USAID FROM THE AMERICAN PEOPLE | EGYPT MICROENTERPRISE FINANCE

EGYPT MICROENTERPRISE FINANCE ACTIVITY

LIFE OF PROJECT REPORT

September 2009

This publication was produced for review by the United States Agency for International Development. It was prepared by Chemonics International Inc.

CONTENTS

Acronyms i

Project Hightlight Summary 1

Introduction 4

Partner-MFI Table – Current and Future Outlook 5

PIR One: Outreach - Microfinance Servces Expansion 8

PIR Two: Sustainablity - Microfinance Institutional Development 13

PIR Three: Enabling Environment Support and Development 18

Annex A. Partner-MFIs' Client Growth During Life of Project 26

Annex B. Partner-MFIs' Portfolio Growth During Life of Project 27

Acronyms

ABA	Alexandria Business Association
ASBA	Assiut Businessmen Association
BdC	Banque du Caire
BOD	board of directors
CGAP	Consultative Group to Assist the Poor
DBACD	Dakahlya Businessmen's Association for Community Development
EISA	Egyptian Insurance Supervisory Authority
EMF	Egypt Microenterprise Finance Activity
EMFN	Egypt Microfinance Network
ESED	Egyptian Small Enterprise Foundation
FMF	First Microfinance Foundation
GAFI	General Authority for Investment in Free Zones
LEAD	The LEAD Foundation
MF	microfinance
MFI	microfinance institution
MIS	management information system
MOI	Ministry of Investment
NBD	National Bank for Development
NSBA	North Sinai Businessmen Association
PIR	project intermediate result
SBACD	Sharkeya Business Association for Community Development
SEDAP	Small Enterprises Development Association of Port Said

PROJECT HIGHLIGHT SUMMARY

Since January 2006, the Egypt Microenterprise Finance (EMF) activity has been working to increase access to finance for Egypt's economically active poor by developing a commercially-oriented microfinance industry. To support that goal, the project focuses on three core areas: enabling environment, sustainability, and outreach. The following Project Summary Report highlights EMF's activities, achievements, and completed deliverables during the life of the project.

Here are some of the high points of the Egypt Microenterprise Finance (EMF) Activity's work in during the project, arranged by project tasks. These stories, along with several others, are covered in more detail in the chapters that follow.

Microfinance Service Expansion

- Total number of borrowers 1,017,132 increased by 102% percent during the life of the project.

- Value of loans outstanding increased by more than 873 million LE, which corresponds to a 156 percent increase during the life of the project.

- During the life of the project ASBA has passed the 200,000, LEAD has passed the 150,000 and ABA, DBACD, and ESED have passed the 100,000 client barriers joining an exclusive "club" of approximately 100 MFIs worldwide as reported by the 2008 MixMarket Top 100. (over 1,400 MFIs reported to the MixMarket in 2008).

- MFI partners organized and conducted over 290 trainings. 38 participants graduated from the EMF TOT program empowering partner MFIs to deliver training quickly and efficiently to loan officers, staff and managers in order to meet the expansion and outreach goals outlined in their business plans.

- MFI partners developed eight demand driven financial products and services serving new target markets and providing increased services to their clients. (ABA - Microinsurance and four Agricultural products, ASBA - Computer and Animal Production, and NBD - Education loan)

Microfinance Institutional Development

- Five MFI partners (ABA, DBACD, LEAD, NSBA, and SEDAP) have developed investment quality business plans

- MFI Partners (ABA, ASBA (training plan only), DBACD, ESED, LEAD, SBACD, and SEDAP) have developed operational plans for their various departments. In many cases, it is the first time that the MFI has made such plans.

- 10 MFI partners are actively participating in industry benchmarking through the MixMarket. Four partners (ABA, DBACD, ESED and LEAD) have been ranked in the Microfinance Information Exchange's (MIX) Global 100. They are evaluated against MFIs around the world in four core areas outreach, efficiency,

transparency and portfolio quality. DBACD also placed in the Forbes Top 50 MFIs in 2008.

- Due to these institutional development efforts ABA, DBACD and LEAD have been able to begin to increase their access to finance. DBACD accessed more than $2 million from Grameen Jameel and Spanish Funds, ABA and LEAD has improved its leverage rate with its bank partners, and DBACD and LEAD are in the process of accessing DCA Guarantees.

Enabling Environment Support and Development

- MFC Law and General Rules were drafted with the MoI and GAFI to develop general rules for the creation of microfinance companies. The general rules cover the financial services permitted by MFCs (except deposit taking and remittance), capital structure, reporting requirements, registration process, consumer protection minimum procedures, and external audit guidelines for MFIs.

  In support of the establishment of the Draft MFC Law and General Rules, EMF worked with the MOI and GAFI to develop draft Microfinance Supervisory Unit documents including the following:

  General Rules Technical Note Development – This document was developed to include all technical notes explaining the reason / good practice principle for drafting each article in the General Rules.

  MFC Operational Guidelines which includes: (i) a set of guidelines (plans, systems, processes and management elements) to all key operational areas of MFCs (management, human resources, MIS, products, financial strategy and reporting, etc.), and (ii) the basic principles of good practices of MFIs recognized to date in the microfinance industry.

  MFC Unit Structure and Capacity Building Plan which includes key responsibilities and functions of the unit, unit structure options, proposed staffing levels per option, proposed job descriptions with required skills and technical knowledge, and general guidelines on how to build the unit capacity building plan.

  MFC Unit Operational Guidelines and Checklists which includes draft registration, licensing, on-site and off-site examination activities that will be further enhanced and developed with the staff of MFC unit once developed.

- Transformation Process Planning has started with DBACD and LEAD. This has focused on what transformation means for the MFI NGO, the implications of transforming as well as all the activities needed to complete. This effort was heavily supported by the Legal and Regulatory Diagnostic for Transforming MFIs study completed by CGAP and EMF which identified key legal barriers and obstacles that would prevent NGO-MFIs from transforming into MFCs; and (ii) identified relevant Egyptian laws and regulations that must be harmonized with the recently drafted General Rules for Microfinance Companies.

- Egyptian Microfinance Network (EMFN) with EMF support developed the first Map of Microfinance Programs in Egypt. The purpose of the map is to provide stakeholders with a tool to identify un-served and underserved markets for microfinance and to determine market shares of implementers on the governorate and district levels. The first issue of the Map was produced in December 2007 and the second issue in June 2008.

Introduction

EMF's objective is to improve the standard of living for Egypt's economically active poor by giving them access to demand-driven financial services provided by a stronger, more sustainable, and commercially-oriented microfinance industry. EMF intends to achieve this objective by working toward three project intermediate results, or PIRs, as follows:

PIR 1: Microfinance Service Expansion
PIR 2: Microfinance Institutional Development
PIR 3: Enabling Environment Support and Development

This report describes EMF's progress towards achieving these intermediate results during the life of the project. The first part of the report describes the Partners and their current and future outlooks. The second part highlights each PIR activities and results. Annex A presents EMF's MFI and Bank Partners Client Growth for the life of the Project. Annex B presents EMF's MFI and Bank Partners Portfolio Growth for the life of the project.

PARTNER-MFI TABLE – CURRENT AND FUTURE OUTLOOK

The following table provides a quick overview of the main MFI and Bank partners which EMF worked with during the life of the project. It also provides a look at the immediate future for the partner as well as provides a recommendation on possible future assistance opportunities. Please review the Annex A and B for client and portfolio growth by amount and % during the life of the project for each MFI and Bank Partner.

Partner	Current	Future	Recommendation
ABA – Alexandria Business Association	ABA has been able over the past two years to consistently demonstrate a strong effort to upgrade its systems and commit to a strong planning process. This commitment has resulted in ABA being able to increase overall growth, expand branch locations, undertake client satisfaction surveys and add new products and services	ABA has the resources and management personnel to continue its current growth and development. ABA is working towards further accessing commercial sources of funds and improving its social performance. ABA is committed to regaining its previous leadership position in the Egyptian industry.	ABA has demonstrated clear leadership in its desire to be an Egyptian Microfinance Industry leader in all areas. Future assistance, if available, in new industry initiatives (products, research, and/or expansion) would be a wise investment.
ASBA – Assiut Businessmen Association	ASBA has achieved substantial client growth, branch expansion and product development. It is one of the MFIs that strongly committed to developing its training capacity. As a result, ASBA is the leading MFI in Egypt in terms of number of clients (over 240,000) and products.	ASBA needs to slow down growth in order to build the appropriate systems and management capacity to handle the operations of an institution of its size. BOD and senior management structures need to be revised. Strong adherence to best practice financial management and reporting needs to be instituted.	Participation in a rating would be highly advisable to determine areas of need and as a basis to developing a comprehensive capacity development and business plan. Future assistance should be based demonstrations of changes have been made to operations and management structure.
BdC – Banque du Caire	The first and still the largest bank offering Microfinance lending in Egypt (nearly 100,00 clients) BdC has been able to maintain its numbers over past three years despite going through a merging / acquisition/ early retirement process. This is a credit to the remaining management and staff dedication.	BdC given its large branch network could grow substantially. In addition, if its focus becomes solely microfinance, then it can become a full service provider that is missing in the market.	If senior management of the bank fully commits to a comprehensive microfinance strategy including savings, then it would be worth investigating potential assistance opportunities.

Partner	Current	Future	Recommendation
DBACD - Dakahlya Businessmen's Association for Community Development	One of the top MFIs in the world according to MixMarket and Forbes. DBACD is clearly a leader in Egypt with its strong adherence to system development and manualization of policies and procedures. Just crossed the 100,000 client barrier which is a significant step in its institutional development.	The previous Board of Directors (BOD) issue has been supposedly removed and MFI is actively considering transformation and growth plans. Working with USAID to access DCA Guarantee mechanism and other commercial sources of funds to position it to fund growth.	DBACD consistently demonstrates its desire to become a world class MFI. It actively seeks to participate in new industry initiatives. Future assistance, if available, in new industry initiatives (products, research, and/or expansion) would be a wise investment.
ESED – Egyptian Small Enterprise Foundation	MFI experiencing problems with BOD being dissolved by Ministry of Solidarity. Has grown over 100,000 clients but growth has been slow due to BOD and resulting management issues.	Until BOD issue is resolved, MFI will just continue slowly growing or maintaining its position. Considering it has been one year, there is no clear sign when it will be resolved.	Future assistance should be based on BOD issue resolution and a determination of MFI strategic direction.
FMF – First Microfinance Foundation	Relatively new partner for USAID and currently operating in two areas (Cairo and Aswan) serving over 17,000 clients. Experienced growth and reporting issues due to senior management turnover and software vendor problems.	New Executive Director has been hired and MIS has been upgraded so hopefully focus can be placed on operations growth and policy and procedure enhancement and standardization.	Planning, financial, human resource, operating and reporting system development and capacity building assistance should be continued.
LEAD – The LEAD Foundation	A fast growing relatively new MFI (five years) that believes in system development and implementing strong planning processes. Earned the highest rating score for a mini rating by Planet Rating in 2007. Growth has leveled off due to funding constraints.	MFI is actively considering transformation. Working with USAID to access DCA Guarantee mechanism and other commercial sources of funds to position it to fund growth. Once funding is secured will look to restart growth and expansion plans.	LEAD consistently demonstrates its desire to become a world class MFI. It actively seeks to participate in new industry initiatives. Future assistance, if available, in new industry initiatives (products, research, and/or expansion) and continued system development would be a wise investment.
NBD –	The second bank to enter MF Industry but has	Bank has removed itself from activities with EMF as	Future assistance should be based on resolution

Partner	Current	Future	Recommendation
National Bank for Development	experienced stagnant growth over the past three years due to bank acquisition process. Has grown to nearly 39,000 clients representing 34% increase over the life of the project.	it tries to finalize conversion to an Islamic Bank.	of conversion process and a determination of strategic direction of bank with microfinance. Presents a potential opportunity to bring Islamic Microfinance to the market.
NSBA – North Sinai Businessmen Association	A small MFI (nearly 4,900 clients) who is located in a small market (Sinai) and extremely politically affected area at times. Has had trouble accessing funding (donor and commercial) thus growth plans and capacity building has been negatively affected.	Due to funding constraints growth and institutional and capacity development will be minimal.	Planning, financial, human resource, operating and reporting system development and capacity building assistance should be considered. Commitment by top management to implementation of activities and sharing of information should be stipulation in order to receive assistance.
SBACD – Sharkeya Business Association for Community Development	After several years of stagnant growth, SBACD has been able to grow by over 4,000 clients in the last two years. SBACD was able to earn a profit the last two years.	SBACD is facing increasing competition in its governorate and will need to become more efficient and effective during the next few years.	SBACD should demonstrate a sound business plan and a commitment to meet productivity and operating benchmarks in order to be considered for additional assistance.
SEDAP – Small Enterprises Development Association of Port Said	SEDAP is a small MFI that has been working to improve its situation. SEDAP grew by nearly 300% over the life of project to reach nearly 26,000 clients. Staff are committed to learning and trying to improve various systems and processes.	Management will need to become more responsive and open about sharing information if it is to continue growth. SEDAP will need to complete another round of business and operational planning in order to prepare for expected competition and continue developing its institutional and staff capacity development needed for growth plans.	Planning, financial, human resource, operating and reporting system development and capacity building assistance should be considered. Commitment by top management to implementation of activities and sharing of information should be stipulation in order to receive assistance.

PIR ONE: OUT REACH - MICROFINANCE SERVICE EXPANSION

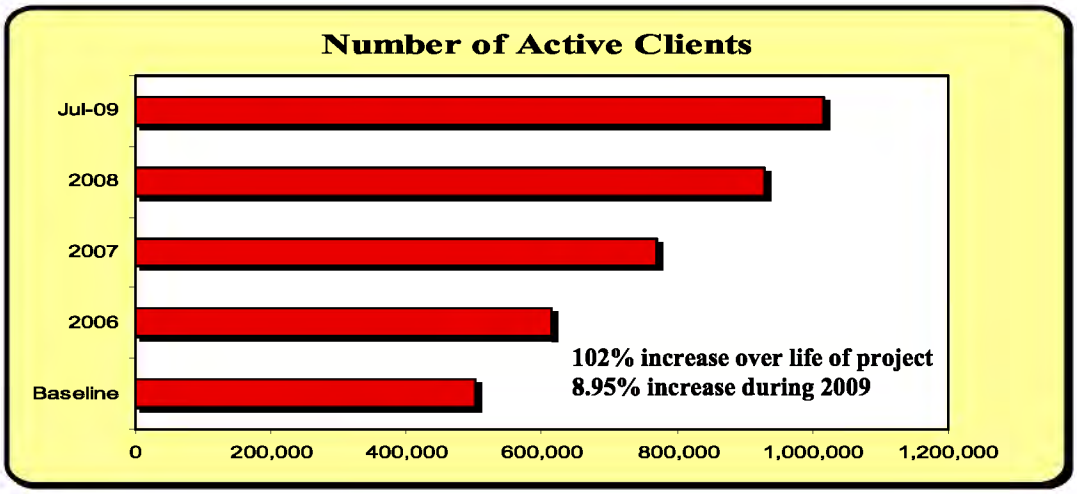
PIR 1 seeks to expand the outreach of microfinance services to Egypt's working poor in underserved areas, particularly to female heads of household. This PIR emphasized activities that help donor-dependent microfinance institutions (MFIs) become sustainable, commercially-oriented institutions. Project support included:

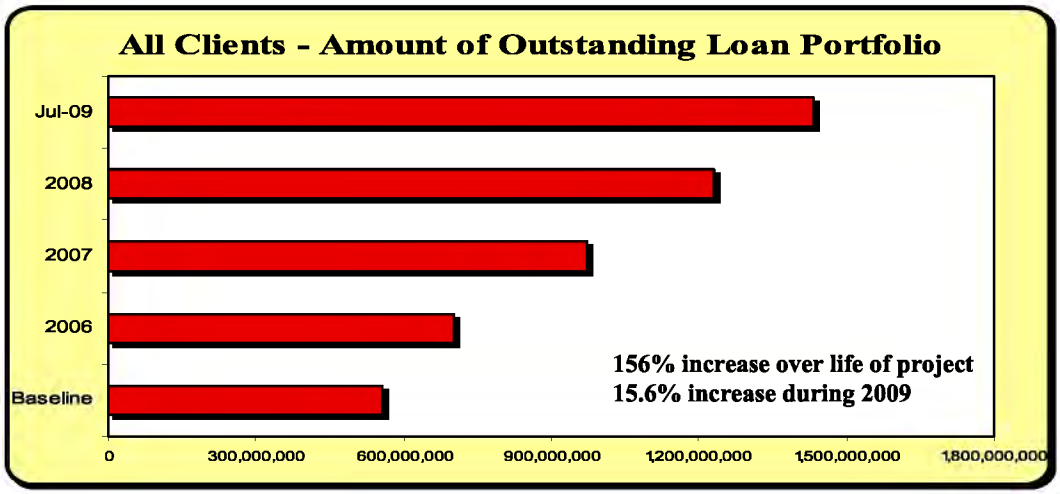
- Supporting planning activities for large scale growth and expansion efforts for women clients through group lending.
- Delivering direct technical assistance and training to MFI Partners to assist establish new branches in unserved and underserved areas.
- Developing Trainer of Trainers mechanisms to build in-house capacity for training related to vertical and horizontal expansion—e.g., assessing needs, developing training plans, reviewing and adapting manuals and training tools/techniques, and training a cadre of new MFI trainers in these skills.
- Developing the marketing capacity of MFI Partners to build internal MFI capacity for market driven analysis and product development.
- Supporting modification and enhancement of current microlending products and services and development of new product and services in MFI Partners.

A brief summary of key technical assistance delivered by EMF in these areas is provided below.

Client and Portfolio Growth Double During the Life of Project

EMF's capacity-building efforts with MFI partners have led to significant growth in the overall number of borrowers and loan portfolio size.





Group Lending clients (women) increased by 95% and portfolio amount increased by 206% during the life of project.

New branches opened at partner MFIs as of September 2009: 97 – a 37% increase over life of project.

In addition to these achievements on an aggregated level, accomplishments in increasing outreach on an individual MFI-level have been significant. During the life of the project ASBA has passed the 200,000, LEAD has passed the 150,000 and ABA, DBACD, and ESED have passed the 100,000 client barriers joining an exclusive "club" of approximately 100 MFIs worldwide as reported by the 2008 MixMarket Top 100. (over 1,400 MFIs reported to the MixMarket in 2008).

Increased Ability to Meet Training Demand Sustainably

The EMF team proposed a target of 66 training programs to deliver best practices training to more than 1,200 microfinance practitioners in Egypt. Formulation of the training plan was based on information collected through a rapid needs assessment for each MFI, identifying their training and technical assistance needs by analyzing surveys and conducting in-person interviews with senior managers and board members. In addition, EMF completed institutional diagnostics and assisted MFIs in the development of business plans, to identify constraints to the achievement of their growth targets. The results generated the following training approach:

> *Pillar I – Training of Trainers for Expanded Capacity:* Establish or strengthen the internal capacity of counterpart institutions through training of trainers (TOT).
>
> *Pillar II - Functional Training for Institutional Development:* Deliver functional training locally in the following areas: financial analysis, governance, human resource management, internal controls, market research, product costing, and strategic planning.
>
> *Pillar III - Targeted Trainees*: Tailor trainings to the needs of primarily mid-level management and board members of the USAID-assisted microfinance institutions, as well as their GOE counterparts.

EMF dramatically surpassed targets set and delivered the following results:

- **173 training programs** for **3,195 participants** (37% women) were delivered from middle of 2006 till June 2009, of which 77 focused on management and capacity building and 96 focused on training loan officers both directly and through a highly successful Training-of-Trainers (TOT) program.

- Trainees received a total of **15,356 participant days** of training. That is an average of 11 participant days for every day of the project with an average estimated cost per trainee $344, or **$72 per participant day**. This represents an extremely cost efficient rate for the delivery of high quality training.

- 38 TOT participants graduated from the program, receiving scores of "very good." Developing a cadre of trained in-house trainers has empowered partner MFIs to deliver training quickly and efficiently to loan officers, back office staff and managers in order to meet the expansion and outreach goals outlined in their business plans as demonstrated by **MFI partners organizing and conducting over 290 trainings.**

- EMF Training activities engaged seven training providers such as MF Industry providers like Boulder, Sanabel, Shorebank and Planet Finance as well as Egyptian training institutes (CDC) and universities (AUC). As a result of demonstrating industry demand, EMF assisted ABA to develop the Middle East Training Center and participated in METC training courses and AUC's developed microfinance certificate program.

- Lastly, EMF conducted a Training Demand and Supply Study and identified the providers and cost information for 40 training courses to share with MFI partners. This allows for service providers to understand demand to adapt their offerings as well as allow MFIs to know prices of courses to structure their budgets appropriately.

Marketing Capacity Improved and Implemented

Part of the above noted growth in outreach is due to EMF's efforts to build the marketing capacity of its partner MFIs in areas such as creating and solidifying brand identity, understanding and satisfying customer demand, improving product offerings, and better reaching underserved markets.

Developing a marketing strategy is crucial to build trust, confidence, and long-term relationships with clients. Creating an effective and distinct brand helps the MFI to stand out in a highly competitive market and to create the clients' attachment to the MFI. Seeking clients' feedback and responding positively to this feedback leads to increasing the retention rate of the clients. These clients then understand that the MFI seriously considers and values their input and their increased retention rate can lead to higher profitability for the MFIs. In addition, the establishment of a client feedback mechanism ensures that the MFI modifies existing products and develops new products based on market demand (Microsave Customer Service Toolkit – page 6).

The following are some examples of technical assistance provided by the EMF and its results:

Technical Assistance	Results
Marketing Strategy	ABA, LEAD and NBD developed for the first time overall plans to approach Marketing activities in their MFIs. ABA, DBACD, LEAD, SEDAP included a Marketing section in their Business Plans.
Branding and Promotion Design	ABA, ASBA, LEAD, and NBD modified logos and developed focused, consistent and standardized flyers, business cards, fact sheets, website design, and/or other promotional materials.
Market Research / Competition Studies	ABA, ASBA, DBACD, LEAD, and NBD modified products including terms, interest rates, amounts, and durations. In addition, LEAD, NSBA and SEDAP used results to determine best possible location for growth and to service clients. ABA and NBD revised their training manuals and/or conducted training to upgrade skills based on changes.
Customer Service Strategy and Plan Development	ABA, DBACD and NSBA developed customer service plans and ABA has conducted a Client Satisfaction Survey to measure client awareness and reactions to products especially the newly introduce Microinsurance product.
How to Reach Underserved Markets Methodologies	ABA, DBACD, NSBA, SBACD and SEDAP developed the capacity of the staff to design accurate maps of the areas to be covered, communicate with varying cultures within certain areas, teamwork, and the application of different marketing strategies and tools, such as developing flyers for the campaign.
Exhibition/Event Management	ABA, ASBA, DBACD, ESED, LEAD, NSBA, SEDAP and SBACD developed the capacity to undertake all major roles for conducting an exhibition. These include contacting their borrowers, identifying products to be displayed, receiving products from their borrowers, creating inventory lists, using branding specifications, packaging and selling products.

Increased Diversification of Demand-Driven Financial Products and Services

EMF worked with several MFI partners to develop demand driven financial products and services using the Microsave product development process. As stated by Microsave, there is a clear and compelling need to develop a market-led, client responsive approach to microfinance. This approach benefits both the MFIs which provide sustainable services and the clients who seek products designed to meet their needs. (Market Research and Client-Responsive Product Development page 1).

EMF goal was not only to develop/ modify products for the MFIs but also instruct the MFIs on the method to ensure MFIs would be able to complete the process in the future. Therefore the following principles were used:

Team approach – The team represented different departments in order to ensure all aspects of proposed / modified product were sound and to distribute work more efficiently;

Utilize the Microsave product concept design - based on the 8Ps framework (product design, price, physical evidence, promotion, place, positioning, people, and process) competition and market studies were completed; and

Employ Process mapping - to displays facts about the processes and identify areas of risk in any transaction or process (as described in the Toolkit for Institutional and Product Development Risk Analysis by Microsave – page 36).

The results of these activities were the following:

MFI	New / Modified	Description
ASBA	**Animal Production Loan**	Loan product to a new target group for the production of buffalos/ sheep.
NBD	**Education Loan**	Loans to students who are in college to pay for entrance and course fees.
SEDAP	**Group Loans (Modified)**	Modified the number of people that a group needs to be eligible for a loan. This is significant change in philosophy in group lending approach.
ASBA	**Computer Loan**	Loans for students entering university to purchase a computer.
SBACD	**Group Loans (Modified)**	Introduced a group loan for men based on their specific financial needs.
ABA	**Microinsurance**	ALICO and ABA introduced product to clients in beginning of 2009.
ABA	**Agriculture (4)**	Developed four products – Crop Lending, Ag Tools and Machinery, Heavy Machinery and Milky Buffalo/ Animal Fattening
ABA	**SME (Modified)**	During the development of Ag loans, worked on revising SME loan process to improve marketing and methodology.

PIR TWO: SUSTAINABILITY - MICROFINANCE INSTITUTIONAL DEVELOPMENT

Under PIR 2, EMF worked with partner MFIs to develop their institutional capacity to scale up their services in a sustainable manner. Project support included:

- Providing training and technical assistance to promote strong governance and management structures including strategic, business and operational planning.
- Assisting MFI Partners in developing the systems to produce financial statements, cash flow projections, risk analysis in accordance with CGAP disclosure guidelines and submit them for external audits, benchmarking and rating exercises.
- Strengthen and develop appropriate operating systems including MIS, human resource, operations, risk management (controls and audit) to build institutional transparency and track progress toward financial self-sufficiency, outreach, and efficiency targets.

A brief summary of key technical assistance delivered by EMF in these areas is provided below.

Sound Business and Operational Planning

Business and operational planning is critical to developing an MFI's long-term sustainability. Specifically, business plans provide the foundation for an MFI to expand operations, improve efficiency, and develop new products, thereby ensuring their long-term viability. Operational plans provide the clear steps and various department linkages to determine how and when activities need to be completed.

EMF worked with senior and line management from eight MFI partners to help those institutions develop business and operational plans. EMF has taught partners how to design plans, what a plan has to include, where to find the data needed, and how to craft that data into useable content and produce budget projections. EMF has challenged its partners to set smart objectives and ambitious productivity targets, justify growth and expansion strategies, appropriate staffing numbers, and develop realistic financial projections. As a result of its efforts, clients have set staffing and productivity standards, determined branch growth targets based on analysis of the competition and target markets, and identified cost savings needs and possible new sources of funding.

LEAD has by far been the most aggressive with its business planning process. EMF helped LEAD conduct target market analysis for its group lending and individual loan products. On the basis of this analysis, LEAD developed a strategy to create new branch/satellite offices and a staffing strategy to fill the new positions. These strategies required revisions in its fixed asset and expense projections and finally, to its cash flow and funding requirements. At each stage, LEAD's planning team actively examined the options and ramifications of this decision. This work resulted in an aggressive business plan based on strong analysis, realistic assumptions, and consensus on the part of the management team that it can be achieved.

All of EMF's NGO MFI clients (ABA, ASBA (training plan only), DBACD, ESED, LEAD, SBACD, and SEDAP) have developed operational plans for their various departments. In many cases, it is the first time that the client has made such plans. EMF teams visited each partner to provide an overview of the planning process and its importance and to discuss how to design department operational plans, after which, the MFIs develop draft plans and EMF returns to provide feedback and help with revisions.

These intensive capacity-building exercises resulted in the following

- Creating investment ready plans with five partners (ABA, DBACD, LEAD, NSBA and SEDAP).

- MFI managers now have greater knowledge of each department's (MIS, HR, Accounting, Admin, Operations, Marketing/Research, etc.) activities, the time required for key intradepartmental activities, and when and where each department plays its role in the institution's activities.

- MFIs now have a document that sets each department's targets, processes, and standards in terms of outputs and time required.

- MFI management have identified key activities, such as branch expansion, that require additional action plans.

- MFI managers were so enthusiastic about this experience that they agreed to meet monthly to follow up on the implementation of these plans.

Enhanced Governance and Management and Improved Access to Capital

Sound governance is central to the well-being of any financial institution. One of the greatest challenges to this is ensuring that board members clearly understand how an MFI operates so that they can be effective custodians of the institution by providing value-added oversight. EMF conducted several activities with the following results:

- Moderated a dispute between DBACD's executive director and its board of directors, raising their awareness of the standard policies and procedures of corporate governance in the process. BOD eventually was revised to find members that are willing to support standards.

- Conducted Board and senior management working sessions focused on the communication and staffing issues. EMF helped the MFI establish clear roles and responsibilities to shed light on the relationship between the board members and executive director. In addition, the team provided SBACD with standard financial and commercial spending ratios, so they could see how their spending compared to that of like institutions. As a result of these interventions, SBACD cut its board incentives by 25%, and made an even larger decision to reduce the workforce, which had been overly-robust due to unnecessary hires.

- Guided MFI Boards and senior management on key issues of growth, industry standards and benchmarking in order to better position MFIs to access capital. This assisted MFIs to undertake, participate in or improve the following:

Ratings – provide support and assistance in order for ABA, DBACD, FMF and LEAD to undertake a rating exercise to identify strengths and weaknesses and begin to build necessary transparency for investments. (Planet Rating gave Lead the highest grade ever scored on a mini-rating)

External Audits – provide training external auditors and MFIs as well as provided materials to ensure that MFIs employ the appropriate SOW as well as external auditors cover appropriate steps in implementation.

Benchmarking / MixMarket Participation – global recognition was achieved for ABA, DBACD, ESED, and LEAD in the Mix Top 100 in overall, outreach, efficiency and/or transparency. DBACD also placed in the Forbes Top 50 MFIs in 2008.

Access to Capital – DBACD accessed more than $2 million from Grameen Jameel and Spanish Funds, LEAD has improved its leverage rate with its bank partners, ABA has secured loans and DBACD and LEAD are in the process of accessing DCA Guarantees.

- Discussed Transformation Planning with DBACD and LEAD. Discussions centered on what transformation means for the MFI NGO, the implications of transforming as well as all the activities needed to complete. The discussions resulted in the development of transformation options and analysis matrix, transformation manager job description, transformation plan and budget templates and identification of capacity building and legal issues.

Improved Systems and Manual Development

Throughout the project, EMF has worked on evaluating and upgrading existing systems and manuals at MFI Partners. This will enable them to build and maintain the platforms necessary to significantly expand operations, develop new products, and achieve long-term sustainability. Some specific achievements related to this effort include:

- **Operations** – Worked with ABA, ASBA, FMF, NBD, NSBA and SEDAP to review current processes and procedures to discuss the importance and the validity of each lending step to recognize some internal control issues that need to be documented to avoid potential financial and operational risks. EMF and partner used the results to develop/ revise an operational manual.

  The key results of this exercise were to create a standard loan process for all to implement, manage and monitor. This increases the effectiveness of training as well as allows the MFI to more effectively modify their loan products based on market demand.

- **Human Resources** - To ensure transparency in personnel policies and procedures, EMF worked with all partners (ABA and SEDAP were intensive collaborations) to draft an HR policies and procedures manual. This involved demonstrating the process of creating an HR manual, explaining the importance of selecting appropriate language and of designing the structure of sentences to ensure clarity

and coherence. EMF also introduced the importance of an "Employee Handbook" for staff to help ensure transparency and clarity in the details of the HR policies and procedures. This handbook is distributed to each employee and provides a user-friendly version of all policies that an employee needs to be aware of in the organization.

The key results were the development of HR Policy and Procedure manuals, ABA Employee Handbook, ABA including the HR Manager on the senior management team and conducting six HR User Groups to teach and share information.

- **Internal Audit** - EMF worked with ABA and ASBA internal audit departments to upgrade skills and develop a manual for internal branch audits based on industry standards. EMF conducted on-the-job training and built awareness on issues involved with conducting branch audits such as sampling sizes, reviews of operating policies, the overall scope of the audit, and the reports needed. In addition, discussions were held on the types of meetings needed at the beginning and end of the onsite portion of the audit, the importance of branch manager feedback, and on how to write reports for senior management and the board of directors.
  The result was a comprehensive manual and reporting format that now standardizes the approach for all auditors and allows MFIs to better track findings and closure of findings.

- **Reporting Systems** - EMF and LEAD are working to refine and simplify the financial and operational reporting process. This includes creating consolidated reports per branch and summarizing them in order to provide branch and senior management and BOD the ability to view performance across the spectrum of branches.

  There have already been significant results from the process including determining key focus indicators, reduction of information needed to be prepared and printed, stronger analysis capacity by managers and development of standards and targets for branch comparison and evaluation.

- **Management Information Systems (MIS)** - EMF worked with Lead, ESED, SEDAP and ASBA to develop their capability to generate new MIS solutions by conducting a thorough MIS Needs Assessment report. This report covered all activities (MIS, IT, Operation, Accounting, HR, Legal and Research and Development). The report also included recommendations for MIS solutions for the participating MFIs. Lastly, EMF developed MIS project planning training manual and project initiation guidelines.

  EMF assisted FMF and DBACD in software roll out evaluation. EMF walked them through a process that allowed them to make a justified decision to terminate the software system roll out. This was extremely important as a poor MIS can have detrimental effects on the success of MFI in terms of budget, time, quality of operations and staff morale. The two MFIs now are proceeding in line with advised best practice policies and procedures in developing their software upgrade or new system search.

Significant improvements to MIS have been made at partner institutions including poverty and loan size report development, merging of the Group Lending and SME Databases, adding Guarantor Information, and introducing roles to identify different users with six Al Mohassil-supported MFIs (ASBA, ESED, SEDAP, Lead, SBACD and BDC), improvement to accounting software at LEAD and SBACD and installation and rollout of new accounting software at SEDAP.

PIR THREE: ENABLING ENVIRONMENT SUPPORT AND DEVELOPMENT

PIR 3 focuses on strengthening the enabling environment for microfinance. EMF's primary efforts in this area have focused on the following areas: policy reform, promoting industry standards and transparency, and network strengthening. Project support included:

- Build capacity of Government of Egypt and microfinance industry stakeholders to support best practices in microfinance policy.
- Address the legal and regulatory environment for industry commercialization.
- Build the capacity of Government of Egypt to supervise and regulate the microfinance industry.
- Conduct and disseminate research on global best practices applicable to Egypt.

A brief summary of key technical assistance delivered by EMF in these areas is provided below.

The First Microfinance Policy Forum in Egypt

EMF collaborated with the Egyptian Microfinance Network (EMFN) to launch the first MF Policy Forum in Egypt. The policy forum, aims at facilitating dialogue between policy makers (particularly the government stakeholders) and MFIs to advocate for the development of a policy, legal and regulatory environment that is conducive to the long-term sustainable development of the MF industry in Egypt. One of the key achievements of the forum is establishing an active policy dialogue between MF industry practitioners and the relevant government stakeholders building on the momentum created during the MF National Strategy Development Process. During the three forums the following was accomplished:

- Agreed on the needed revisions to the NGO law
- Promotion of new membership to the Egyptian Microfinance Network (EMFN)
- Formed a working group to lead the discussion with MSS on the revisions needed to the model bylaws for NGO-MFIs.
- Introduced the needed ingredients for MFIs to access commercial sources of funding and to standardize reporting and benchmarking for the Egyptian MF industry.

Model Bylaws for NGO-MFIs

EMF with a legal advisor and governance international expert worked with ABA, ASBA, and SECDA to develop draft model bylaws in which some of the issues facing NGO-MFIs were addressed. In developing the model bylaws draft, the technical team was guided by (i) The legal requirements of the NGO law and (ii) The application of the internationally recognized good practices of MFIs governance. Following are highlights on the most important changes suggested, and the new concepts / prudential measures introduced in the bylaws:

- It was strongly recommended to avoid the everlasting tenure of board members of the MFI to lessen the possibility of intimate comforting relationships between executive director and the board – which would affect the degree of accountability of the Executive Director to the board, and at the same time allow for diversifying the experience and strategic direction of the boards.

- A Code of Conduct for the board of directors was strongly recommended in order to ensure the full engagement and contributions of the board members and to avoid any conflicts of interests of board members. A newly introduced concept – that may not be supported by the executive regulations of the law – was the compensation of the board members for attending the board meetings which, on one hand would encourage directors to be present in the meetings and on another hands would avoid any back door channels for being reimbursed for the cost of attending the meetings.

- Diversification of the experience of members of the board to strengthen the strategic directions and planning of the MFI and supports its growth plans in the different fields, and at the same time women and youth representation on the boards is highly encouraged.

- Recommendation of a new practice of changing the external auditor every three years to promote the transparency and independence of the external auditor.

- Separation of financial accounts was stressed for the clear reporting on the MFI performance, and avoidance of fraud.

- Development of a disbursement and spending authority schedule instead of the currently required system of signature of all checks by the treasurer and the board chair or his deputy to increase the efficiency of the MFI.

Drafting the Regulation of the First Non-Bank Microfinance Institutions in Egypt

Since May 2008, EMF and CGAP have been engaged with the Ministry of Investment (MoI) and the General Authority for Investment and Free Zones (GAFI) to develop general rules for the creation of microfinance companies. The development of the General Rules was a response to identified needs in the microfinance marketplace. These needs refer to the increasing interest of investors and international lenders to channel equity and funds into the largely untapped microfinance market of Egypt and for current operators to more easily access funds to support growth plans.

The development process included soliciting information and recommendations from a select group of stakeholders, reviewing MF Industry regulation and supervision best practice, studies and guiding principles documents, performing a comprehensive examination of MF laws and regulations of eleven leading microfinance industry countries across the world, and conducting a study tour for the MoI/GAFI team to both the Philippines and Cambodia to examine the legal and regulatory framework of the Microfinance Industry. The draft of the general rules was revised by the Policy

Advisory Team of CGAP and by MOI to ensure their compliance with the best practices of regulation and supervision and with specialized standards and Egyptian laws. Finally, a stakeholders' consultation event was held in May 2009 to solicit feedback on the draft general rules from a full representation of current and interested parties in the Egyptian Microfinance Industry.

The objective of the Microfinance Company General Rules is to be flexible and user friendly in order to avoid presenting hurdles for the Microfinance Companies to overcome either at start up or in operating and provide opportunities for easy updating based on industry trends or needs. Some key elements contained in the General Rules are the following:

> The prohibited financial services by the MFIs: MF companies may not take deposits, engage in foreign exchange, own real estate except for operational purposes, and provide remittance services.
>
> The capital structure: The minimum issued and paid-up capital for a MF company is five million Egyptian pounds.
>
> The reporting requirements: The reporting requirements were designed based on the financial reporting standards adopted in the MF industry, and based on the disclosure guidelines published by CGAP.
>
> The registration process: A very basic and simple registration process was designed including the submission of an application form, company incorporation contract and a three-year business plan.
>
> The consumer protection minimum procedures: The consumer protection article was based on the consumer protection law of Egypt as well as the MF consumer protection principles announced by CGAP including clear and fair pricing of products, avoidance of over-indebtness of the client, dignified and appropriate treatment of the client, and privacy of client information.
>
> The external audit: The general rules require the external audit of the MFIs to be conducted according to the external audit technical guide published by CGAP in addition to the Egyptian standard audit requirements.

MoI requested EMF's further assistance in drafting the technical content of 4-5 articles for a new law recognizing the new type of MFCs with the following legal framework: (1) defining MGCs, (2) exempting MFCs from the interest rate cap, (3) allowing NGOs to establish MFCs, and (4) allowing the implementation of administrative and financial sanctions in cases of violation of the General Rules. The new law will be drafted under the umbrella of Law 10/2009 and has been submitted to the Minister of Investment for approval in preparation for submission to the Cabinet. Once the Cabinet approves it, the draft law will be submitted to the Parliament during the new session by the end of this year.

Microfinance Supervisory Unit Development Activities

With the launch of the MFC's General Rules, a microfinance supervisory unit is expected to be established under the Single Regulator. As part of the capacity building

of the MF unit, EMF provided technical assistance in developing the following documents:

MFC Operational Guidelines. These guidelines were developed to provide the main features and elements for key operational areas (management, human resources, MIS, products, financial strategy and reporting) critical to MFC success. The guidelines compile the basic principles of good practices of Microfinance Companies (MFCs) recognized to date in the microfinance (MF) industry to guide practitioners on the minimum acceptable standards, practices and requirements in these areas. The guidelines provide a simple tool for MFCs to assist in: (i) Establishing and/or evaluating systems based on the international best practices and specialized standards of each field (accounting standards, audit standards, human resources standards, etc), and (ii) Identifying the areas of improvement in systems and/or the "malfunctioning systems".

MFC Unit Structure and Capacity Building Plan. The document is divided into two main sections. Section one offers an overview of the key task areas, responsibilities and functions of the unit, in addition to a proposed options for the structure of the unit depending on the expected number of MFCs to be registered. Moreover, the section covers proposed staffing levels per option and proposed job descriptions with required skills and technical knowledge. Section two includes a draft capacity building plan of the unit staff depending on the key functions of the unit and the required activities / duties of each function. The proposed plan includes different categories of capacity building activities (on-the-job learning, conferences and seminars, and training courses – both locally and abroad). This document is to be refined based on the final approved structure of the unit and the actual skills and competencies of the hired staff.

MFC Unit Supervision Guidelines and Inspection Checklists. These guidelines seek to assist the specialized staff of the unit to understand their roles and responsibilities in conducting its primary supervisory responsibilities – registration, off-site supervision and on-site inspection. Attached to the guidelines are inspection checklists to be employed during the onsite inspection activities, which include key questions per inspection area. These guidelines were built based off desktop research, namely MFIs assessment and supervision tools, and in line with the systems that should exist in an MFC. However, the guidelines need further development and fine-tuning upon the establishment of the unit in terms of (i) ensuring consistency with other supervisory authorities (ii) identifying priority areas for supervision by MFC Unit in the launch phase, (iii) conducting dry runs of the guidelines to ensure its applicability in practice, and (iv) finalizing the guidelines and include all the red flags / early warning signs as well as key elements that should be considered while conducting onsite and offsite supervision.

Technical Notes on Draft General Rules. The technical notes are meant to be a reference tool for the MFC unit staff to understand the rationale behind the development of articles from a technical perspective. In addition, the MFC unit staff will also benefit from the technical notes in instances when questions arise why articles were drafted or when potential improvements/ revisions are needed as the industry trends evolve locally and internationally. The technical notes start with the general principles adopted in developing the Law and General Rules. Then, for each article of the Law and the General Rules, there is an explanation of the key

practice(s), principle(s) and concerns to be addressed / revised in the future, as well as any comments/feedback received by the stakeholders during the consultation and how it has been addressed or why it has not been addressed.

Study Tours

Two study tours were organized by EMF to increase awareness among government stakeholders on the good practices of regulation and supervision of MFIs in other countries.

The Morocco Study Tour was held in 2007 for key stakeholders from the Ministry of Social Solidarity (MSS), Ministry of Finance (MoF), Central Bank of Egypt (CBE), and Egyptian Microfinance Network (EMFN). The purpose of the study tour was to: (1) raise senior government officials' awareness about microfinance; (2) examine how policy reform issues under consideration in Egypt have been addressed in Morocco; and (3) encourage participants to better understand the roles/responsibilities of their Moroccan counterparts in supporting the microfinance industry

The 4-day tour resulted in participants identifying the following points as key factors for successful regulation and supervision in Morocco: (i) The government's gradual approach to developing the industry's regulatory and supervisory framework, based on continuous consultation with industry stakeholders; (ii) The application of some good practices by the government stakeholders to enhance transparency and sustainability of the industry (i.e. reporting standards and requirements, auditing practices, access to multiple sources of funds by MFIs, product diversification …); (iii) Efficient coordination between the Central Bank, and the Ministry of Finance and Privatization; (iv) Donor-driven efforts to (1) encourage banks to wholesale finance to MFIs, and (2) issue the microcredit law; and (v) On-going dialogue among the different stakeholders to discuss the possibility of MFIs' transformation into formal financial institutions.

The Philippines and Cambodia Study Tour was held in 2009 as part of the technical assistance to the Ministry of Investment (MoI) and the General Authority for Investment and Free Zones (GAFI) staff explore two models of successful regulatory environment that has contributed to the growth of the microfinance industry. In addition to the government representatives, two MFIs – willing to transform into MFCs participated in the ST. The defined study tour objectives were to: (i) Learn from the regulatory authorities about the approaches adopted when applying new regulations; (ii) Get acquainted with methods of approving the registration/licensing of and monitoring and evaluating new and mature microfinance institutions (MFIs); (iii) Gain knowledge and lessons learned on appropriate structure and management of a microfinance unit applied by a regulator; (iv) Learn from the MFIs' views of the overall regulatory environment, the relationships with regulatory authority, and the impact of regulations on the expansion of their operations, and; (v) Develop a plan for integrating lessons learned in the Philippines and Cambodia into the Egyptian microfinance policy environment.

The main recommendations developed by the participants included (i) the need for revising the MF National Strategy to develop a road map for the growth of the industry and ensure the inclusion of MF in the formal financial system; (ii) Creating

an enabling regulatory environment which ensures regular consultation with stakeholders prior to issuance of new rules, approval of new products on an industry level, and standardizing the reporting requirements in line with best practices; (iii) establishing the MF supervisory as a single unit – at least for the launch phase of the regulations of MFCs until the unit capacity and systems are fully developed; and (iv) creating a mechanism that allows for the transformation of successful NGO-MFIs – willing to and capable of transforming - within a short timeframe to avoid the potential losses to the existing successful MFIs.

Industry Research

During the project a number of research and studies were conducted to serve the industry as a whole and the partner MFIs, government stakeholders and donors. Among the key studies conducted were:

The First Map of Microfinance Programs in Egypt. EMF collaborated with the Egyptian Microfinance Network (EMFN) to develop the first Map of Microfinance Programs in Egypt. The purpose of the map is to provide stakeholders with a tool to identify un-served and underserved markets for microfinance and to determine market shares of implementers on the governorate and district levels. The first issue of the Map was produced in December 2007 and the second issue in June 2008.

The Map includes information on the geographic coverage of around 280 microfinance programs, implemented by NGO-MFIs and Banks throughout Egypt, including the number of active clients, and the types of microfinance products offered by each. It also provides indication of the potential demand for microfinance products and services, through the demographic information down to the district level.

Market Study on Client Satisfaction and New Products. A market survey was conducted with a sample of MF clients of the partner MFIs with the objective of (i) determining client satisfaction levels and areas for improvement, and (ii) assessing client needs with a view to new product development efforts. with regards to client satisfaction, microfinance clients were satisfied with the counterpart MFI with which they worked, especially with the responsiveness of the loan officer and other branch staff. Client satisfaction levels related to product terms, however, could be increased if MFIs (i) increased loan sizes, especially for clients with good repayment histories, (ii) increased the repayment period, especially if repayment periods are short (e.g. 3 or 4 months), in conjunction with larger loan sizes to reduce administrative costs of issuing new loans more frequently, (iii) Changed group loans to bi-weekly or monthly installments, and (iv) Sped up loan processing so that disbursal occurs within five days from receipt of the application. As for the market potential for new products, the findings of this market research suggested that there was significant market potential for seasonal loans, health insurance, fixed asset loans, home improvement loans, and life insurance. In addition to the general findings of the study, each MFI was given a report summarizing the key findings of surveying its clients with regards to both their client satisfaction levels and the potential need for new products.

Gender Assessment Study. The overall goal of the Assessment was to ensure a more inclusive and gender-sensitive microfinance operation that was accessible and that equally reached out to poor men and women. The major findings of the study showed that Gender Equality did not seem to be an integral component of most of the MFIs

interviewed, has not been part of the design process of MFIs' programs and as thus not systematically integrated into their operations. It was found also that while none of the MFIs had tendency to have intentionally gender discriminatory policies in place, the limited understanding of the concept and the lack of skills had resulted in the adoption of apparently "neutral" policies. Among the key recommendations of the study were (i) enhancing the capacity (knowledge & skills) of MFIs on GE and MF, (ii) ensuring that GE training was adapted and linked to MF, (iii) ensuring a more gender-sensitive MIS and feedback/reporting mechanisms, (iv) avoiding clustering women as homogeneous group, (v) considering an intermediary loan product for smoother transition from GL to IL, and (vi) considering gender preferences in introducing new loan products.

Salary Survey of MFIs. EMF conducted and prepared a survey of employee compensation and benefits offered by MFIs in Egypt. The study was designed to evaluate and compare the salary and incentives packages of a range of MFIs. The objective was to provide market information to MFI managers so they can use it to make better informed decisions in designing their compensation schemes. The compensation and benefits survey report has now been passed on to EMF so they are able to help MFIs address challenges related to staff turnover, retain their best employees, and attract high caliber individuals into the industry. The eleven MFIs who did participate in the salary survey each received a copy of the report. Information on salary, benefits, and incentives is presented by institution and position, but does not identify which institution offers which packages. It is envisioned that a new survey will be conducted by EMF annually that will build upon the accomplishments of the previous one. New MFIs will participate as they become more comfortable with and aware of the process; and more in-depth analyses of the microfinance labor market will be undertaken to benefit the industry as a whole.

Consumer Protection. EMF and Freedom From Hunger engaged in market research to identify issues related to the rights and responsibilities of MF clients in Egypt in order to adapt the currently available training manual on financial education of the MF clients to the Egyptian context. As this rights and responsibilities training manual was developed in Bolivia, the EMF and Freedom from Hunger research in Egypt along with Freedom From Hunger research in Uganda and the Philippines was necessary to adjust the training manual based on regional market input. The research consisted of focus group discussions with MF clients and in-depth interviews with MFI staff, Ministry of Social Solidarity staff, and legal council. The research was conducted in July at a rural ABA branch in Gharbeya Governorate and an urban FMF branch in Cairo Governorate.

The research from both MFIs indicated that in general, MFIs respect confidentiality of clients' information, provide transparency with clients on all loan terms and conditions, offer respectful treatment, and provide quality services. The research did bring to light some problems that were more obvious in Gharbeya Governorate than in Cairo. These included: MFIs making clients sign promissory notes with no value of due amount, MFIs refusing to return promissory notes to the clients upon repayment of the loan, and mal-treatment of the clients of other MFIs upon the occurrence of any delay in repayment. Apart from these instances, the findings were overall positive.

Based on the field findings, EMF introduced some changes to the consumer protection training module and conducted two pilot training sessions, one for individual lending clients at FMF and one for group lending clients at ABA. With feedback from the market research and adapted trainings in hand, EMF participated in a feedback workshop in Uganda during which representatives from Uganda and the Philippines shared the findings of their field work. The teams agreed on the recommended adaptations to be made to the training modules to fit their respective contexts.

Regulatory and Supervisory Options for Egyptian Microfinance. To address the regulatory issues facing the MFIs in Egypt, EMF prepared a report proposing models of policy frameworks that could improve the present situation and guide USAID and other donors in their efforts to move the Egyptian microfinance sector forward into a more dynamic phase of its development. The report recommends creating a distinct legal personality for microfinance institutions that have reached a certain level of development, follow adequate management practices, and achieve financial sustainability. These top-tier MFIs would be regulated and supervised by a credible and recognized authority, preferably the Central Bank of Egypt, but possibly either the Ministry of Investment or the Ministry of Finance. One difficulty the report addresses is that senior officials at the Central Bank and at "financial" ministries need more information about microfinance. The report also recommends a modular approach to the implementation of the new microfinance policy framework, both in terms of the level of regulation and the selection of the supervisor. Starting with a lighter regulatory regime and progressing gradually towards best practice will minimize the risks of political resistance, erroneous policies, and clumsy implementation. Although the CBE may be the ideal supervisor, it may not be ready yet to assume that role. Selecting a "financial" ministry and engaging the CBE gradually into the process may be preferable at this time.

Legal and Regulatory Diagnostic for Transforming MFIs - With the upcoming legalization of Microfinance Companies (MFCs) to be operated under the Single Regulator, EMF recognized the need to conduct a legal and regulatory diagnostic with two key objectives: (i) identifying key legal barriers and obstacles that would prevent NGO-MFIs from transforming into MFCs; and (ii) identifying relevant Egyptian laws and regulations that must be harmonized with the recently drafted General Rules for Microfinance Companies. The study identified the following that would prevent / limit the ability of NGO-MFIs from transforming into Microfinance Companies as well as the recommendations to address them:

For NGO-MFIs interested in transforming into MFCs there is a legal uncertainty of whether an NGO is allowed to own shares in a commercial company. This can be overcome through creating a clear road map for transformation with the consent of both MSS and the Single Regulator and with the support of the donors.

NGOs should take into consideration the cost of transformation, the needed time to complete the process and the required changes in their institutional, operational and financial systems (e.g. developing a transformation plan, updating the business plan, determining ownership structure, conducting the evaluation procedures of the NGO's in-kind contribution, etc.)

Annex A. Partner-MFIs' Client Growth During Life of Project

MFIs	Total # of Clients		Growth	
	Dec-05	Jul-09	Value	%
ABA - Alexandria Businessmen Association	49,642	126,458	76,816	155%
ASBA - Assiut Businessmen Association	111,897	241,930	130,033	116%
BDC - Banque du Caire	87,890	99,831	11,941	14%
DBACD - Dakahleya Business Association	56,370	100,044	43,674	77%
ESED - Egyptian Small Enterprise Development Foundation	74,184	103,195	29,011	39%
LEAD - Egyptian Foundation for Lending & Development	39,375	162,091	122,716	312%
NBD - National Bank for Development	29,034	38,841	9,807	34%
NSBA -North Sinai Businessmen Association	1,732	4,846	3,114	180%
SBACD - Sharkeya Businessmen Association	26,568	30,791	4,223	16%
SCDA - Sohag Community Development Association	17,625	12,690	-4,935	-28%
SEDAP - Small Enterprise Development Association Port Said	8,714	25,881	17,167	197%
BOA - Bank of Alexandria	0	22,687	22,687	
BM - Bank Misr	0	23,289	23,289	
Al Mobadra	0	7,550	7,550	
FMF - First Microfinance Foundation (ASWAN)	0	11,792	11,792	
Total	503,031	1,011,916	508,885	101%

Annex B. Partner-MFIs' Portfolio Growth During Life of Project

MFIs	Total Amount of Loans Outstanding		Growth	
	Dec-05	Jul-09	Value	%
ABA - Alexandria Businessmen Association	71,313,686	193,800,582	122,486,896	172%
ASBA - Assiut Businessmen Association	63,313,128	289,362,878	226,049,750	357%
BDC - Banque du Caire	190,356,023	328,476,638	138,120,615	73%
DBACD - Dakahleya Business Association	50,704,804	125,699,357	74,994,553	148%
ESED - Egyptian Small Enterprise Development Foundation	73,800,502	103,469,968	29,669,466	40%
LEAD - Egyptian Foundation for Lending & Development	18,411,210	107,064,103	88,652,893	482%
NBD - National Bank for Development	48,214,761	74,568,944	26,354,183	55%
NSBA -North Sinai Businessmen Association	1,528,059	3,660,742	2,132,683	140%
SBACD - Sharkeya Businessmen Association	25,012,167	32,574,790	7,562,623	30%
SCDA - Sohag Community Development Association	5,878,328	6,068,615	190,287	3%
SEDAP - Small Enterprise Development Association Port Said	10,025,530	24,980,809	14,955,279	149%
BOA - Bank of Alexandria	0	57,752,764	57,752,764	0%
27Al Mobadra	0	4,589,014	4,589,014	0%
FMF - First Microfinance Foundation (ASWAN)	0	12,860,002	12,860,002	0%
Total	558,558,198	1,422,907,135	864,348,937	155%