



FIELD-Support LWA
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**First Annual Report:
January 2006 to December 2006**

by:



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1. Introduction

FIELD-Support¹ is a Leader with Associates Award² (cooperative agreement) between the office of Microenterprise Development in USAID (EGAT/PR/MD)³ and the Academy for Educational Development (AED), along with the latter's large consortium of 9 additional core partners and 17 resource organizations (see **Annex A** for listing). The AED team consists of leading NGO development organizations with a proven track record in reducing poverty and promoting sustained, equitable growth through microenterprise development, microfinance, value chain development, institution and human capacity-building, and the promotion of other market-based approaches.

The overall purpose of the FIELD-Support LWA is to effect **economic growth with poverty reduction**. FIELD-Support is dedicated to finding better and more comprehensive ways to promote economic growth that expands opportunities for poor households and their enterprises.

FIELD-Support encompasses both a core leader award and a mechanism for USAID missions to issue associate awards. The purpose of the leader award (\$10 million over five years) is to advance the frontiers of practical knowledge in relation to microfinance and microenterprise development, working in close collaboration with the MD office, USAID missions and the community of practitioners. These core funds are intended to seed innovation, demonstrate better practices, document results and disseminate findings that will advance the global state-of-the-practice.

The Associate award mechanism is intended to provide an easy way for missions and other USAID operating units to assess, design and implement comprehensive approaches to sustainable economic growth with poverty reduction, applying what has previously been learned to the problems at hand. Under this mechanism missions and USAID operating units may issue awards up to a ceiling of \$340 million over the next five years without undergoing further competition if the activities fall within the overall FIELD-Support scope of work.

FIELD-Support began operations in November 2005. This report summarizes the accomplishments of the FIELD-Support LWA through December 31, 2006. The report does not repeat the details already presented in the quarterly reports for the same period but instead tries to focus on the "bigger picture" in terms of what we achieved and what we have learned to date in the course of LWA implementation. In doing so, the report

¹ **Financial Integration, Economic Leveraging and Dissemination (FIELD) Support**

² An LWA is similar to an Indefinite Quantity Contract (IQC) but uses grants and cooperative agreements instead of contracts to carry out activities. Unlike many IQCs, however, no further competition is required to issue sub-awards under this LWA mechanism.

³ This Office will be referred to as the MD Office henceforth in this document.

aims to be forward looking with an eye on improvement. It sets out priorities for action in 2007 based on key learning and needed adjustments in approach.

2. What We Accomplished

2.1 Highlights

The most striking accomplishment in the first year was the total value of our associate awards. We received nearly \$88 million in mission buy-ins directly involving five core partners including AED. This amounts to about a quarter of the total agreement ceiling in the first year of operations even though nearly \$80 million of this total was devoted to one award—the ARIES program in Afghanistan. In the first year, we have clearly demonstrated the potential for missions to use the LWA associate award mechanism.

Another noteworthy accomplishment in 2006 involves our investment in learning. FIELD-Support started implementation of eight (8) pilot activities (totaling \$1.16 million) designed to augment practitioner-based knowledge in three thematic areas: 1) extending the scope and reach of microfinance; 2) working effectively in re-building states; and 3) exploring more integrated approaches to microenterprise development across sectors. These investments along with the learning generated from the growing number of associate awards will bear fruit in 2007 as our experience is documented and shared.

Further augmenting the learning agenda, FIELD-Support issued two grants to the SEEP Network for their Practitioner Learning Program and Innovation Grant Learning Program. These learning grants will be implemented over three years and will link FIELD-Support directly into knowledge sharing process of SEEP members.

During 2006, FIELD-Support generated a significant amount of new business for 4 core organizations and one resource organization and smaller amounts for 5 core partners and one resource organization in pilot activities. Ninety percent of the core organizations received some work under FIELD-Support in 2006.

Finally, FIELD-Support was able to establish a credible management structure within AED for the LWA consortium, a structure that works closely with the MD office to ensure good practices and coordinates with partners to provide valued services to AID missions and advance practical knowledge in microfinance and enterprise development.

2.2 Summary of Activities

Tables 1, 2 and 3 provide a summary of our main activities for calendar year 2006.

Table 1: 2006 Demonstration (Pilot) Activities

Activity/Learning theme	Funding	Implementing partners	Significance
Health Sector Pilot Project, Bangladesh	67,030	AFE	Programs focusing on the development of the health sector are often designed around a target population and/or a particular product or service and seldom take into account the overall market structures and inter-relationships that bear heavily on the sustainability of delivery. By integrating a market development approach, development programs can leverage private sector initiatives and help promote sustainable impact. This activity consisted of a study to identify opportunities to support commercial initiatives and assess the application of a market development approach to overcoming challenges of delivering specific health care products to underserved populations in Bangladesh.
Exploring more integrated approaches			
Community Managed Savings and Loan Funds - Developing Performance Management Standards	77,517	CARE & SEEP	Community Managed Savings and Loan Fund programs, in which groups of people save small sums on a regular basis and in turn lend larger sums to group members, have proved to be one of the most successful, sustainable and cost-effective methodologies for providing financial services to the poorest households. CARE, in collaboration with the SEEP network and its members, is working to develop a set of industry standard performance management ratios for community based microfinance programs. These performance measures would allow donors and formal financial institutions to rate and compare community managed microfinance programs.
Extending the reach			
Integrating the un-banked through Remittance-Linked Product Development in Guatemala	127,773	WOCCU	With an annual influx of more than \$2 billion, remittances are vital to Guatemala's economic growth as well as its largest source of foreign exchange. WOCCU and the Federacion Nacional de Cooperativas de Ahorro y Credito (FENACOAC) are working with five federation members to design and market new remittance based products and encourage those who receive remittances to join a credit union. Together, WOCCU, FENACOAC, and the credit unions are developing easily-managed products that are attractive to remittance recipients and upgrading the Credit Union's management information system to track the rate at which non-members join credit unions and the types of services they use. This project adds to our understanding of how remittances can be used to bring the un-banked portion of the population into the formal financial system. It has particular relevance for other countries in Latin America that received large amounts of remittances from workers in the United States.
Extending the reach			

Microenterprise Development in Fragile states	190,563	IRIS with CARE, SAVE, and World Vision	The IRIS Center, working in partnership with CARE, Save the Children and World Vision is developing <i>model guidelines</i> for sustainable microenterprise development work in fragile states (or what are now called rebuilding states), and will test these guidelines in <i>pilot activities</i> . The project is focusing on finding practical ways to improve <i>local institutional arrangements</i> (“enabling environments”) as they impact enterprise development, and the related areas of financial services and delivery of public services. Pilots are now being implemented in Mozambique, Angola and Ethiopia.
Working effectively in rebuilding states			
Regional Training of USAID Poverty Assessment Tools	446,560	IRIS	The lack of widely applicable, low-cost tools for poverty assessment makes it difficult for USAID to determine whether it is meeting mandated targets that half of all USAID microenterprise funds benefit the very poor. In 2003, USAID/EGAT/MD contracted IRIS to develop, test and disseminate poverty assessment tools that meet Congressional requirements for accuracy and practicality. Under this pilot, a number of Training of Trainers workshops (TOTs) are being offered to those implementing USAID funded microenterprise programs. The participants of the TOTs will then be available to train local organizations in their home countries on the use of the poverty assessment tools.
Extending the reach			
Financing Water: Using Financial Systems to Improve Access to Irrigation and Markets in Rural Peru	125,144	CARE with ACDI/VOCA	Water for productive uses – particularly for small-scale agriculture – is an essential element in improving the lives and livelihoods of the rural poor. The project will increase the yields and product variety of small-scale agricultural enterprises’ by financing irrigation systems. The project also links farm families with markets to maximize the value of increased quantity and quality of production. The project will also develop models of appropriate products and services that microfinance institutions can develop to increase access to water in rural areas.
Exploring more integrated approaches			
Social Performance Pilot Assessments	42,617	ACCION with SEEP	This project provides additional examples of practical ways to measure social performance for the practitioner community. Pilot’s activities are focused on evaluating the success of selected microfinance institutions in fulfilling their social mission and contributing to broadly accepted social goals. Social performance is an important factor in leveraging private investors for microfinance and alerting practitioners to “mission drift”.
Extending the reach			
Microfinance PLUS Social Performance	89,992	SEEP Network	This activity supports the development of a Social Performance Management (SPM) Map. The map, or state of the practice paper, will summarize SPM experience, knowledge, initiatives, and approaches to date from the NGO, private, and microfinance sectors. The map will provide stakeholders with comprehensive information to make more informed (and presumably better) decisions, regarding, for example, program management or social investment, and it will help align expectations with what is feasible and/or desirable.
Extending the reach			
All Pilots	\$1,167,196		

Table 2: Seep Network Grants

Activity	Funding	Implementing partners	Significance
Practitioner Learning Program (PLP)	413,439	SEEP	The PLP explores the key challenges facing the microfinance and microenterprise development fields through targeted grants in priority thematic areas that resonate strongly with both practitioner needs and USAID interests. The PLP is a competitively-run grants program, engaging practitioners in a collaborative learning process to document and share findings, helping to identify effective and replicable practices and innovations.
Innovation Grant Program (IGP) Learning	161,122 (with more to be added)	SEEP	The IGP Learning Networks will emphasize collaborative, peer learning to improve implementation of USAID-funded projects in enterprise development and financial services. Under the Project, learning networks are being set up for the recipients of Enterprise Development Implementation Grants and for the recipients of Financial Services Implementation Grants.

Table 3: Associate Awards

Award	Award Value	Implementing partners	Significance
Microfinance Evaluation Sector Assessment, and Activity Design (West Bank, Gaza) - WBG1	102,330	ACCION/ AED	Under the activity, ACCION International and AED conducted an evaluation of two USAID-funded microfinance activities and their institutional capacity and designed a detailed draft activity description and general implementation plan to support new interventions, services, and products for the further development of the microfinance sector based on the evaluation and sector assessment. This work resulted in a report, outlining recommended actions where USAID should focus its micro-enterprise development activities to keep the sector from collapsing in the current state of political and economic upheaval.
Agriculture, Rural Investment and Enterprise Strengthening Program in Afghanistan (ARIES)	79,999,218	AED with ACDI/VOCA, WOCCU, FINCA	The ARIES project in Afghanistan is the largest rural finance program ever funded by USAID. This project aims to establish a full spectrum and commercial viable rural finance system consisting of microfinance, credit unions, agricultural cooperatives and commercial bank financing of small and medium enterprises. This remains an important laboratory on the learning front understand best practices in the roll-out of Islamic financial products and services which make up a large part of this program.

Development Communication (DevCom/AP3)	290,000	AED	DevCOM Associate Award builds upon and helps validate original assumptions, and document the work previously begun in Morocco and Kenya within the framework of the <i>Agriculture Partnerships for Productivity and Prosperity (AP³) Project</i> . AP ³ is a global demonstration project supported by USAID that is designed to improve rural livelihoods by increasing the scale and impact of agriculture development programs. The current DevCom project will finalize demonstration activities with an emphasis on innovative, comprehensive, and integrated system/value chain approaches that will lead to sustainable environmental protection and economic growth with poverty reduction through increased productivity in the agricultural sector.
Small and Microfinance Assistance for Recovery and Transition (SMART) - WBG	7,600,000	AED, ACDI/VOCA	Microfinance Assistance for Recovery and Transition (MART) is a two-year program designed to preserve the microfinance institutional infrastructure in the West Bank and Gaza and assist microfinance intermediaries develop and adopt effective strategies and management practices during the present emergency in order to lay the foundation for a transition to sustainable growth.
Total Value of Awards	87,991,548		

2.3 Deliverables and Learning Activities

Many of the projected deliverables set out in the first annual work plan, had to be rescheduled for 2007 because the pilot projects were not yet at a point in their implementation where learning could be adequately captured, documented and shared with the larger community. While a number of deliverables had to be re-scheduled for 2007, Table 4 below gives a summary of the main deliverables for the first year of implementation under FIELD-Support.

Table 4: Main Deliverables for the First Year

<i>Type</i>	<i>Activity/Deliverable</i>	<i>Comment</i>
Management	USAID Reporting	Delivered
	Financial Reporting	Delivered
	Partner Coordination	2 general meetings were held supplemented with regular phone contact. A series of partner meetings were held to design ARIES , SMART and other proposals
	After Action Reviews	Three were conducted in 2006-one each with AED senior management, partners and MD office. Results provided clear recommendations on 2007 work plan.

Technical	<p>Final Report by AFE: Integrating a Market Development Approach to Health Sector Assessment and Intervention Design in Bangladesh.</p> <p>Design and launch of a remittance-linked credit & savings products in Guatemala under WOCCU's pilot activity.</p>	<p>Most of the deliverables from 2006 pilots will come due in 2007</p> <p>The AFE report is ready for sharing on <i>microLinks</i></p> <p>See 2007 work plan for revised pilot deliverable schedule.</p>
Knowledge Sharing	<p>USAID Learning Conference on Microenterprise Development in a Globalizing World. June 14-16, 2006</p>	<p>We had a FIELD-Support Booth at the USAID Learning Conference to inform participants about the LWA program.</p>
	<p>MicroSave Presentation by Lisa Parrott June 26, 2006</p>	<p>FIELD-Support hosted a workshop for LWA partners and SEEP members on the tools developed under the Microsave program in Kenya. During the workshop, Lisa Parrott presented an overview of the Microsave tools used, and how they can be used effectively. There was also a Q and A on Microsave's ongoing action research agenda.</p>
	<p>Presentation on Creation of Social and Economic Development at the Intersection of Information Communication Technologies, Migration and Remittance by Bal J. Joshi of Thamel International LLC. September 7, 2006</p>	<p>This presentation for LWA and SEEP members surveyed the work in Nepal on productizing remittances—e.g. sending money to purchase a goat for a relative.</p>
Outreach	<p>FIELD-Support LWA links established on microLINKS, AED and SEEP Network websites.</p>	<p>Completed February 2006</p>
	<p>Brochure</p>	<p>Completed in June 2006</p>
	<p>Informational CD</p>	<p>Completed in December 2006</p>
	<p>Targeted emails for contacts in USAID missions</p>	<p>On-going</p>
	<p>Direct Field Mission contacts</p>	<p>On-going</p>

3. What We Learned

3.1 Mission “Misperceptions”

This year we have learned that many USAID officers have strong preferences for using contracting vehicles over cooperative agreements, at least in the field of enterprise development and finance. This preference is based on two perceptions. First, mission personnel commonly believe they will lose technical control over the direction of a

project if they use a cooperative agreement instead of a contract. Second, there is also a commonly held view that using an LWA instead of an open bid contracting mechanism is more expensive due to the lack of competition after the initial award.

In theory, contracts do offer more control than cooperating agreements. But in practice the two mechanisms may differ very little especially if USAID chooses to exercise the substantive involvement clause to its fullest. Contract-like oversight appears to be the rule rather than the expectation in our associate awards so far, all operating under cooperative agreements. Moreover, in our experience, cooperating agreements do not drive up the cost. USAID can expect to maintain cost control directly through negotiations before an agreement is issued rather than indirectly by means of competition in a bidding process. These “misperceptions” must be addressed and changed in our outreach to missions if they are going to use FIELD-Support for a substantial number of associate awards.

3.2 Pilots and Missions

In 2006, pilot activities were selected on the basis of what the MD office and our partners could agree on within a broadly defined learning agenda. Missions were not engaged in either crafting the learning agenda or designing demonstration projects beyond giving their “no objection” to doing the work in their respective countries. Not surprisingly, few pilot awards have generated much excitement at the mission level or seem likely to lead to new associate awards in the near future.

We have learned that the use of core leader funds must connect more directly to mission priorities. A better use of core funds would be to invest in helping interested missions to assess and design interventions around relevant and specific problems if these same missions were to express their intent to consider implementing follow-on activities under associate awards. In this way, FIELD-Support could shorten the timeframe required to launch major interventions, achieve results more quickly and communicate the learning more rapidly to stakeholders. This new way of doing “pilots” should be fully integrated into our outreach strategy.

3.3 Learning and Associate Awards

Our original view of pilots was to generate learning (R&D) from separate and well-crafted field experiments and then apply this new knowledge to larger associate awards. While this may still be true to some extent, our view of learning has since broadened. A big part of the learning agenda of FIELD-Support will now come from associate awards. They offer real world challenges that often cannot be duplicated in smaller pilot situations. While it may seem obvious, all associate awards should be treated as learning opportunities and fully integrated into the knowledge management agenda.

3.4 “Norming”

FIELD-support is organized as a network of potential competitors who are expected to cooperate within the structure of the LWA. Recent research on cooperation among self-interested parties emphasizes the importance norms for successful outcomes. People tend to behave cooperatively as long as others are doing so as well and apply sanctions to those who behave unfairly. If norms do not develop, or their emergence is crowded out by only material incentives, cooperation tends to fall apart. But if the appropriate leadership and reciprocal norms develop with enforceable sanctions, cooperation will move forward as the team matures.⁴

Upon reflection over the last year, FIELD-Support appears to be confronting the need for clearly defined norms. In fact, one could place FIELD-Support in its current state at the stage of norming in Tuckman’s four phases of team development as seen in the Table below.⁵

Table 5: Four stages of Team Development

Stage	Characteristics	Appropriate Leadership	FIELD Support
Forming	Little agreement on team goals and high levels of dependence on guidance and direction. Individual roles and responsibilities are unclear. Rules and processes are often ignored or remain tacit.	Directing	Problems related to start-up, writing first work plan, PMP and approval of pilot projects—in general the establishing direction and understanding between partners and USAID.
Storming	Team members vie for position as they attempt to establish themselves in relation to other team members and the leader, who might receive challenges from team members. Clarity of purpose increases but plenty of uncertainties persist. Cliques and factions form and there may be power struggles.	Coaching	Development of ARIES proposal was a watershed in the FIELD Support program. Conflict emerged but by the end of the day, a working relationship had developed both with partners and with USAID.

⁴ For a thorough discussion of this new research, see Herbert Gintis, et al. in *Moral Sentiments and Material Interests* (2005)

⁵ Tuckman, Bruce. (1965). Developmental sequence in small groups. *Psychological bulletin*, 63, 384-399.

Norming	Roles and responsibilities become clear and accepted. Big decisions are made by means of group agreement. Smaller decisions may be delegated to individuals or small teams within group. Commitment and unity is built up. The team discusses and develops its processes and working style. Trust and norms of reciprocity emerge.	Facilitating	The manner in which the SMART proposal was developed using joint decision-making and problem solving with some centralized guidance and coordination marks the beginning of the norming phase.
Performing	The team develops a shared vision and is able to act according to established norms with a high degree of autonomy. Disagreements are resolved within the team positively and lead to necessary changes in processes and structure. The team is able to work towards achieving the central purpose, and also to attend to relationship, style and process issues along the way.	Overseeing	The important organizing goal for 2007

3.5 Communication

Good and frequent communication is the cornerstone for trust building in a leader-led consortium. In 2006 we did not do enough of it or very well. Getting our communications on track is essential to move us from establishing norms to high levels of performing.

4. Recommendations for 2007

Based on the lessons learned and the results of our three After Action Reviews conducted by the FIELD Leader with Associates activity with AED staff, partners and USAID, the following are the core recommendations for follow-up in 2007.

- Develop a proactive outreach plan through joint efforts with partners and USAID to educate Missions about the benefits of the LWA, results of early pilots and opportunities to engage the FIELD LWA. The outreach plan would provide a consistent platform for all LWA representatives to work from in developing localized outreach efforts and business opportunities.
- Refocus the learning agenda and enact knowledge management processes that are suitable to the LWA environment and capture lessons learned and best practices from pilots, associate awards and knowledge sharing events.
- Improve internal LWA communications with more input from USAID on outreach opportunities, transparent norms and better periodic project reporting on

status and results. Engaging USAID and partners through ongoing dialog will improve AED's overall management effectiveness. Establish regular meetings for partner and USAID groups and track agendas and minutes from meetings for greater transparency in decision making.

- Establish norms of fairness for dividing up work among partners and clarify rules of the road for the FIELD-Support enterprise.
- Our goal for the coming year is to build the FIELD Support program by improving internal management of the consortium and communicating effectively with partners, MD office and Missions.