive peculiarities of social public spending; b) discriminate areas of selective spending; c) use suitable instruments; d) consider their interrelation with universal programs or those that are intended for other sectors of the population” (Sojo 1990, p. 196).

Even more if it is considered that the informal sector has a weight of 26.2% of the Gross Domestic Product (GDP) and its workforce represents 10% of the economically active population (PEA, acronym in English) (ILO, 2000). For that reason, the State of the Nation Program states that

“The microenterprise and the generation of wage labor are not, however, negligible, hence the need for differentiated policies to be developed that take into account the various categories that make up the dynamic of the informal sector of the economy” (Barahona, 2011, p.135)

Therefore, and considering that the public sector has scarce resources which must be used aiming at the greatest possible economic and social impact, it is necessary that interventions from public administration understand better their intervention problem, based on the recognition of the multidimensionality of informal or semi-formal work that requires comprehensive public interventions and social policy instruments that are bind together with those of economic policy. In addition, the heterogeneity of the target population of the Program and its various activities requires specific interventions that address specific and non-standardizing needs, especially taking into account that “active employment policies will have differentiated effects according to labor markets in which they are implemented” (Chacaltana & Dennis Sulmont, 2003, p 62).

So, what do the data from this research is telling us?

Based on a rigorously theoretical and methodological research, these results are actually an **evaluative voice of alert**, at the institutional level, for project managers and, at the political level, for decision makers, a voice that emphasizes the need for a better understanding of the problem of exclusion from the labor market of impoverished population and its inclusion through self-employment. An evaluative voice of alert about the need for the formulation of public policies to be consistent and robust, with decisions based on empirical evidence and adequate analysis of the institutional and local context of interventions, in order to improve the effectiveness of implementation, including monitoring mechanisms and evaluation methodologies.

As stated in the theoretical chapter, social policy is a strategy that works by stimulating (or not) certain mechanisms for resource mobilization. Certainly, microcredit is a **hybrid instrument** that is between a financial service and an instrument of socio-labor promotion. However, programs derived from this policy, and PRONAMYPE do not escape this, are not guaranteeing equal opportunities according to the impacts expected by their results chains and the Annual Operating Plans.

In this line, the evaluative voice of alert issued by this work, based on the case study, indicates that there is no firm and consistent **intentionality** of microfinance and employment public policy, due to a pragmatism focused on administrative rather than social

effectiveness, the lack of coordination between institutions and programs, the lack of a reform of Law 8262 that eliminates the legal gaps regarding the attention of marginal enterprises and that allows to differentiate and have more flexible regulations and financial instruments linked to the non-financial ones (social) that are capable of meeting the needs of the informal and semi-formal sector of the economy, a sector characterized by its condition of inequality in relation with other existing economic agents.

What is concluded in this investigation, coincides with a recent statement by the Defensoría los Habitantes de Costa Rica (Public Interest Defense Department of Costa Rica) about Law 8262 and the SBD as a financial instrument, which categorically indicates that:

"The Law and its banking system do not make a direct reference to the population in poverty, but rather establishes priority attention to groups that the law itself establishes as vulnerable, women, people with disabilities, minorities (...). we request to banking system of information on the placement of resources for projects of these people that should have priority attention, we ask them to indicate, which of those people were in poverty, Development Banking informs us that it does not have the detail of that information"(Defender, Dr. Catalina Crespo, 06.11.2019) (the underline belongs to the researcher).

Therefore, from a critical perspective, this research concludes that public policies and the problem of poverty reduction in the Costa Rican State, is not a matter that not should be related solely to the existence of income distribution mechanisms (interventions), but also directly related to the need for an efficient allocation and execution of existing productive resources at all levels. As already indicated, this implies a different approach to what exists today. But it also means a different understanding of the problem, since poverty will not be reduced only through mechanisms and programs that seek to redistribute income through the granting of credits, although that is certainly necessary, but must be accompanied by interinstitutional coordination to empower people in the development of their own abilities and opportunities.

In a context like the Costa Rican, with a democratic tradition that has bet on the construction and legitimization of the rule of law on the basis of the welfare state and currently with the ambition of entering to the OECD, the substantive discussions on development must go through a paradigm shift in order to change the methodology used for design and for public action, both at the macro level (sector level) and micro level (program interventions).

Structurally, the reflection on public policies and their essential role in social welfare (Castel, 2004), is directly related to the restructuring of the State in a neoliberal context of **loss of capacity** to meet the demands and needs of the population of the first (extreme poverty) and second quintile (poverty) of national income (mainly), in order to promote its social mobility and reducing inequalities.

In spite of the high social investment, the stagnation in the levels of poverty and the accelerated growth in the inequality (social and economic) is a factual element that has gone without significant variation in the last thirty years. For this reason, the debate on the loss of capacities of the State in the face of this problem should not focus on the lack of financial resources, but on their capacity to manage them, the lack of coordination and strategic continuity of the programs and National Plans Development of each government administration as well as the orientation of social policy as a mechanism for the distribution of wealth, since, as stated by the economist and Nobel Peace Prize 2006, **Muhammad Yunus** “poverty is not created by impoverished people, this is an output of the system we have created, therefore, we must change the rigid models and concepts of our society” (2008, p. 19).

One of the contributions of the comprehensive and rigorous evaluation of public policies is the possibility to study issues that from other perspectives cannot be addressed; understanding as a comprehensive evaluation one that analyzes and values a public intervention from its Law of creation, its public policy of reference, its external and internal context and its operation from the impacts produced in its target population. That is, an evaluation that addresses the study of the complexity of public administration as a field made up of dialectical relationships, where decision making becomes convulsed and the interests surrounding social situations often come into conflict.

Since public policy is an element of public scrutiny, the interventions and its different stakeholders involved require greater controls over their implementation and better attention to the issues that affect them (see Appendix F, Map of Recommendations according Public Management Level). Therefore, this research represents an academic contribution to the understanding of the **current opacity** of the analyzed public action, because provides scientific information based on evidence to support the discussion oriented towards that necessary change of models and concepts that M. Yunus lays out.



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## Other sources: people interviewed and focus groups:

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- MSc. María Elena Fonseca, Director of the Department of Organizational Development of the MTSS interview February 24, 2016, San José, MTSS
- MSc. Horario Rodríguez. Professional FODESAF MTSS, Comunicación Personal. 24 de Febrero de 2016.
- Dr. Olman Segura Bonilla. Ex MTSS Minister Comunicación Personal. 22 de julio de 2016.
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## 8. Appendixes

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- Appendix A: Evaluation planning matrix

**EVALUATION: PLANNING MATRIX<sup>2</sup>**

| Criteria               | Obj. | Questions  | Sub questions  | Indicator <sup>3</sup><br>(QuaTI A.)          | Category<br>(QuanTI A.)   | Variable<br>(QuaTI A.)   |
|------------------------|------|--|--|---|---|--|
|                        |      |  |  | Dimension<br>(QuaLI A.)                       | Sub dimension<br>(QuaLI A.)   | Sub category<br>(QuaLI A.)   |
| Relevance <sup>4</sup> |      |  |  | Context Analysis <sup>5</sup>                 |   |  |
|                        |      |  |  | External<br>(subsystems and external factors) | Policy making & institutional framework   |  |
|                        | 1.1  | ¿What is being done right:<br><br>To what extent, is there coherence between the objectives of the sectoral intervention and public policy of Costa Rica?<br>(MIDEPLAN, 2012:14) | ¿What is the sectorial level where the program and its regulatory framework is located?<br><br>¿What are the related institutional social actors involved in the decision-making process of sectoral policy? |   | Role in the institutional context of public policy<br><br>Location sector Program | National Development Plan of Costa Rica<br><br>MTSS Institutional Strategic Plan                                 |
|                        |      |  | ¿What is the role of PRONAMYPE within the context of public and private program aimed at microfinance?   |   | Policy network analysis   | Number of projects by sector target population.<br>Network graphs of public and private financial projects in CR |
|                        |      |  | ¿To what extent the program intervention has contributed to  |   | Goals scheduled in the National Development Plan                                  | MIDEPLAN indicator   |

<sup>2</sup> Based and adapted from Evaluation: a Systemic Approach by Peter Rossi, Mark Lipsey, Howard Freeman, SAGE, USA 1998; Manual Gerencial para el Diseño y Ejecución de evaluaciones estratégicas de Gobierno, MIDEPLAN, Costa Rica 2012:14-15; Stockmann, 2009a:124; Stockmann 2011b: 49; Stockmann & Mayer, 2010: 80-83).

<sup>3</sup> Quantitative or qualitative factor or variable that provides a simple and reliable means to measure achievement, to reflect the changes connected to an intervention, or to help assess the performance of a development actor (OECD, 2002:25).

<sup>4</sup> From a public policy analysis, it refers to the degree in which the program design and objectives are relevant and consistent in terms of the orientation of aimed at generating self-employability and income generation.

<sup>5</sup> According to the impact model used, It means significant subsystems (external environment) as well as relevant elements of the organization (Stockmann, 2009a:124; Stockmann 2011b: 49; Stockmann & Meyer, 2010: 80-83).

|                            |     |   |   |  |  |  |
|----------------------------|-----|---|---|--|--|--|
|                            |     |   | the achievement of the sector policy?<br><br>¿What has been the programming of goals and coverage achieved (MIDEPLAN, 2012)?<br><br>¿What is the relationship between coverage and size of the target population? |  | Scheduled in the Plan MTSS institutional goals as indicators FODESAF<br><br>Coverage by size of the target population and population actually beneficiary. | Potential coverage programmed (CPP in Spanish)<br><br>Potential effective coverage (CEP in Spanish)<br><br>Effectiveness index of beneficiaries (IEP in Spanish)<br><br>Total index of effectiveness (IET in Spanish)<br><br>Index effective transparency spending (ITEG in Spanish)<br><br>Growth rate of beneficiaries (ICB in Spanish). |
| Effectiveness <sup>6</sup> |     |   |   | Internal<br>(internal factors: elements of the organization) | Evaluation of institutional goals achieved   |  |
|                            | 1.2 | Is the Program achieving the strategic and specific objectives of the intervention? | ¿To what extent the results achieved match program goals?   |  | Goal attainment  | Programming historic goals versus budget executed<br><br>Number and percentage of microcredits a training granted  |
|                            |     |   | ¿In what way the scheme of second-tier bank, and the role of intermediary organization (and their work process affecting the level of achievement and success of SME s?   |  | Management & process of intermediation<br><br>Role of the intermediation effectiveness according the stakeholder's perception                              | Criteria of different actors on the decentralized work scheme  |
|                            |     |   | ¿What are the key factors that determine the achievement of objectives?   |  |  | Critical paths   |
|                            |     |   | ¿How satisfied are clients with the services receive?   |  |  | Beneficiaries opinion  |

<sup>6</sup> Desde un contexto micro, representa la medida en que PRONAMYPE ha alcanzado los resultados directos programados (comparación metas vs. resultados alcanzados y acertividad de el otorgamiento de los microcréditos y servicios).

| Impact <sup>7 8</sup>                                    | ¿El Programa está contribuyendo al objetivo superior de la intervención: En qué medida la atención de PRONAMYPE a los pequeños y medianos empresarios, ha logrado producir efectos, cambios o transformaciones en las condiciones de trabajo de los SME's apoyados con microcréditos y capacitación? |   |  |  |                                   |                |  |                            |   |  |  |                                  |  |                        |                                  |  |                                  |                       |  |                                    |                         |  |                      |                                   |  |                  |   |  |           |                                   |  |            |   |  |  |               |  |   |  |  |                     |                                     |  |                       |  |
|--|--|---|--|--|-----------------------------------|----------------|--|----------------------------|---|--|--|----------------------------------|--|------------------------|----------------------------------|--|----------------------------------|-----------------------|--|------------------------------------|-------------------------|--|----------------------|-----------------------------------|--|------------------|---|--|-----------|-----------------------------------|--|------------|---|--|--|---------------|--|---|--|--|---------------------|-------------------------------------|--|-----------------------|--|
| 2  | Which is the extent, effect, impact or change produced in the small and micro enterprises, due to the productive activities developed with the support given by PRONAMYPE?   | ¿What are the main features of the MSE's supported?<br><br>¿What percentage of SME's are active?<br><br>¿What is the mortality rate?<br><br>...what factors influenced mortality? | <table border="1"> <thead> <tr> <th data-bbox="804 230 935 427">1.<br/>Small Medium Enterprises (SME's): characterization</th> <th data-bbox="935 230 1161 427">Possession of a business activity</th> <th data-bbox="1161 230 1390 427">(DE1) Activity</th> </tr> </thead> <tbody> <tr> <td></td> <td data-bbox="935 427 1161 555">Official financial support</td> <td data-bbox="1161 427 1390 555">(DE2) Receiving support during the last 5 years</td> </tr> <tr> <td></td> <td></td> <td data-bbox="1161 555 1390 577">(DE3) Number or credits received</td> </tr> <tr> <td></td> <td data-bbox="935 577 1161 600">Quasi experiment group</td> <td data-bbox="1161 577 1390 600">(DE4) Treatment or control group</td> </tr> <tr> <td></td> <td data-bbox="935 600 1161 622">Number and received year credits</td> <td data-bbox="1161 600 1390 622">(DE5) Credits by year</td> </tr> <tr> <td></td> <td data-bbox="935 622 1161 645">Activity or inactivity of business</td> <td data-bbox="1161 622 1390 645">(DE6) Working on or not</td> </tr> <tr> <td></td> <td data-bbox="935 645 1161 674">Time in the business</td> <td data-bbox="1161 645 1390 674">(GE1) Years and mounts working on</td> </tr> <tr> <td></td> <td data-bbox="935 674 1161 712">Productiv sector</td> <td data-bbox="1161 674 1390 712">(GE2) Description and Type of economic activity</td> </tr> <tr> <td></td> <td data-bbox="935 712 1161 750">Ownership</td> <td data-bbox="1161 712 1390 750">(GE3) Number and gender of owners</td> </tr> <tr> <td></td> <td data-bbox="935 750 1161 788">SME's Size</td> <td data-bbox="1161 750 1390 788">Number of employees by gender (according GE8 variable).</td> </tr> <tr> <td></td> <td></td> <td data-bbox="1161 788 1390 810">• SME's Types</td> </tr> <tr> <td></td> <td data-bbox="935 810 1161 871">Satisfaction with the credit management</td> <td data-bbox="1161 810 1390 871">DE7) Level of satisfaction with the management of credit intermediary organization</td> </tr> <tr> <td></td> <td data-bbox="935 871 1161 893">Local context &amp; SME</td> <td data-bbox="1161 871 1390 893">Influence in the success or failure</td> </tr> <tr> <td></td> <td data-bbox="935 893 1161 936">Employment Generation</td> <td data-bbox="1161 893 1390 936">• P value increase of number of paid employees</td> </tr> </tbody> </table> | 1.<br>Small Medium Enterprises (SME's): characterization | Possession of a business activity | (DE1) Activity |  | Official financial support | (DE2) Receiving support during the last 5 years |  |  | (DE3) Number or credits received |  | Quasi experiment group | (DE4) Treatment or control group |  | Number and received year credits | (DE5) Credits by year |  | Activity or inactivity of business | (DE6) Working on or not |  | Time in the business | (GE1) Years and mounts working on |  | Productiv sector | (GE2) Description and Type of economic activity |  | Ownership | (GE3) Number and gender of owners |  | SME's Size | Number of employees by gender (according GE8 variable). |  |  | • SME's Types |  | Satisfaction with the credit management | DE7) Level of satisfaction with the management of credit intermediary organization |  | Local context & SME | Influence in the success or failure |  | Employment Generation | • P value increase of number of paid employees |
| 1.<br>Small Medium Enterprises (SME's): characterization | Possession of a business activity  | (DE1) Activity  |  |  |                                   |                |  |                            |   |  |  |                                  |  |                        |                                  |  |                                  |                       |  |                                    |                         |  |                      |                                   |  |                  |   |  |           |                                   |  |            |   |  |  |               |  |   |  |  |                     |                                     |  |                       |  |
|  | Official financial support   | (DE2) Receiving support during the last 5 years   |  |  |                                   |                |  |                            |   |  |  |                                  |  |                        |                                  |  |                                  |                       |  |                                    |                         |  |                      |                                   |  |                  |   |  |           |                                   |  |            |   |  |  |               |  |   |  |  |                     |                                     |  |                       |  |
|  |  | (DE3) Number or credits received  |  |  |                                   |                |  |                            |   |  |  |                                  |  |                        |                                  |  |                                  |                       |  |                                    |                         |  |                      |                                   |  |                  |   |  |           |                                   |  |            |   |  |  |               |  |   |  |  |                     |                                     |  |                       |  |
|  | Quasi experiment group   | (DE4) Treatment or control group  |  |  |                                   |                |  |                            |   |  |  |                                  |  |                        |                                  |  |                                  |                       |  |                                    |                         |  |                      |                                   |  |                  |   |  |           |                                   |  |            |   |  |  |               |  |   |  |  |                     |                                     |  |                       |  |
|  | Number and received year credits   | (DE5) Credits by year   |  |  |                                   |                |  |                            |   |  |  |                                  |  |                        |                                  |  |                                  |                       |  |                                    |                         |  |                      |                                   |  |                  |   |  |           |                                   |  |            |   |  |  |               |  |   |  |  |                     |                                     |  |                       |  |
|  | Activity or inactivity of business   | (DE6) Working on or not   |  |  |                                   |                |  |                            |   |  |  |                                  |  |                        |                                  |  |                                  |                       |  |                                    |                         |  |                      |                                   |  |                  |   |  |           |                                   |  |            |   |  |  |               |  |   |  |  |                     |                                     |  |                       |  |
|  | Time in the business   | (GE1) Years and mounts working on   |  |  |                                   |                |  |                            |   |  |  |                                  |  |                        |                                  |  |                                  |                       |  |                                    |                         |  |                      |                                   |  |                  |   |  |           |                                   |  |            |   |  |  |               |  |   |  |  |                     |                                     |  |                       |  |
|  | Productiv sector   | (GE2) Description and Type of economic activity   |  |  |                                   |                |  |                            |   |  |  |                                  |  |                        |                                  |  |                                  |                       |  |                                    |                         |  |                      |                                   |  |                  |   |  |           |                                   |  |            |   |  |  |               |  |   |  |  |                     |                                     |  |                       |  |
|  | Ownership  | (GE3) Number and gender of owners   |  |  |                                   |                |  |                            |   |  |  |                                  |  |                        |                                  |  |                                  |                       |  |                                    |                         |  |                      |                                   |  |                  |   |  |           |                                   |  |            |   |  |  |               |  |   |  |  |                     |                                     |  |                       |  |
|  | SME's Size   | Number of employees by gender (according GE8 variable).   |  |  |                                   |                |  |                            |   |  |  |                                  |  |                        |                                  |  |                                  |                       |  |                                    |                         |  |                      |                                   |  |                  |   |  |           |                                   |  |            |   |  |  |               |  |   |  |  |                     |                                     |  |                       |  |
|  |  | • SME's Types   |  |  |                                   |                |  |                            |   |  |  |                                  |  |                        |                                  |  |                                  |                       |  |                                    |                         |  |                      |                                   |  |                  |   |  |           |                                   |  |            |   |  |  |               |  |   |  |  |                     |                                     |  |                       |  |
|  | Satisfaction with the credit management  | DE7) Level of satisfaction with the management of credit intermediary organization  |  |  |                                   |                |  |                            |   |  |  |                                  |  |                        |                                  |  |                                  |                       |  |                                    |                         |  |                      |                                   |  |                  |   |  |           |                                   |  |            |   |  |  |               |  |   |  |  |                     |                                     |  |                       |  |
|  | Local context & SME  | Influence in the success or failure   |  |  |                                   |                |  |                            |   |  |  |                                  |  |                        |                                  |  |                                  |                       |  |                                    |                         |  |                      |                                   |  |                  |   |  |           |                                   |  |            |   |  |  |               |  |   |  |  |                     |                                     |  |                       |  |
|  | Employment Generation  | • P value increase of number of paid employees  |  |  |                                   |                |  |                            |   |  |  |                                  |  |                        |                                  |  |                                  |                       |  |                                    |                         |  |                      |                                   |  |                  |   |  |           |                                   |  |            |   |  |  |               |  |   |  |  |                     |                                     |  |                       |  |

<sup>7</sup> Positive and negative, primary and secondary long-term effects produced by a development intervention, directly or indirectly, intended or unintended (OECD, 2002:24). Por tanto, mostrará en qué medida PRONAMYPE contribuye a la resolución del problema que dio lugar a su formulación como instrumento de política social pública.

<sup>8</sup> For the qualitative approach of the model used, each indicator variables are shown in the last column of blue and with a (\*).

|  |  |  |   |                      |                                      |   |   |
|--|--|--|---|----------------------|--------------------------------------|---|---|
|  |  |  |   |                      |                                      | (GE4) At the beginning: número de empleados con salario (*)                                     |   |
|  |  |  |   |                      |                                      | (GE5) At the beginning: número de empleados sin salario   |   |
|  |  |  |   |                      |                                      | (GE7) Currently: número de personas que trabajan con salario (*)                                |   |
|  |  |  |   |                      |                                      | (GE8) Currently: number of employees without payment/salary.                                    |   |
|  |  |  | ¿What are the effects of PRONAMYPE intervention on the generation outcomes of (self) employability?                   | <b>2. Employment</b> | Family employment                    | (GE6) At the beginning: number of family members working  |   |
|  |  |  | ¿What importance and weight have family employment in the activities of the SME's?                                    |                      |                                      |   | (GE9) Currently: number of family members working                           |
|  |  |  |   |                      |                                      |   | (GE10) Currently: numbers of members of family working with payment/salary. |
|  |  |  |   |                      |                                      |   | • Total de miembros del hogar incorporados a la actividad productiva        |
|  |  |  |   |                      |                                      | Intention of hiring new employees   | (GE11) Currently: frequency of the support of family labor                  |
|  |  |  |   |                      |                                      |   | (GE12) Intention of hiring new employees in one year (*)                    |
|  |  |  |   | <b>3. Production</b> |                                      | (GE13) Perception of business operation in the past year (*)                                    |   |
|  |  |  | ¿What are the effects of PRONAMYPE intervention on the generation outcomes in the production conditions of the SME's? |                      | Development of products and services | (IP1) Number of new products or services.   |   |
|  |  |  |   |                      | Improved products and services       | (IP2) Number of new activities or implemented process   |   |
|  |  |  |   |                      | Access to new markets                | (IP3) Number of contracts and marketing agreements achieved since access to PRONAMYPE services. |   |



|                |  |  |  |                                    |                                    |  |  |
|----------------|--|--|--|------------------------------------|------------------------------------|--|--|
|                |  |  | ¿How or what credits have been used?   |                                    | Use of microcredit                 | (IP5) Purchase or invest in infrastructure<br>(IP6) Purchase or invest in tools or equipment<br>(IP7) Purchase or invest in transportation   |  |
| Sustainability |  |  | ¿To what extent or in what way, the MSE's have improved their formal work conditions?<br><br>¿What are the factors that contribute to the sustainability of the SME? | 4.<br>Organizational strengthening | Type of Financing management       | (PA1) Calculates the profits based on the accounting records (sales, purchasing, accounts payable, salaries) (*)<br>(PA8) Manages business money separate money for personal use (*)   |  |
|                |  |  |  |                                    | Planning level                     | (PA2) Developing a business plan (*)   |  |
|                |  |  |  |                                    | Legal formality level              | (PA3) Number of SMS with legal inscription number (registered into the STD) (*)<br>(PA4) Having commercial Patent commercial (*)<br>(PA5) Use of Internet<br>(PA6) Number of SME that made income and tax declaration in the last year operating (*)<br>Numbers of SME operating as self-registration into the STD<br>(PA7) Having of public and obligatory health insurance (*) |  |
|                |  |  |  |                                    | Localization of the Infrastructure | (PA9) Workplace location (house or annex)  |  |
|                |  |  |  |                                    | Workplace condition                | (PA10) Type of possession of the workplace   |  |
|                |  |  |  |                                    | Monthly income                     | (IN1) At the beginning (base line data), monthly net profit (*)<br>(IN2) Currently monthly net profit (*)  |  |
|                |  |  |  |                                    | Season and income                  | (IN3) Perception of depend according Lickert scale'  |  |
|                |  |  |  |                                    | Perception about business profits  | (IN4) Auto perception of business increase according scale   |  |
|                |  |  |  |                                    | Family Economic income             | (CS12) Total household income  |  |
|                |  |  |  |                                    |                                    |  |  |
|                |  |  |  |                                    |                                    |  |  |
|                |  |  | ¿Qué percepción tienen los propios beneficiarios sobre el mejoramiento de sus ingresos?  |                                    |                                    |  |  |
|                |  |  | ¿To what extent the program served the target population according to its law and program design?  |                                    |                                    |  |  |

|  |  |  |  |                |  |  |
|--|--|--|--|----------------|--|--|
|  |  |  |  |                |  | <ul style="list-style-type: none"> <li>Per capita household income</li> </ul> Family economic dependency index<br>(CS13) Total income by transfers and other public subsidies<br>(CS14) Saving practice<br>(SC15) Family perception about the household income is enough to live<br>(CS10) Total persons that generate income for home<br>(CS14) Perception about household income |
|  |  |  | ¿En qué medida el ingreso percibido por los SME's ha variado el nivel de pobreza de los beneficiarios?   |                | Level of household economic dependence | Targeting Achievement:<br><br>Poverty level (according to method of poverty line)  |
|  |  |  | ¿Is there a differential effect between MSE's who have accessed to a one component (credit) and those who have accessed to two components (credit and training)? | 6.<br>Training | Intervention of other institutions     | (C1) Other institutions  |
|  |  |  |  |                | Thematic of those other interventions  | (C2) List of thematics   |
|  |  |  |  |                | PRONAMYPE training                     | (C3) Received or not the component   |
|  |  |  |  |                | Learning                               | (C5) Perception of level of learning reached   |
|  |  |  |  |                | Curricular relevance                   | (C7) Perception of level of correspondence between the contents and SME's needs  |
|  |  |  | ¿What are the effects on the general outcomes of work skills?  |                | Practical Application                  | (C4) Perception about the level of practical application of knowledge  |

|  |  |  |  |  |   |   |
|--|--|--|--|--|---|---|
|  |  |  |  |  | Satisfaction                                | (C6) Level of satisfaction with the curricula offering            |
|  |  |  |  | <b>7. Sociodemographic profile of microentrepreneurs</b> | Sex   | (SC1) Masculine o Femenine  |
|  |  |  |  |  | Age   | (CS2) Years old   |
|  |  |  |  |  | Marital status                              | (CS3) Marital status  |
|  |  |  |  |  | Location                                    | Place of residence  |
|  |  |  |  |  | Head of household                           | (CS4) Head of household by gender                                 |
|  |  |  |  |  | Level of schooling                          | (CS5) Último año de educación formal aprobado                     |
|  |  |  |  |  | Employment status                           | (CS6) Employment status in its core economical activity           |
|  |  |  |  |  | Housing                                     | (CS7) Type of tendency  |
|  |  |  |  |  | Family members                              | (CS8) Numbers of members under the 18 years old                   |
|  |  |  |  | (CS9) Number of members over the 18 years old            |   |   |
|  |  |  | ¿What do the beneficiaries know about PRONAMYPE?   | <b>8. About PRONAMYPE</b>                                | Knowledge about the field work of PRONAMYPE | (GT1) Knowledge about PRONAMYPE                                   |
|  |  |  | ¿What's have been the main problems faced by the SME's?  |  | Main problem of the PYME                    | (GT2) Main problem or limitation to grow                          |
|  |  |  | ¿What are the factors that keep beneficiaries in their activities?                               |  | Motivation motivating to keep working       | (GT3) Main motivation to continue working on their own            |
|  |  |  | ¿What are the effects on the general outcomes, effects or impacts alcanzados con el microcredit? |  | Benefits or improvements with the credit    | (GT4) Main benefit or improvement produced by the credit obtained |

• Appendix B: Post Test Survey Instrument

| UNIVERSITÄT DES SAARLANDES<br>Logistic support Universidad de Costa Rica  |  | A1 # CUESTIONARIO |   |         |         |         |
|---|--|-------------------|---|---------|---------|---------|
| Encuesta de evaluación de impacto de PRONAMYPE - 2014   |  |                   |   |         |         |         |
| A2 PROVINCIA ___ A3 CANTÓN ___ A4 DISTRITO ___ A6 ZONA ___  |  |                   |   |         |         |         |
| A7  | INTENTOS   | 1                 | 2   | 3       | 4       | 5       |
| A8  | DÍA Y MES  | ___/___           | ___/___   | ___/___ | ___/___ | ___/___ |
| A9  | HORA Y MINUTOS (24 H)  | ___:___           | ___:___   | ___:___ | ___:___ | ___:___ |
| A10   | RESULTADO*   | —                 | —   | —       | —       | —       |
| *1=COMPLETA, 2=INCOMPLETA, 3=RECHAZADA, 4=PENDIENTE, 5=NO REALIZADA POR OTRAS RAZONES   |  |                   |   |         |         |         |
| <b>GRUPO TRATAMIENTO</b><br>Buenos días/tardes/noches: Mi nombre es ... y le llamó de parte del PRONAMYPE, en coordinación con ... <b>LA ORGANIZACIÓN INTERMEDIARIA</b> ...yla Universidad de Costa Rica. La razón de mi llamada, es para realizarle una entrevista orientada a conocer los beneficios que se podrían obtener con el apoyo de ... <b>LA O.I.</b> ... y PRONAMYPE. De manera que necesito conversar con _____, ¿se encuentra?<br><br><b>ENTREVISTADOR(A): UNA VEZ QUE CONTACTE A LA PERSONA INDICADA REPITA LA INTRODUCCIÓN EXCLUYENDO LA ORACIÓN EN NEGRITA. ADEMÁS AGREGUE: ...le agradecería mucho su cooperación. La entrevista es confidencial y voluntaria, la información que nos dé no será compartida y no le quitaré mucho tiempo. ¿Puedo empezar la entrevista?</b> |  |                   | <b>GRUPO CONTROL</b><br>Buenos días/tardes/noches: Mi nombre es ... y le llamó de parte del <b>FIDEIMAS</b> , en coordinación con la Universidad de Costa Rica. La razón de mi llamada, es para realizarle una entrevista orientada a conocer los beneficios que se podrían obtener con el apoyo de <b>FIDEIMAS</b> . De manera que necesito conversar con _____, ¿se encuentra?<br><br><b>ENTREVISTADOR(A): UNA VEZ QUE CONTACTE A LA PERSONA INDICADA REPITA LA INTRODUCCIÓN EXCLUYENDO LA ORACIÓN EN NEGRITA. ADEMÁS AGREGUE: ...le agradecería mucho su cooperación. La entrevista es confidencial y voluntaria, la información que nos dé no será compartida y no le quitaré mucho tiempo. ¿Puedo empezar la entrevista?</b> |         |         |         |
| <b>NOMBRE DE LA PERSONA ENTREVISTADA:</b><br>_____  |  |                   | <b>A11 ANOTE HORA DE INICIO DE LA ENTREVISTA</b><br>H _____ M _____ (FORMATO DE 24 HORAS)   |         |         |         |
| <b>A12 CUASI EXPERIMENTO</b> 1    2    3  |  |                   | <b>A13 NÚMERO DE PAREJA</b> _____   |         |         |         |
| 1. DATOS GENERALES DEL EMPRENDIMIENTO   |  |                   |   |         |         |         |
| DE1   | ¿Actualmente Ud. tiene en funcionamiento algún negocio propio o idea de negocio?<br>1. Sí    ¿Cuántos? _____<br>2. No ( <b>PASE A DE4</b> )  |                   |   |         |         |         |
| DE2   | En los últimos 5 años ¿recibió o tramitó algún crédito o préstamo para desarrollar este(os) negocio(s) o actividad(es)?<br>1. Sí                      2. No ( <b>PASE A DE4</b> )  |                   |   |         |         |         |
| DE3   | En los últimos 5 años ¿cuántos créditos o préstamos ha solicitado y cuántos créditos o préstamos ha recibido?<br>Solicitados: _____ Recibidos: _____   |                   |   |         |         |         |
| DE4   | En los últimos 5 años, Ud. ha...<br>1. <b>GRUPO TRATAMIENTO:</b> ... recibido un préstamo de PRONAMYPEy ... <b>LA O.I.</b> ...?<br>2. <b>GRUPO CONTROL:</b> ... tramitado una solicitud de préstamos con <b>FIDEIMAS</b> ?<br>1. Sí                      2. No ( <b>PASE A DE6</b> ) |                   |   |         |         |         |
| ¿En qué año recibió o tramitó el/los crédito(s) o préstamo(s) de PRONAMYPEy ... <b>LA O.I.</b> ...ó <b>FIDEIMAS</b> ?   |  |                   |   |         |         |         |



|  |   |  |  |
|--|---|--|--|
| DE5  | 1. Primer crédito: _____<br>2. Segundo crédito: _____<br>3. Tercer crédito: _____<br>4. Otro: _____<br>9. NS/NR   |  |  |
| DE6  | ¿En la actualidad el negocio para el cual se solicitó o solicita el o los préstamo de PRONAMYPE o FIDEIMAS sigue en funcionamiento?<br>1. Sí 2. No ( <i>FINALICE LA ENTREVISTA</i> )  |  |  |
| DE7  | En la entrega de información y trámites para obtener el crédito ¿Ud. considera que la labor de ...<br><i>LA O.I...O de FIDEIMAS</i> fue muy buena, buena, mala, muy mala?<br>1. Muy buena 2. Buena 3. Regular 4. Mal 5. Muy mal 9. NS/NR  |  |  |
| <b>2. GENERACIÓN DE EMPLEO</b>   |   |  |  |
| Para responder las siguientes preguntas es necesario que Ud. responda basándose en el negocio que fue financiado con el préstamo de PRONAMYPE o que será financiado con el préstamo de FIDEIMAS. |   |  |  |
| GE1  | Aproximadamente ¿cuánto tiempo tiene(n) en funcionamiento esa actividad o negocio? ( <i>EN AÑOS Y MESES</i> )<br>_____  |  |  |
| GE2  | ¿Puede describirlo(s) brevemente? ( <i>SONDEE LA MEJOR RESPUESTA PREGUNTANDO ¿EN QUÉ CONSISTEN? ¿QUÉ HACE? ¿QUÉ VENDE? ¿QUÉ PRODUCE?</i> )<br>_____<br>_____  |  |  |
| GE3  | ¿Cuántas personas son las dueñas de ese negocio? _____  |  |  |
| GE4  | Contándose Ud. ¿al inicio del negocio, cuántas personas trabajaban con salario? _____   |  |  |
| GE5  | Contándose Ud. ¿al inicio del negocio, cuántas personas trabajaban sin salario? _____   |  |  |
| GE6  | Al inicio ¿habían miembros de su familia que estaban trabajando en su negocio?<br>1. Sí ¿Cuántos? _____ 2. No 9. NS/NR  |  |  |
| GE7  | Hoy en día ¿cuántas personas trabajan con salario en el negocio? _____  |  |  |
| GE8  | Hoy en día ¿cuántas personas trabajan sin salario en el negocio? _____  |  |  |
| GE9  | Hoy en día ¿hay personas de la familia trabajando en el negocio?<br>1. Sí ¿Cuántos? _____ 2. No ( <i>PASE G11</i> ) 9. NS/NR ( <i>PASE G11</i> )  |  |  |
| G10  | ¿Cuántos de estos familiares reciben salario? _____   |  |  |
| GE11   | ¿Con qué frecuencia le ayuda su familia en el negocio? ( <i>PUEDE LEER LAS OPCIONES</i> ) <table border="0" style="width: 100%;"> <tr> <td style="width: 50%; vertical-align: top;">           1. Hasta un día por semana<br/>           2. Hasta dos días por semana<br/>           3. Hasta tres días por semana<br/>           4. Hasta cuatro días por semana<br/>           5. Hasta cinco días por semana         </td> <td style="width: 50%; vertical-align: top;">           6. Hasta seis días por semana<br/>           7. Toda la semana<br/>           8. Otro. Especifique: _____<br/>           9. Nunca<br/>           99. NS/NR         </td> </tr> </table> | 1. Hasta un día por semana<br>2. Hasta dos días por semana<br>3. Hasta tres días por semana<br>4. Hasta cuatro días por semana<br>5. Hasta cinco días por semana | 6. Hasta seis días por semana<br>7. Toda la semana<br>8. Otro. Especifique: _____<br>9. Nunca<br>99. NS/NR |
| 1. Hasta un día por semana<br>2. Hasta dos días por semana<br>3. Hasta tres días por semana<br>4. Hasta cuatro días por semana<br>5. Hasta cinco días por semana                                 | 6. Hasta seis días por semana<br>7. Toda la semana<br>8. Otro. Especifique: _____<br>9. Nunca<br>99. NS/NR  |  |  |
| GE12   | Durante los próximos doce meses ¿planea buscar otra persona para que trabaje en su negocio?<br>1. Sí 2. No 9. NS/NR   |  |  |

|   |  |
|---|--|
| GE13  | Durante el último año ¿Ud. diría que su negocio ha funcionado muy bien, bien, mal, o muy mal?<br>1. Muy bien 2. Bien 3.Regular 4. Mal 5. Muy mal 9.NS/NR   |
| GE14  | En los próximos años ¿Ud. diría que su negocio mejorará, se mantendrá o va a empeorar?<br>1. Mejorará 2. Se mantendrá 3. Va a empeorar 9.NS/NR   |
| <b>3. INCREMENTO DE PRODUCCIÓN</b>                    |  |
| IP1   | ¿Cuántos tipos de productos o servicios ofrece hoy en día? <b>(LEER LAS OPCIONES)</b><br>1. La misma cantidad de productos o servicios. ¿Cuántos? _____<br>2. Menos productos o servicios. ¿Cuántos? _____<br>3. Más productos o servicios. ¿Cuántos? _____<br>9. NS/NR  |
| IP2   | Para buscar un mejor desempeño de su negocio ¿Ud. ha realizado algún cambio o mejora en la forma de trabajo, producción o venta?<br>1. Sí. Especifique: _____<br>_____<br>_____<br>2. No<br>9. NS/NR   |
| IP3   | Desde que inició su negocio hasta el día de hoy ¿Ud. ha aumentado los canales de comercialización, o ampliado su cantidad de clientes?<br>1. Sí<br>2. No<br>8. No aplica<br>9. NS/NR   |
| Desde que inició su negocio ¿compró o ha invertido... |  |
| IP4   | ... en mercadería o materia prima? 1. Sí 2. No 9. NS/NR  |
| IP5   | ... en infraestructura o instalaciones? 1. Sí 2. No 9. NS/NR   |
| IP6   | ... en herramientas o equipos? 1. Sí 2. No 9. NS/NR  |
| IP7   | ... en transportes o vehículos? 1. Sí 2. No 9. NS/NR   |
| IP8   | ¿Considera Ud. que el monto del crédito que fue tramitado o que obtuvo, fue suficiente para lo que tenía planeado? <b>(SONDEE LA MEJOR RESPUESTA)</b><br>1. NO LE ALCANZÓ Y TUVO GRANDES DIFICULTADES<br>2. NO LE ALCANZÓ Y TUVO DIFICULTADES<br>3. LE ALCANZÓ JUSTO Y TUVO DIFICULTADES<br>4. LE ALCANZÓ JUSTO Y SIN GRANDES DIFICULTADES<br>5. LE ALCANZÓ BIEN<br>9. NS/NR |
| <b>4. PERMANENCIA DE LA ACTIVIDAD</b>                 |  |
| ¿En su negocio Ud....                                 |  |
| PA1   | ... lleva algún tipo de registro contable? 1. Sí 2. No 9. NS/NR  |
| PA2   | ... tiene algún plan de negocio? 1. Sí 2. No 9. NS/NR  |
| PA3   | ... tiene cédula jurídica? 1. Sí 2. No 9. NS/NR  |
| PA4   | ... tiene patente comercial? 1. Sí 2. No 9. NS/NR  |
| PA5   | ... utiliza Internet? 1. Sí 2. No 9. NS/NR   |
| PA6   | ... hizo declaración de renta en el último año de operación? 1. Sí 2. No 9. NS/NR  |
| PA7   | ... Ud. y sus trabajadores, en caso de tenerlos, tienen seguro de la CCSS? 1. Sí 2. No 9. NS/NR  |



|   |  |       |       |          |
|---|--|-------|-------|----------|
| PA8   | ... maneja separadamente el dinero de su negocio y el de sus gastos personales o familiares?   | 1. Si | 2. No | 9. NS/NR |
| PA9   | ... desarrolla su negocio en su casa o en un anexo a esta?   | 1. Si | 2. No | 9. NS/NR |
| PA10  | ... desarrolla su negocio en un local propio, alquilado, prestado o cedido?<br>1. Propio 2. Alquilado 3. Prestado 4. Cedido 5. Otro 9. NS/NR   |       |       |          |
| <b>5. INGRESOS</b>  |  |       |       |          |
| A continuación voy a hacer algunas preguntas sobre los ingresos percibidos que son muy importantes para nuestro trabajo, por esa razón queremos recordarle que la información que Ud. nos dé es absolutamente confidencial y nunca se asociará con Ud. directamente |  |       |       |          |
| IN1   | Cuando Ud. comenzó con su negocio, aproximadamente ¿cuánto era la ganancia mensual neta que recibía? Entendiendo por ganancia neta de su negocio, lo que le sobró luego de realizar los gastos fijos del mes y restarlos con los ingresos generados ese mes.<br>_____  |       |       |          |
| IN2   | Hoy en día, aproximadamente ¿cuánta es la ganancia mensual neta que recibe?<br>_____   |       |       |          |
| IN3   | ¿Ud. considera que los ingresos obtenidos en su negocio dependen demasiado, mucho, poco, nada de la temporada?<br>1. Demasiado 2. Mucho 3. Regular 4. Poco 5. Nada 9. NS/NR  |       |       |          |
| IN4   | ¿Considera que la ganancia de su negocio ha aumentado, se mantiene o ha disminuido con el paso del tiempo?<br>1. Ha aumentado 2. Se mantiene 3. Ha disminuido 9. NS/NR   |       |       |          |
| <b>6. CAPACITACIÓN</b>  |  |       |       |          |
| C1  | ¿De cuáles instituciones ha recibido capacitaciones para su negocio?<br>1. _____<br>2. _____<br>3. _____<br>88. No ha recibido capacitaciones ( <b>PASE A CS1</b> )<br>99. NS/NR ( <b>PASE A CS1</b> )   |       |       |          |
| C2  | ¿De qué temas han tratado estas capacitaciones? ( <b>PUEDE MARCAR VARIAS OPCIONES</b> )<br>1. Contabilidad<br>2. Mercadeo<br>3. Plan de negocios<br>4. Costos y precios<br>5. Desarrollo organizacional<br>6. Desarrollo de habilidades personales<br>7. Otros. Especifique: _____<br>9. NS/NR   |       |       |          |
| C3  | ¿Ud. ha recibido alguna capacitación de PRONAMYPE o FIDEIMAS que tenga que ver con su negocio?<br>1. Sí 2. No ( <b>PASE A CS1</b> ) 9. NS/NR ( <b>PASE A CS1</b> )   |       |       |          |
| C4  | Basándose en esas capacitaciones recibidas por PRONAMYPE o FIDEIMAS ¿Ud. cree que esta capacitación le ha ayudado a mejorar el funcionamiento y el desempeño del negocio?<br>1. Sí 2. No 9. NS/NR  |       |       |          |
| C5  | Basándose en esas capacitaciones recibidas por PRONAMYPE o FIDEIMAS ¿qué tan importantes fueron los contenidos o temas dados para Ud. y su negocio? ¿Diría que muy importantes, importantes, poco importantes, nada importantes?<br>1. Muy importantes<br>2. Importantes<br>3. Más o menos importantes<br>4. Poco importantes<br>5. Nada importantes |       |       |          |

|  |   |  |  |
|--|---|--|--|
|  | 9. NS/NR  |  |  |
| C6   | <p>¿Está Ud. muy satisfecho(a), satisfecho(a), insatisfecho(a), muy insatisfecho(a) con la(s) capacitación(es) brindadas por PRONAMYPE o FIDEIMAS?</p> <p>1. Muy insatisfecho(a)<br/> 2. Insatisfecho(a)<br/> 3. Ni satisfecho(a) ni insatisfecho<br/> 4. Satisfecho(a)<br/> 5. Muy satisfecho(a)<br/> 9. NS/NR</p>   |  |  |
| C7   | <p>¿Considera Ud. que lo que aprendió en esas capacitaciones le han sido útiles para su negocio?</p> <p>1. Sí 2. No 9. NS/NR</p>  |  |  |
| <b>7. CARACTERÍSTICAS SOCIODEMOGRÁFICAS</b>  |   |  |  |
| CS1  | <p><b>ANOTE EL SEXO DE LA PERSONA ENTREVISTADA</b></p> <p>1. HOMBRE 2. MUJER</p>  |  |  |
| CS2  | <p>¿Cuál es su edad en años cumplidos?</p> <p><b>ANOTE LA EDAD:</b> _____</p>   |  |  |
| CS3  | <p>¿Cuál es su estado civil? <b>(PUEDE LEER LAS OPCIONES)</b></p> <p>1. Soltero(a) 2. Casado(a) 3. Divorciado(a) 4. Separado(a) 5. Viudo(a) 6. Unión libre</p>  |  |  |
| CS4  | <p>¿Es Ud. el jefe o jefa de hogar?</p> <p>1. Sí 2. No 3. Compartida 9. NS/NR</p>   |  |  |
| CS5  | <p>¿Cuál es su último año educativo aprobado?</p> <table border="0" style="width: 100%;"> <tr> <td style="width: 50%;"> 1. SIN ESCOLARIDAD<br/> 2. PRIMARIA INCOMPLETA<br/> 3. PRIMARIA COMPLETA<br/> 4. SECUNDARIA INCOMPLETA<br/> 5. SECUNDARIA COMPLETA </td> <td style="width: 50%;"> 6. FORMACIÓN TÉCNICA O<br/> ARAUNIVERSITARIA<br/> 7. UNIVERSITARIA INCOMPLETA<br/> 8. UNIVERSITARIA COMPLETA<br/> 9. NS/NR </td> </tr> </table> | 1. SIN ESCOLARIDAD<br>2. PRIMARIA INCOMPLETA<br>3. PRIMARIA COMPLETA<br>4. SECUNDARIA INCOMPLETA<br>5. SECUNDARIA COMPLETA | 6. FORMACIÓN TÉCNICA O<br>ARAUNIVERSITARIA<br>7. UNIVERSITARIA INCOMPLETA<br>8. UNIVERSITARIA COMPLETA<br>9. NS/NR |
| 1. SIN ESCOLARIDAD<br>2. PRIMARIA INCOMPLETA<br>3. PRIMARIA COMPLETA<br>4. SECUNDARIA INCOMPLETA<br>5. SECUNDARIA COMPLETA | 6. FORMACIÓN TÉCNICA O<br>ARAUNIVERSITARIA<br>7. UNIVERSITARIA INCOMPLETA<br>8. UNIVERSITARIA COMPLETA<br>9. NS/NR  |  |  |
| CS6  | <p>¿Su condición laboral es... <b>(PUEDE LEER OPCIONES Y MARCAR VARIAS OPCIONES)</b></p> <p>1. Patrono<br/> 2. Trabaja por cuenta propia<br/> 3. Empleado de empresa privada<br/> 4. Empleado del sector público<br/> 5. Empleado en casa particulares<br/> 6. Ayudante sin recibir pago<br/> 7. Otros<br/> 9. NS/NR</p>  |  |  |
| CS7  | <p>¿Su vivienda es... <b>(LEA LAS OPCIONES)</b></p> <p>1. Propia 2. Alquilada 3. Prestada 4. Cedida 5. Precario 8. Otra</p>   |  |  |
| CS8  | <p>Incluyéndose Ud. ¿cuántas personas de 18 años y más viven en su casa?</p> <p style="text-align: right;"><b>#MIEMBROS 18Y+:</b> _____</p>   |  |  |
| CS9  | <p>¿Cuántas personas menores de 18 años residen en su casa?</p> <p style="text-align: right;"><b>#MIEMBROS -18:</b> _____</p>   |  |  |
| CS10   | <p>¿Cuántas de estas personas aportan un ingreso económico al hogar mensualmente?</p> <p style="text-align: right;">_____</p>   |  |  |
| CS11   | <p>¿El trabajo que usted realiza con su actividad o negocio representa el principal ingreso al hogar?</p> <p>1. Sí 2. No 9. NS/NR</p>   |  |  |
| CS12   | <p>Aproximadamente ¿Cuánto es el ingreso mensual total del hogar?</p> <p style="text-align: right;"><b>Cifra exacta:</b> _____</p>  |  |  |
| CS13   | <p>¿Su hogar recibe algún ingreso extra por transferencias, becas u otros subsidios?</p> <p>1. Sí ¿Cuánto? _____<br/> ¿De quién? _____</p> <p>2. No</p>   |  |  |

|   |   |
|---|---|
|   | 9. NS/NR  |
| C6  | ¿Está Ud. muy satisfecho(a), satisfecho(a), insatisfecho(a), muy insatisfecho(a) con la(s) capacitación(es) brindadas por PRONAMYPE o FIDEIMAS?<br>1. Muy insatisfecho(a)<br>2. Insatisfecho(a)<br>3. Ni satisfecho(a) ni insatisfecho<br>4. Satisfecho(a)<br>5. Muy satisfecho(a)<br>9. NS/NR    |
| C7  | ¿Considera Ud. que lo que aprendió en esas capacitaciones le han sido útiles para su negocio?<br>1. Sí 2. No 9. NS/NR   |
| <b>7. CARACTERÍSTICAS SOCIODEMOGRÁFICAS</b> |   |
| CS1   | <b>ANOTE EL SEXO DE LA PERSONA ENTREVISTADA</b><br>1. HOMBRE 2. MUJER   |
| CS2   | ¿Cuál es su edad en años cumplidos?<br><b>ANOTE LA EDAD.</b> _____  |
| CS3   | ¿Cuál es su estado civil? ( <b>PUEDE LEER LAS OPCIONES</b> )<br>1. Soltero(a) 2. Casado(a) 3. Divorciado(a) 4. Separado(a) 5. Viudo(a) 6. Unión libre   |
| CS4   | ¿Es Ud. el jefe o jefa de hogar?<br>1. Sí 2. No 3. Compartida 9. NS/NR  |
| CS5   | ¿Cuál es su último año educativo aprobado?<br>1. SIN ESCOLARIDAD<br>2. PRIMARIA INCOMPLETA<br>3. PRIMARIA COMPLETA<br>4. SECUNDARIA INCOMPLETA<br>5. SECUNDARIA COMPLETA<br>6. FORMACIÓN TÉCNICA O<br>ARAUNIVERSITARIA<br>7. UNIVERSITARIA INCOMPLETA<br>8. UNIVERSITARIA COMPLETA<br>9. NS/NR    |
| CS6   | ¿Su condición laboral es... ( <b>PUEDE LEER OPCIONES Y MARCAR VARIAS OPCIONES</b> )<br>1. Patrono<br>2. Trabaja por cuenta propia<br>3. Empleado de empresa privada<br>4. Empleado del sector público<br>5. Empleado en casa particulares<br>6. Ayudante sin recibir pago<br>7. Otros<br>9. NS/NR |
| CS7   | ¿Su vivienda es... ( <b>LEA LAS OPCIONES</b> )<br>1. Propia 2. Alquilada 3. Prestada 4. Cedida 5. Precario 8. Otra  |
| CS8   | Incluyéndose Ud. ¿cuántas personas de 18 años y más viven en su casa?<br><b>#MIEMBROS 18Y+:</b> _____   |
| CS9   | ¿Cuántas personas menores de 18 años residen en su casa?<br><b>#MIEMBROS -18:</b> _____   |
| CS10  | ¿Cuántas de estas personas aportan un ingreso económico al hogar mensualmente?<br>_____   |
| CS11  | ¿El trabajo que usted realiza con su actividad o negocio representa el principal ingreso al hogar?<br>1. Sí 2. No 9. NS/NR  |
| CS12  | Aproximadamente ¿Cuánto es el ingreso mensual total del hogar?<br><b>Cifra exacta:</b> _____  |
| CS13  | ¿Su hogar recibe algún ingreso extra por transferencias, becas u otros subsidios?<br>1. Sí ¿Cuánto? _____<br>¿De quién? _____<br>2. No  |



## • Appendix C: Qualitative Instruments

UNIVERSITÄT DES SAARLANDES  
Logistic support Universidad de Costa Rica

GUIA DE ENTREVISTA  
SEMI ESTRUCTURADA  
Organizaciones Intermediarias

A2 PROVINCIA \_\_\_ A3 CANTÓN \_\_\_ A4 DISTRITO \_\_\_ A6 ZONA \_\_\_

Nombre del entrevistado:

.....

### Introducción

Buenos días/tardes/noches: Mi nombre es ... y le llamó de parte del PRONAMYPE, en coordinación con ...**LA ORGANIZACIÓN INTERMEDIARIA**...y la Universidad de Costa Rica realizan una investigación en procura de la mejora del programa.

#### A. La organización intermediaria: su quehacer

1. ¿Brevemente, podría decirme qué es y hace su Organización?
2. ¿Cuál es y cómo caracteriza usted la población meta que atiende su Organización?
3. ¿Qué nivel económico tienen? (LPE, LP, vulnerable)?
4. ¿Tienen ustedes otras alianzas estratégicas y posibilidades de crédito a sus asociados? Cuáles son estas?

#### B. Trabajo con PRONAMYPE y esquema de trabajo

5. ¿Desde hace cuánto tiempo tienen línea de crédito con PRONAMYPE?
6. ¿Cuáles han sido las principales ventajas y desventajas de tener esta línea de crédito?
7. ¿El modelo y tasa de interés es favorable para ustedes?
8. ¿Cómo ha sido el movimiento de la cartera en los últimos 5 años (disminuido o aumentado)?
9. ¿Los cambios de Dirección Ejecutiva de Pronamype han tenido incidencia en los lineamientos de trabajo?
10. ¿Qué recomendación brindaría a Pronamype para mejorar su oferta de servicios financieros?
11. ¿Cómo definen (criterios de elegibilidad) y seleccionan (instrumento) ustedes la clientela de crédito Pronamype y la de sus otras líneas de crédito?
12. ¿Cuáles considera que son las principales necesidades y obstáculos (internos o externos) de los emprendimientos al momento de llegar a solicitar un crédito?
13. ¿Llevan ustedes registro de las solicitudes de crédito Pronamype rechazadas por los analistas de crédito del programa? ¿Por qué?
14. ¿Tienen registro de clientes o tasa de inactividad o no funcionamiento de los emprendimientos (mortalidad)?
  - ¿Existen efectos no esperados?

#### D. Contexto local

15. ¿Qué papel juega el contexto local en el éxito o fracaso de un microempresario?
16. ¿En qué medida se relacionan los proyectos productivos con las necesidades comunitarias?
17. ¿Cómo influye el nivel de asociatividad de su organización con los emprendimientos, en el éxito de estos?

#### D. Perfil de los micro emprendimientos

18. ¿Cómo define y caracteriza las actividades que desarrollan los asociados apoyados por PRONAMYPE (emprendimiento, microempresa, etc.)?
  19. ¿Cuáles son las condiciones existentes en términos de aprendizaje, nivel organizativo y productivo que tienen los emprendimientos al recibir un crédito?
  20. ¿Cómo se caracterizaría un caso no exitoso y uno exitoso?

**E. Resultados e indicadores**

- 21. En qué ayuda o ha ayudado a los emprendimientos y las personas el crédito obtenido?
- 22. Desde que obtuvieron el crédito: cómo valora el nivel de empleo?  
: cómo valora el nivel de producción?  
: cómo valora usted el grado de informalidad o formalidad?
- 23. En general, cuál es el principal problema o limitación de los emprendimientos?
- 24. En general, cuál considera es el principal beneficio que han obtenido sus asociados gracias al préstamos de su Organización en asocio con PRONAMYPE?

**F. Capacitación y asistencia técnica**

- 25. Pronamype le ofreció servicios de capacitación para complementar el crédito?
- 26. Si fue así, Cuál es su experiencia de esta coordinación?
- 27. Tiene conocimiento de que la incidencia de la capacitación en el manejo de los negocios de las personas que la recibieron? (indagar sobre los aprendizajes esperados y puesta en práctica).
- 28. Cuál es el efecto de la capacitación en la productividad e ingresos económicos?
- 29. Qué recomendación brindaría a Pronamype para potenciar este apoyo formativo a sus clientes?

**G. M&E**

- 30. Qué tipo de seguimiento realizan ustedes a las personas beneficiarias de créditos Pronamype para verificar el uso del crédito?

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**ANOTE HORA DE FIN DE ENTREVISTA** H \_\_\_\_\_ M \_\_\_\_\_ **(FORMATO DE 24 HORAS)**

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**AGRADEZCA Y TERMINE LA ENTREVISTA**

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|   |  |
|---|--|
| <b>FECHA DE ENTREVISTA</b><br>DÍA: _____ MES: _____ | <b>CODIGO DE ENTREVISTADOR(A)</b><br>_____ |
|---|--|

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A2 PROVINCIA \_\_\_ A3 CANTÓN \_\_\_ A4 DISTRITO \_\_\_ A6 ZONA \_\_\_

Nombre del entrevistado:

Introducción

Buenos días/tardes/noches: Mi nombre es ... y le llamé de parte del PRONAMYPE, en coordinación con ...**LA ORGANIZACIÓN INTERMEDIARIA**...y la Universidad de Costa Rica realizan una investigación en procura de la mejora del programa.

**A. Nombre del Capacitador:**

- ¿Cuáles son sus áreas de trabajo?
- ¿Hace cuánto tiempo presta servicios para PRONAMYPE?

**B. Perfil de la población meta**

- ¿Cómo caracteriza la población meta que asiste a las capacitaciones?
- ¿Qué nivel económico tienen? (LPE, LP, vulnerable)?
- Sabe usted, ¿cómo es que se vinculan a un proceso de capacitación?

**C. Perfil del micro emprendimiento**

- ¿La población capacitada parte de una idea de negocio o una actividad productiva en marcha?
- ¿Cómo define y caracteriza las actividades que desarrollan las poblaciones (emprendimiento, microempresa, etc)?

**D. Contexto local**

- ¿Qué papel juega el contexto local en el éxito o fracaso de un microempresario?
- ¿En qué medida se relacionan los proyectos productivos con las necesidades comunitarias?
- Existe articulación con el contexto institucional público/privado?

**E. Relevancia curricular**

- ¿Cuál es el enfoque de capacitación de PRONAMYPE?
- PRONAMYPE provee de un diagnóstico local o identificación de necesidades?
- ¿Con qué tipo de necesidades (implícitas o explícitas) o expectativas llegan las personas?
- ¿Cómo se llaman los cursos que usted imparte y en qué consiste?
- ¿Qué metodología utiliza?

**F. Aprendizaje**

- ¿Cuáles son los aprendizajes esperados? (habilidades, capacidades, herramientas)
- ¿Cómo se valora el potencial o la aplicación práctica posterior? (conoce de experiencias)

**D. Cambios esperados**

- ¿Cuáles son los efectos esperados a partir de ese aprendizaje? (indagar sobre, Habilidades personales - Participación comunal – Asociatividad - Mejora de los proyectos)
- ¿Cuál es el efecto de la capacitación en la productividad e ingresos económicos?
- ¿Cómo se caracterizaría un caso no exitoso y uno exitoso?
- De qué manera, en su criterio, ¿podrían ser medidos los cambios?
- ¿En qué medida el éxito de una capacitación depende del aporte de otras instituciones o instancias?
- ¿Qué papel juega el acceso al crédito?
- ¿Las personas que asisten, tienen crédito o la perspectiva de accederlo?

**E. Sugerencias de mejora**

- ¿Cuál es la principal fortaleza y oportunidad de mejora de PRONAMYPE?

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**A. Introducción**

1. UCR, PRONAMYPE, evaluación para la mejora

**B. Asociatividad: relación emprendedora con O.I.**

2. Brevemente, podría decirme qué es y hace su Organización, ¿desde hace cuánto y por qué están afiliados a O.I.?
3. ¿Cuál es el mayor beneficio que ustedes obtienen al estar afiliados a ...(O.I.)?

**C. Descripción de los emprendimientos**

4. Brevemente, podrían contarnos qué realizan ustedes, ¿en qué consiste su actividad?
5. ¿Cómo definen o caracterizarían ustedes sus emprendimientos o actividades productivas?

**D. Situación actual de los emprendimientos**

6. ¿Qué es lo que su negocio necesita en este momento para crecer y brindarle mayor producción e ingresos? (indagar factores de éxito)
7. ¿Cuáles son los mayores riesgos de fracasar que tiene su negocio en este momento? (indagar factores negativos)
8. Quién o qué institución le ha dado seguimiento a su idea productiva

**F. Resultados e indicadores**

9. ¿Cómo organizan su tiempo para poder atender las labores de la casa, sus otras actividades y el invernadero?
10. Desde que obtuvieron el crédito: ¿cómo valoran su nivel de empleo?  
: cómo valora el nivel de producción?  
: cómo valora usted el grado de informalidad o formalidad?
11. ¿De qué forma les ayuda los ingresos que ustedes obtienen a través de
12. En general, ¿cuál es el principal problema o limitación que ustedes han enfrentado?
13. En general, ¿cuál considera es el principal beneficio que han obtenido sus asociados gracias al préstamos de su Organización en asocio con PRONAMYPE?
14. Aspectos a nivel personal y familiar
15. Empoderamiento

**G. Contexto local**

16. ¿Qué papel juega el contexto local en el éxito o fracaso de un microempresario?
17. ¿En qué medida se relacionan los proyectos productivos con las necesidades comunitarias?
18. ¿Cómo influye el nivel de asociatividad de su organización con los emprendimientos, en el éxito de estos?

**E. Capacitación y asistencia técnica**

19. PRONAMYPE le ofreció servicios de capacitación para complementar el crédito?
20. Si fue así, ¿Cuál es su experiencia de esta coordinación?
21. ¿Cómo consideran ustedes que les ha ayudado la capacitación en la productividad y generación de ingresos económicos en sus actividades?
22. ¿Tiene usted necesidades de capacitación para mejorar el manejo de su negocio? ¿Cuáles?
23. ¿Qué recomendación brindaría a PRONAMYPE para potenciar este apoyo formativo a sus clientes?

A2 PROVINCIA \_\_\_ A3 CANTÓN \_\_\_ A4 DISTRITO \_\_\_ A6 ZONA \_\_\_

| INTENTOS              | 1       | 2       | 3       | 4       | 5       |
|-----------------------|---------|---------|---------|---------|---------|
| DÍA Y MES             | ___/___ | ___/___ | ___/___ | ___/___ | ___/___ |
| HORA Y MINUTOS (24 H) | __:__   | __:__   | __:__   | __:__   | __:__   |
| RESULTADO*            |         |         |         |         |         |

\*1=COMPLETA, 2=INCOMPLETA, 3=RECHAZADA, 4=PENDIENTE, 5=NO REALIZADA  
POR OTRAS RAZONES

Nombre del informante: \_\_\_\_\_ Tipo de resultados del beneficiario según estimaciones de las  
encuesta: Positivo \_\_\_ Negativo \_\_\_

#### GRUPO TRATAMIENTO

Buenos días/tardes/noches: Mi nombre es ... y le llamó de parte de la UCR y PRONAMYPE, en coordinación con ...**LA ORGANIZACIÓN INTERMEDIARIA...** La razón de mi llamada, es para realizarle una breve entrevista orientada a conocer los beneficios que se podrían obtener con el apoyo de ...**LA O.I...** y PRONAMYPE. De manera que necesito conversar con \_\_\_\_\_, ¿se encuentra?

**ENTREVISTADOR(A): UNA VEZ QUE CONTACTE A LA PERSONA INDICADA REPITA LA INTRODUCCIÓN EXCLUYENDO LA ORACIÓN EN NEGRITA. ADEMÁS AGREGUE: ...le agradecería mucho su cooperación. La entrevista es confidencial y voluntaria, la información que nos dé no será compartida y no le quitaré mucho tiempo. ¿Puedo empezar la entrevista?**

#### GRUPO CONTROL

Buenos días/tardes/noches: Mi nombre es ... y le llamó de parte de la UCR y PRONAMYPE, en coordinación con **FIDEMAS** La razón de mi llamada, es para realizarle una breve entrevista orientada a conocer los beneficios que se podrían obtener con el apoyo de **FIDEIMAS**

**ENTREVISTADOR(A): UNA VEZ QUE CONTACTE A LA PERSONA INDICADA REPITA LA INTRODUCCIÓN EXCLUYENDO LA ORACIÓN EN NEGRITA. ADEMÁS AGREGUE: ...le agradecería mucho su cooperación. La entrevista es confidencial y voluntaria, la información que nos dé no será compartida y no le quitaré mucho tiempo. ¿Puedo empezar la entrevista?**

### 1. Información general del Emprendimiento

*Introducción temática: ... a raíz del apoyo que usted gestionó con... (leer nombre de la O.I.) y PRONAMYPE para la obtención de un crédito, en la entrevista anterior, nosotros supimos que usted se dedica a... (Mencionar a la persona lo que hace, produce u ofrece), por lo que ahora dando seguimiento, queríamos ampliar hacerle unas breves preguntas:*

- ¿En la actualidad y luego de 1 año, el negocio para el cual se solicitó el o los préstamo de PRONAMYPE/O.I./FIDEIMAS sigue en funcionamiento? a) Sí b) No (indagar fecha cierre y causas y motivos).
- ¿Cómo va su actividad / negocio (se está dando lo que usted esperaba)? Por qué?
- Don/ Doña..., muy rápidamente usted podría contarme cómo está organizado (administrativamente, productivamente, qué tiempo dedica, etc) su actividad/negocio? (escuchar respuesta e indagar y consultar por aspectos + y - de la actividad)
  - Cuál es el punto fuerte de su negocio?
  - Mencione el principal problema o limitación?

### 2. Generación de Empleo

- Don/ Doña..., ¿por qué usted se dedica a esa ... (mencionar la actividad) y no a otra cosa (o trabaja en algún lugar)? (indagar las razones o factores de por qué es un cuentapropista, o no es un trabajador asalariado).
- (0 personal) Usted sigue trabajando solo? Por qué motivos no contrata a alguien que le ayude o a más personal?  
(X personal) Usted aún mantiene contratada a las personas que nos indicó la vez pasada?
  - Cómo hace para poder cubrir los salarios?



- b) Cómo está contratado el personal (T/C, T/P, por horas, contrato)?
6. Cuánto le apoyan a usted los miembros de su familia en el trabajo y actividades que realiza? y (indagar qué tanto depende de la mano de obra familiar y qué papel juega la familia)
7. Usted considera que su actividad es un actividad suya a nivel individual o una actividad más de tipo familiar?

### 3. Incremento de la producción

8. Hoy en día en su negocio usted ofrece (leer las opciones)
- a) La misma cantidad de productos o servicios. ¿por qué?
- b) Menos productos o servicios. ¿por qué?
- c) Más productos o servicios. ¿por qué?
- a) Actualmente: ¿Usted qué ha hecho para mejorar el producto/servicio (mencionarlo) que ofrece?  
... incrementar su producción?  
... incrementar sus ventas? ... por qué?
- b) ¿Qué cree que necesita usted, para aumentar su producción, sus ventas o servicios? ¿Qué haría para lograrlo?

### 4. Permanencia de la actividad

- c) ¿Usted cuenta con un plan de negocios en su actividad? (explicar qué es – no todos los saben)
- a) Sí ¿Cuáles han sido los beneficios?
- b) No Por qué?
13. Usted desarrolla su negocio en su casa o en un anexo? Por qué? (indagar solvencia o dificultades)

### 5. Ingresos

14. En su actividad usted considera que actualmente usted está ganando o perdiendo ganancias? Por qué?
15. ¿Cómo hace para cubrir el pago mensual del crédito y sus intereses?
16. ¿El trabajo que usted realiza con su actividad o negocio representa el principal ingreso al hogar?  
a) Sí b) No (indagar)

### 6. Capacitaciones (recordar que Q2 tiene la intervención de la capacitación)

17. ¿Ha recibido alguna capacitación de PRONAMYPE en su negocio?
- Sí: Cómo fueron esas capacitaciones?  
Qué beneficios le dio esa capacitación a usted y su actividad?
18. Actualmente ¿qué necesidades de capacitación tiene usted para mejorar su vida personal y su negocio?
19. ¿Cuáles serían algunas recomendaciones para mejorar los procesos de capacitación en los que usted ha participado?

### 7. Cierre

21. ¿Qué significa para usted trabajar por cuenta propia en su propio negocio?
22. ¿En qué le ayudó a usted, su negocio y su familia, el crédito que usted obtuvo?
- Volvería solicitar otro crédito? Por qué?
23. Finalmente, si usted pudiera recomendarle algo a PRONAMYPE o (mencionar la I.O.) para le ayuden a usted en su negocio, qué sería les recomendaría?

AGRADEZCA Y TERMINE LA ENTREVISTA

Observaciones del entrevistador:

ANOTE HORA DE FIN DE ENTREVISTA H \_\_\_\_\_ M \_\_\_\_\_ (FORMATO DE 24 HORAS)

FECHA DE ENTREVISTA  
DÍA: \_\_\_\_ MES: \_\_\_\_

CODIGO DE ENTREVISTADOR(A) \_\_\_\_\_

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| INTENTOS   | 1       | 2       | 3       | 4       | 5       |
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| DÍA Y MES  | ___/___ | ___/___ | ___/___ | ___/___ | ___/___ |
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| RESULTADO*   |         |         |         |         |         |
| <b>*1=COMPLETA, 2=INCOMPLETA, 3=RECHAZADA, 4=PENDIENTE, 5=NO REALIZADA POR OTRAS RAZONES</b>   |         |         |         |         |         |
| Nombre del informante (para control interno):  |         |         |         |         |         |
| <b>GRUPO TRATAMIENTO</b>   |         |         |         |         |         |
| Buenos días/tardes/noches: Mi nombre es... y le llamó de parte de la UCR y PRONAMYPE, en coordinación con ... <b>LA ORGANIZACIÓN INTERMEDIARIA...</b> A raíz del apoyo que usted gestionó con.... (leer nombre de la O.I.) y PRONAMYPE para la obtención de un crédito, el año pasado se le llamó y conocimos que usted había tenido que cerrar la actividad para la cual había solicitado el micro crédito, nosotros continuamos dando seguimiento y deseamos realizarle solo una breves preguntas. |         |         |         |         |         |

**A. SEGMENTO DE PREGUNTAS INDISPENSABLES**

1. ACTIVIDAD: ¿Cuál era la actividad que usted realizaba y para la cual solicitó el crédito?
2. AÑO DE INICIO: ¿En qué año exacto había iniciado usted con esa actividad? 
  - Indagar si es posible, el mes o si fue en el primera o segunda parte del año.
3. AÑO DE CREDITO: ¿En qué año solicitó y le fue otorgado el préstamo? 
  - Indagar si es posible, el mes o si fue en el primera o segunda parte del año.
4. AÑO DE CIERRE: ¿En qué año tuvo usted que parar actividades o cerrar? 
  - Indagar si es posible, el mes o si fue en el primera o segunda parte del año.
5. MONTO: Cuál fue el monto del préstamos que le dieron?

**B. SEGMENTO DE PREGUNTAS COMPLEMENTARIAS**

6. Usted ya canceló el préstamo o se mantiene pagando?
  - a. ( ) Sí, ya canceló
  - b. ( ) No, aún está pagando

6.1 ¿Cómo hace para cubrir el pago mensual del crédito y sus intereses?

- c.  Lo debe y no lo está pagando
  - d.  No sabe o no responde
7. ¿Por qué motivo usted tuvo que parar actividades o cerrar?...
8. Si usted pudiera cambiar algo de lo realizado en su actividad, qué cambiaría?...
9. ¿Usted después inició o ha iniciado otra actividad por cuenta propia (indagar qué)?...
10. Actualmente ¿a qué se dedica? ...
11. ¿El trabajo que usted realiza con su actividad o negocio representa el principal ingreso al hogar?
- a.  Sí
  - b.  No
  - c.  Otro
13. ¿En qué le ayudó a perjudicó tener el crédito que usted obtuvo?
12. ¿Volvería solicitar otro crédito?
- a.  Sí Por qué?...
  - b.  No Por qué? ...
14. Finalmente, si usted pudiera recomendarle algo (mencionar la I.O.) a PRONAMYPE o que otras actividades no tengan que parar o cerrar, qué les recomendaría? ...

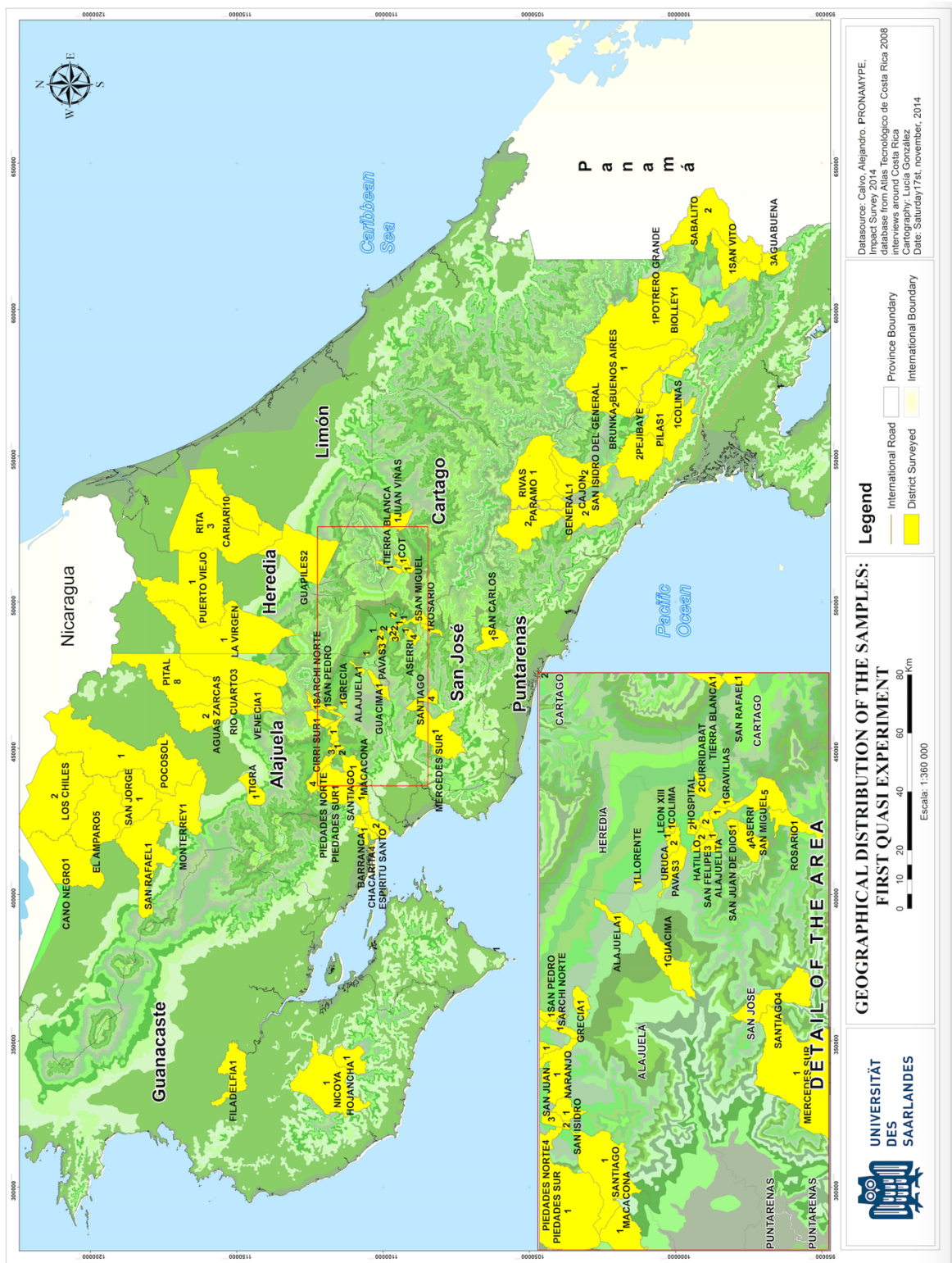
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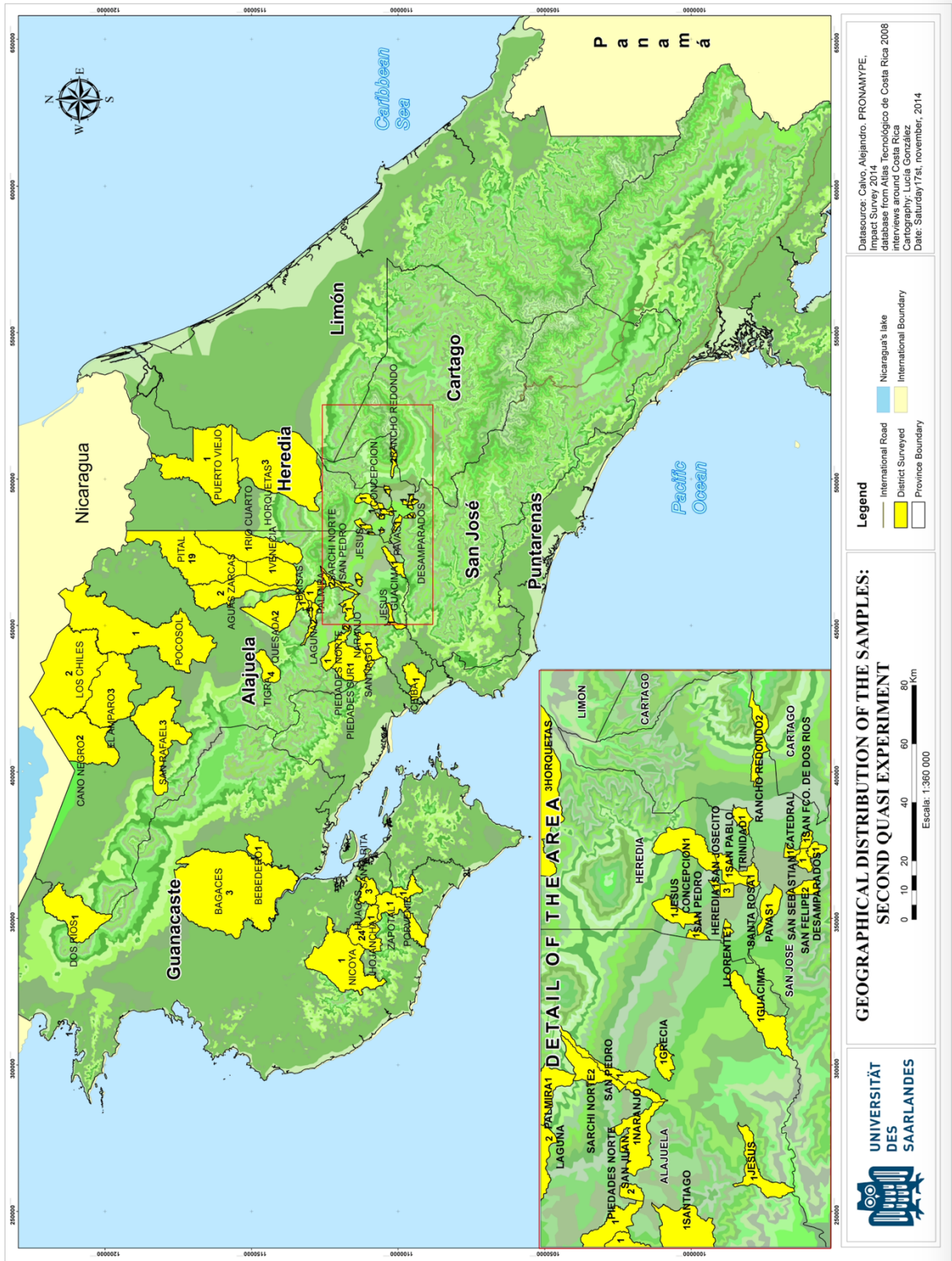
AGRADEZCA Y TERMINE LA ENTREVISTA

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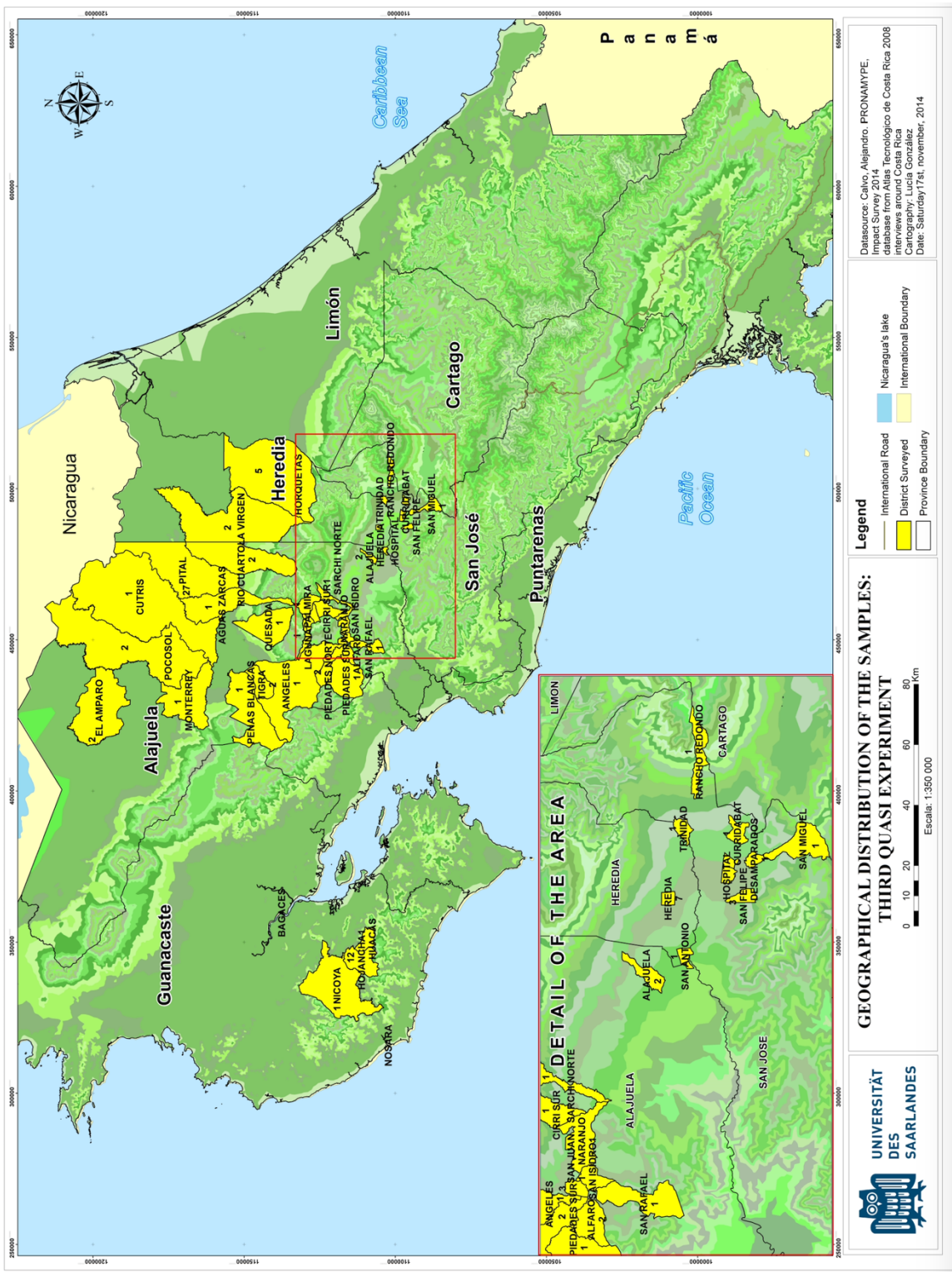
Observaciones del entrevistador: ...

- Appendix D: Geographical scope of the measurement by each quasi experiment.

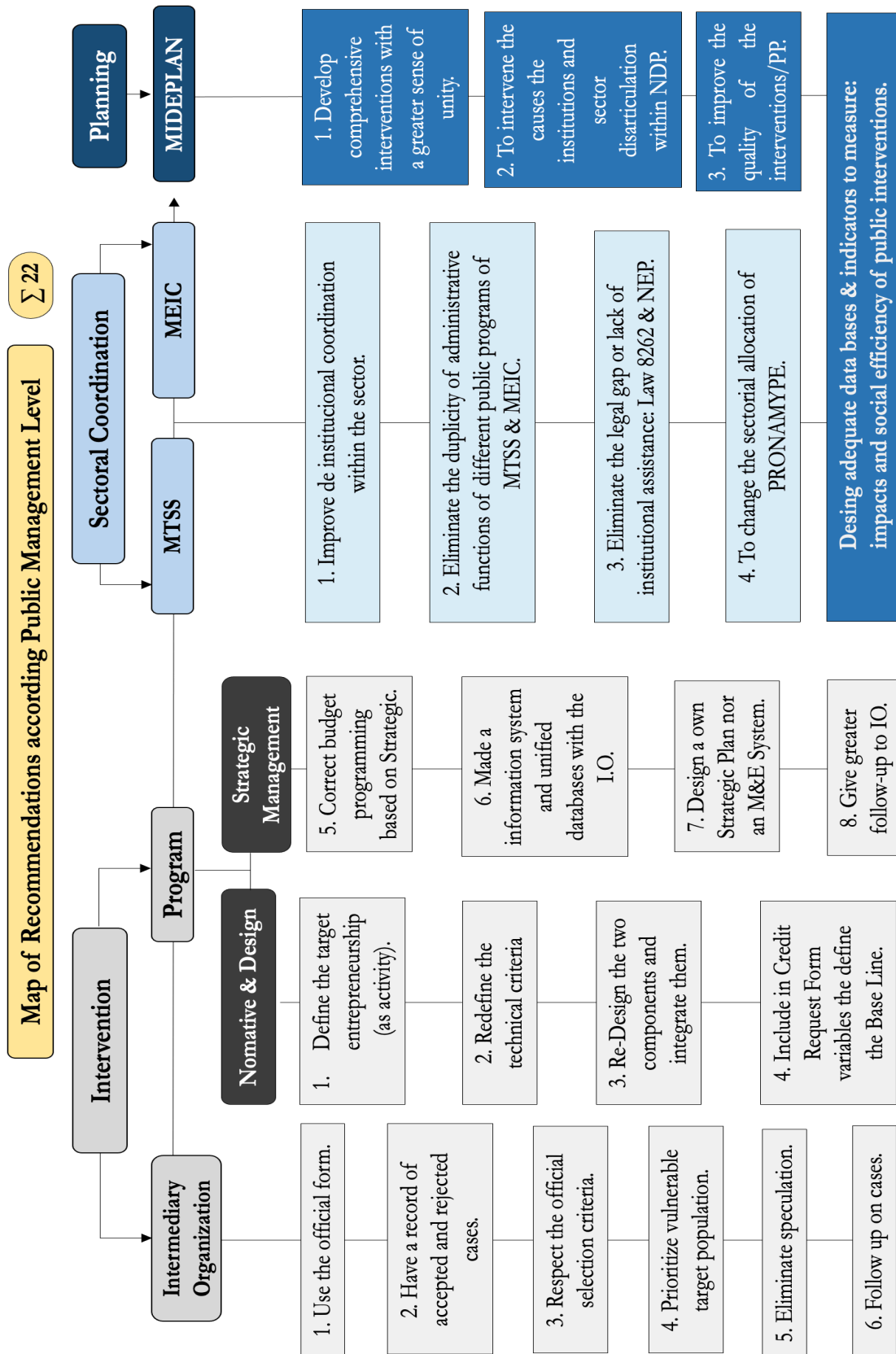








• Appendix F: Map of Recommendations according Public Management Level



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