Matching Grant Program – Award HFP-A-O-00020-00

Credit and Small Business Development Programs

Detailed Implementation Plan

Prepared for USAID PVC Division

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2001 Matching Grant Program – Award HFP-A-0-0-00020-00
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Acronym List

ARPO	Annual Review and Plan of Operations
BDS	Business Development Services
CAS	Client Account Systems
CMU	Country Management Unit
DIP	Detailed Implementation Program
HQ	Headquarters
IED	International Economic Development
IOPS	International Operations
ITN	Insecticide Treated Nets
MCG	MEDA Consulting Group
MEDA	Mennonite Economic Development Associates
MG	Matching Grant
MII	MEDA Investments Inc.
MIS	Management Information System
MTC	MEDA Trade Company
NGO	Non-Government Organization
PHISAC	Productos Hidroponico S.A.C.
PVO	Private Voluntary Organization
SEEP	Small Enterprise Education and Promotion Network
TA	Technical Assistance
TRU	Technical Resource Unit

Section A: Executive Summary

Mennonite Economic Development Associates

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"Credit and Small Business Development Programs"

Section A: Executive Summary

The following document has been developed for the Matching Grant (MG) Program of USAID's PVC Division, and includes the detailed implementation plan (DIP) for MEDA's Credit and Small Business Development Programs. The level of funding for this program is $1,231,032 with an equal match of $1,231,032 from MEDA. The program effectively begins on September 30, 2001 and is expected to complete by September 29, 2004.

Throughout the world, MEDA helps the poor earn sustainable livelihoods through the development of businesses. To accomplish this MEDA strives to be at the leading edge of economic development. The goal of MEDA's MG program is to build and strengthen sustainable, local capacity to promote economic growth with and among the economically active poor through credit and small business development programs in Mozambique and Peru. The MG program is designed to promote sustainability and create impact at four levels. First, there are the clients being sustained by income from the creation of jobs and businesses. Secondly, there are the institutions at the country level being sustained through earned income, backed by good program design, management, and monitoring. Thirdly, MEDA as an international PVO will be sustained by increasing its capacity for planning, management, training, evaluation and monitoring, which should result in increased earned income and new contract work. Fourth, the lessons learned will be disseminated to other PVO's, increasing their potential for sustainability.

MEDA's international operations are sustained by a mixture of income sources that includes MEDA members' contributions, grants and contracts with various government donors, and income earned from MEDA's "for-profit" departments – consulting, trade, and investment. While the MG program is managed by International Operations department of MEDA, it will benefit from the synergy of the inter-relationships with the consulting, trade, and investment departments. The MG will also contribute to these departments and MEDA as a whole through the knowledge gained in the areas of business development services, due diligence models of social investments, and the development of new products in microfinance.

Where possible, MEDA will collaborate with partners to test and develop techniques for sector-specific planning, test-marketing methodologies and improved tools for delivering profitable business development services. The systemization and documentation of these "best practices" will permit other programs in MEDA and in the international PVO community to benefit from lessons learned through MEDA's experience.

Recent trends in the industry and changing donor criteria demand an increase in professionalism, new tools for evaluation and monitoring, standardization in reporting, and better impact analysis. The MG under MEDA is designed for this new environment. Through the MG program, MEDA will develop, test, and deliver a number of innovative products and services to the poor.

MEDA's Credit and Small Business Development Programs in Peru and Mozambique have goals to leave behind sustainable and profitable entities that will continue serving the poor after the MEDA intervention is complete.

MEDA Mozambique's credit program "*Kulane ka Ntwananu*" seeks to create a financially sustainable credit institution that provides access to financial services for micro-entrepreneurs, thereby contributing to economic development in Mozambique. The goal is to transition the program into a locally owned and operated financial institution. The MG program will enable Kulane to build tools and processes so as to enhance the capacity of the program to become a stable sustainable financial institution and provide better services to its clients. All the proposed goals and expansions are important to long-term viability.

MEDA Peru works directly at addressing Peru's problems of poverty, lack of employment, and unsustainable use of natural resources and illicit coca cultivation. The project aims to develop sustainable mechanisms for production and marketing of agricultural products by working with micro and small farmers in the San Martin and Cienguilla regions; and by strengthening the marketing and technical assistances in these rural areas.

Key Personnel involved in the preparation of the DIP include:

- Cherie Tan, Monitoring and Evaluation Team Leader, Technical Advisor
- Trudi Schwartz, MEDA Mozambique Country Manager
- Sonia Dominguez, MEDA Peru Country Manager

Section B: Program Design

B1. PROGRAM OBJECTIVES, INDICATORS AND ACTIVITIES

Approach

The International Economic Development Division (IED) in MEDA is comprised of four departments: International Operations (IOPs), MEDA Consulting Group (MCG), MEDA Investments Inc. (MII) and MEDA Trade Company (MTC). The Technical Resource Unit (TRU) is the unit that provides technical support to all the four departments of IED. IED's mandate is to help the poor earn sustainable livelihoods through the development of businesses.

IOPs provide funding, technical support and training to eight emerging Microfinance programs, and eight business development service (BDS). IOPs begins with pilot projects, expands to programs of some scale, and eventually establishes viable, independent, self-sustaining institutions that continue to provide services to the poorest of the economically active.

While IOPs is the department that manages and benefits from the PVC Matching Grant (MG) Program, it works closely with IED's three other departments under the coordination of the TRU. The TRU is the unit that will coordinate the MG program activities. In addition, it provides relevant technical information and resources to IED's departments, assist with project identification, proposal writing, monitoring and evaluation, training, and participate in relevant networks and working groups for microfinance and BDS related topics.

MCG brings experiences and skills from other organizations to the training component, and disseminates the "best practices" learned from the program to other organizations. MTC seeks possible trade opportunities for individual clients and businesses participating in the MG program. MII is a social investment fund that provides equity investment and loans to businesses that benefit the poor. This interaction between programs, consultants, trade, and investment contributes effectively to sustainable economic development and to the financial sustainability of MEDA as an organization.

B1.1 Organizational Capacity Building

Headquarters

MEDA seeks to be a leader in innovative economic development to help the poor by increasing the scope of existing services and developing new products to serve the poor. IOPs strategy is to build knowledge, skills, resources, and delivery mechanisms to equip field offices and partners to develop businesses that benefit the poor. The long-term goals of MEDA include: 1. increase the scope of existing IED services to the poor; and 2. develop new and innovative products to serve the poor.

Assessment of Organizational Capacity

MEDA places a premium on capacity building. As a service organization, MEDA employs the best practices and technology possible to ensure successful development initiatives at the field level. MEDA will accomplish the objectives set out through staff training, research and product development, and by expanding our current human resource base to include expertise in agricultural development, BDS and marketing capabilities.

A number of evaluation methods and baseline studies were used to assess organizational capacity needs at the headquarter level. These studies provide critical insights and contribute towards the strategic direction for IED and particularly for IOPs in terms of outreach, operations and impact. Listed below are some of the key findings that will assist IOPs improve and make existing and future programs more effective.

MG Program Evaluation, PVC I

MEDA was a recipient of a MG grant from the PVC division from October 1, 1998 to September 30, 2001. The goal was to strengthen local capacity to promote economic growth among the economically active poor, through enterprise development in selected countries in Africa and the Caribbean. The end of project evaluation carried out by an external evaluator included issues for MEDA headquarters, MEDA Mozambique as well as MEDA Haiti. The evaluation included the review of available technical documents, reports and interviews with MEDA staff and various partners and clients.

The evaluation recommended that MEDA must continue to improve and enhance its capacity in the following areas:

- Improve communication, dissemination and delivery of technical assistance between headquarters and field programs;
- Ensure that field managers keep financial records up to date and submitted in a timely manner;
- Define clear exit strategies for programs at the termination of donor funding;
- Develop programs and evaluation processes that focus on client impact;
- Increase synergy between MCG and MEDA's technical resource unit (TRU);
- Forge linkages with private sector capital.

Annual review and plan of operations (ARPO)

At the annual review and operational planning session held in January 2002, IED's senior management team identified a number of strategic priorities for MEDA that will enhance the organization's capacity to deliver effective and more cohesive programming. An internal evaluation using the SWOT analysis highlighted a number of strengths and weaknesses in the organization and listed some opportunities and threats that MEDA should be attentive and responsive to. Attached is a summary of the findings taken from the SWOT analysis.

SWOT ANALYSIS SUMMARY	
STRENGTHS	**WEAKNESSES**
➢ Creative thinking (commit to growing and developing new ideas) ➢ Willingness to take risk ➢ Current Staff capacity ➢ Focused on economic development and helping the poor	➢ Lack of resources for piloting and innovating ➢ Measurement of progress (hard to quantify) ➢ Marketing
OPPORTUNITIES	**THREATS**
➢ Linking Microfinance with commercial markets ➢ New Donors/Investors ➢ Defining BDS Best Practices	➢ Shift in donor priorities in health and education ➢ Non-revenue generating activities ➢ Overall issue of profitability

Annual Program Evaluations

At the end of fiscal year 2001, all programs were required to perform annual evaluations for programs/projects/ and businesses supported by the IOPs. The annual evaluations

provided a time for informed reflection and assisted MEDA field staff and senior management team in understanding the challenges and strengths of current programs. An evaluation summary synthesizing important information and trends and providing analysis of program performances, results, lessons learned and recommendations, was distributed back to all country programs, senior staff members and consultants.

Synopsis of Assessment Results

Improve monitoring processes between HQ and Field
The external PVC evaluation stated the importance of improving communication between the field and management at the HQ level. This includes strengthening the monitoring processes between HQ and programs to ensure adequate and fast responses between field and management to prevent slippage in program performance. Follow-up has to be maintained after technical trips by consultants and management. The lines of communication will better ensure that HQ can provide the technical support and training to fields upon demand while guaranteeing that recommendations are followed through and implemented at the field level.

Developing the capacity of local managers
Local operational managers must have the technical and managerial ability to run effective programs, Donor reporting standards demand that managers must write reports and carry out analysis of program performance. These skills need to be supported in the form of training and on-going support by country managers and the TRU.

Diversifying Products/New Product Development
Diversifying into new products is crucial to ensure that the business continues to stay on top of the competition and be innovative. In addition, the sustainability and success of business cannot be entirely dependent on one product, especially when operating in risky environments that are vulnerable to market rise and fall of product prices. MEDA needs to develop its capacity and be in a better position to assist field program with market research, testing and new product development.

Appropriate responses to External Shocks
Increasingly, MEDA programs are faced with the challenge of responding to external issues beyond the control of the business. While learning to respond to external challenges; more effective management by personnel, board advice and oversight, and tight monitoring from MEDA HQ can potentially help to mitigate the potential of incurring big losses.

Expand and Increase Staff Capacity and Resources
Continuous enhancement of skills is necessary to remain at the leading edge of international development. MEDA intends to strengthen the existing resources to include expertise in agricultural and BDS activities. Headquarters will benefit from increased expertise in BDS marketing and in agricultural production through the hiring of additional staff members.

Approach and Activities
Organizational Development
MEDA will achieve the following objectives upon implementing its capacity building strategy:

- √ Increased technical expertise in product development, agriculture and ag. Marketing, and in the application of technology for program delivery
- √ Improved capacity in the monitoring and evaluation process of BDS programs and investment
- √ Contribution to industry-wide best practices for BDS, Microfinance and Social Investment Funds

Strategic Management Practices: The processes MEDA employs for business planning and financial modeling for microfinance institutions are thorough and make use of the latest tools available on the market. However business planning and financial modeling for marketing enterprises requires another set of tools. As part of the Marketing toolkit described below, MEDA will develop a *Computerized Business Planning Model* for BDS programs. This innovative model will then incorporate financial statements and projections to create a business plan, complete with sales forecast and financial analysis.

Marketing Management Principles: MEDA has over 15 years of experience in direct and indirect BDS delivery. MEDA has created several marketing companies and has helped develop organizations working in business development. It has done so through its own programs and through consulting internationally. Based on this experience, MEDA will develop a *Marketing Toolkit*, which will be used to systematize the MEDA experience and incorporate the lessons learned from this program. The toolkit will include feasibility and assessment guidelines for marketing companies and projects, field examples, a marketing intervention framework, and competitive analysis appropriate for marketing projects and businesses. The result of MEDA's work in marketing will be transposed into a series of *Best Practices in Marketing* training modules. These modules will include topics such as intervention frameworks, competitive analysis, backward and forward links in distribution channels, financing, and exporting among others.

Consolidation of MFIs: We are seeing the trend of MFIs merging with others to create stronger combined institutions. MEDA Mozambique is seeking a variety of options that would possibly include a merger with MFIs to become a stronger institution. MEDA intends to document this process that will bring important lessons learned to the MFI industry. MEDA also has a lot to offer the industry in terms of developing a due diligence assessment process as well as technical assistance to prepare MFIs for institutionalization. The intent is to document this process in a manual that will provide important lessons for all MFIs pursuing similar endeavors.

Use and Management of Technical Knowledge and Skills: MEDA has a team of highly skilled professionals in the areas of business development and microfinance who work together to make projects successful. Continuous enhancement of skills is necessary to remain at the leading edge of international development. Headquarters staff will benefit from specialized training and staff development in the areas of BDS marketing. MG support will also enable MEDA's TRU to increase its capacity in agricultural production and marketing through the hiring of additional staff members.

B1.2 Country Programs

Peru

MEDA Peru seeks to be a leader in the promotion of agribusiness development and will work to strengthen the capacity of private sector service providers to deliver appropriate and needed services to small and micro farmers. Technical assistance and training received through headquarters, consultants, and MEDA members will build capacity in MEDA Peru to deliver effective assistance to partners and clients (small farmers).

MEDA Peru will work directly to address Peru's problems of poverty, lack of employment, unsustainable use of natural resources and illicit coca cultivation. The goal is to build sustainable and profitable businesses that result in increased income for the poor. The project aims to accomplish this by developing innovative and sustainable mechanisms for the production and marketing of agricultural products. MEDA Peru seeks to be a leader in the promotion of agribusiness development and will work to strengthen the capacity of private sector service providers to deliver appropriate and needed services to small and micro farmers.

Assessment of Organizational Capacity

In the first six months of operations, MEDA Peru carried out groundwork in identifying the needs of partners and working to build the present human resource capacity. In November 2001, a strategic planning session was carried out by the TRU for the Peru staff to determine the capacity needs of the organization and the support of headquarters in providing technical assistance and training. As MEDA Peru is currently in its first year of operations, the strategic planning session was viewed as the more appropriate approach to engage staff in reviewing the current capacity and resources of the organization and the future direction and position of the Peru in three years and at the end of MG program. Project staffs were engaged in an intensive week of open dialogues and discussions. The result of the strategic session helped MEDA Peru fine-tune the goals and objectives of the MG program, identify organizational and training needs, detail program planning and implementation strategies, recognize existing strengths in partner relationships and plan for the potential exit strategies at the end of project cycle. In February, the TRU led the program in an organizational self-assessment applying tools adopted from DOSA-Discussion oriented organizational self-assessment. The assessment led to concrete decisions regarding human resource issues, description of the roles and responsibility of each staff member and their training needs and requirements.

Synopsis of Assessment Findings

Proposed Changes to the Palm Hearts Project

In Puerto Bermudez, the proposed areas where MEDA was working with an association of palm heart producers and where MEDA identified a potential partnership in the PVC proposal has undergone some dramatic changes.

1. The condition of the major road has deteriorated significantly in the last two years due to bad rain conditions, overuse, and the lack of maintenance;
2. The new Peruvian government has not budgeted for improving the infrastructure in the areas and for the repair of the roads as was initially promised under Fujimori's government;

3. The partner, INDASA, proposed in the PVC grant, has undergone significant management and financial changes over the last year that will significantly alter their capacity to participate in the project.

Based on these factors, MEDA has identified a new partner in a different geographic location. It is important to note however, that the initial work of MEDA with the association of palm heart producers has led to the formation of an alliance between the farmers, their association and a local private processing plant to continue with the production and processing of palm hearts. MEDA's prior work with INDASA has led to the improvement of quality and an increase in production of the product and continues to contribute to the increased income for farmers working with palm hearts.

MEDA Peru dedicated a good amount of resources to explore and research other potential areas in the country where the needs and farmer profiles are similar and where the project and partnership meets the objectives identified by USAID Peru. The challenges resulted in identifying a new partner in the San Martin region.

Agronegocios is an agricultural marketing company that purchase, processes and markets the rice from micro and small farmers in the San Martin region of Peru to wholesalers in Lima and other national markets. San Martin was illicitly involved in the production of coca in the last decade and early '90s. Farmers are now dependent on the cultivation of rice crops as their main income generating activity and this project has a likely potential to succeed due to the following factors:

- Tarapoto has undergone a decade of narcotic-terrorism since the mid 1980s, which it is now moving away from;
- The area has a lot of potential for agriculture production, business development, and the local provincial administration is working to promote development efforts. The Poverty Reduction and Alleviation program of USAID, managed by Chemonics, has initiated work in the region, and MEDA has been in close coordination with USAID to look at how MEDA can better focus our efforts. Representatives from USAID are extremely supportive of MEDA's involvement in the region, especially in areas that would complement their existing efforts;
- The Peruvian government is reinforcing the infrastructure in the region and the Lima-Tarapoto highway that is currently under construction. The expected completion date is early 2003.

Among the agricultural products produced in the region, rice represents 60% of the total production and 55% of the agriculture GNP. The total rice production is around 50,000 hectares (average farm land is between 1-5 hectares). Farmers identify that favorable weather conditions and water access makes rice cultivation a suitable and profitable agricultural alternative.

Even though rice is a good alternative, there are many problems facing rice farmers:

1. Low prices for rice. Farmers are not getting market prices for their production that accurately reflects market prices. In addition, they do not know of other alternatives because of the lack of access and knowledge to market information;
2. In the last 5 years, the lack of rice research and improved technology in rice cultivation, productivity has decreased by around 5% a year;

There is a high demand for services such as the rental and lease of tools and equipment for the cultivation and harvesting of rice.

Proposed Minor Changes to the Hydroponics

The hydroponics component has presented minor variations to the region initially identified in the application. A visit from a North American hydroponics specialist identified the difficulty of replicating the project in the region of Huacho. The problem lies primarily with the inaccessibility of electricity and water in the region, and the low levels of luminosity. To effectively duplicate the hydroponics project, there needs to be consistent accessibility to electricity and water supply and this will prove challenging in Huacho. Discussion between MEDA and PHISAC resulted in the decision to keep the project in the outskirts of Lima, in Cienguilla and the surrounding areas. The partner is already operating a hydroponics project in this area and a survey of the neighborhood demonstrated the potential to work with small farmers in the surrounding area, implement drip irrigation technology to their existing farming to increase the output and productivity of their products. Based on an assessment, Matucana also presents a feasible location to work with farmers in implement the drip irrigation technology. Matucana is 75 km away from Lima and it presents favorable micro-climate conditions for producing fruits and vegetables all year around.

Approach and Activities

Organizational Development

The matching grant program will enable MEDA PERU to:

- √ strengthen its capacity in managing complex and multi-faceted projects
- √ increase capacity to deliver and design effective BDS interventions in agricultural marketing
- √ build solid agribusinesses that provide economic and social benefits for poor farmers.

To achieve these objectives, MEDA Peru needs to develop the organization, define the roles and responsibility of the technical and managerial staff, and provide training to staff in financial and operational areas. To build the capacity to deliver BDS programs, technical staff should increase their capacity to deliver effective technical assistance through increased training, define a clear work plan detailing the work that has to be completed over the next 2 years so as to achieve the objectives, and build a network of local consultants and experts to provide consulting to the office on a contractual basis. To acquire specific expertise in agribusiness development, MEDA Peru has hired one technical and monitoring advisor, is in the process of completing market studies for both rice and hydroponics, and is building a database to provide current market information of the specific products.

Strategic and Financial Management Practices: MEDA Peru will equip partners to improve business planning and financial management practices. The Marketing toolkit developed at headquarters will facilitate this capacity building for partners.

Use and Management of Technical Knowledge and Skills: MEDA will work with partners at developing a technical assistance package for production. This package will include: hydroponics technology implementation for small commercial farmers of fruits and vegetables; production and marketing services for rice producers in San Martin region. This technical assistance package is designed to build the capacity within farmers so that they can deliver quality production to partners, ensuring a steady income.

Information Management: MEDA will work closely with the partners at developing their capacity to access and use information for their own strengthening. MEDA will assist

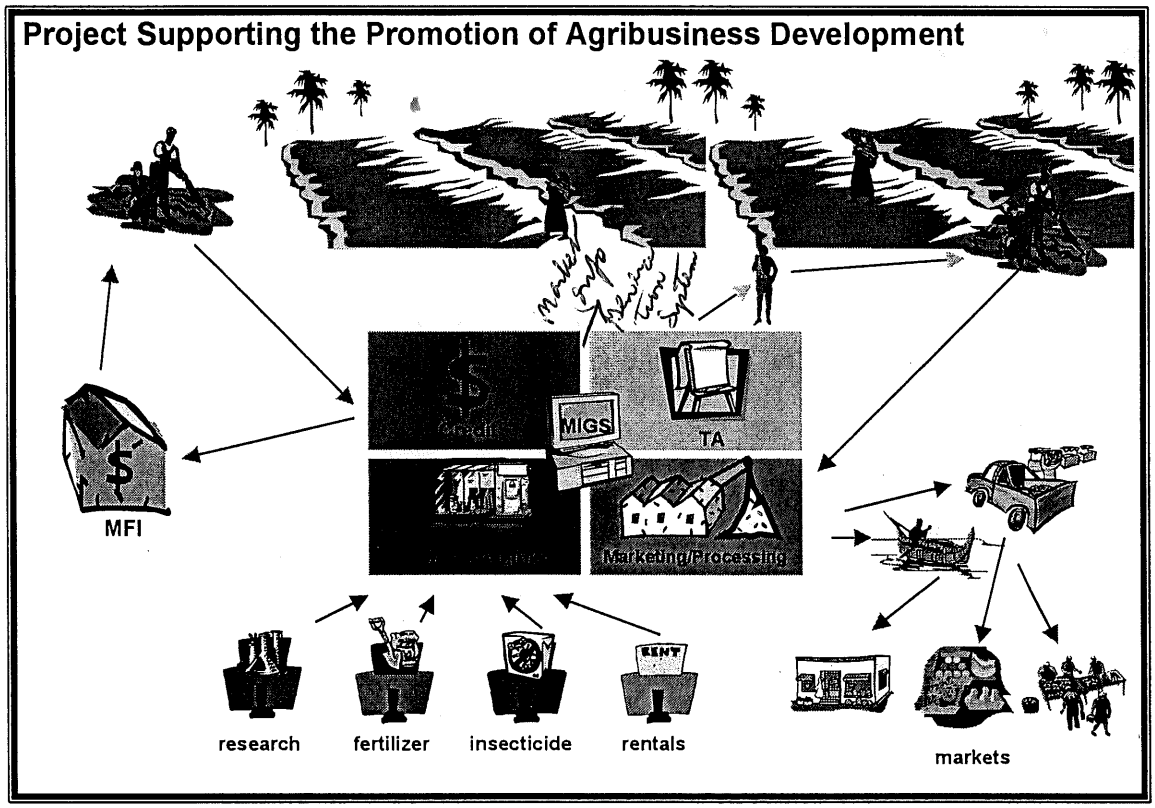
partners in developing an internal Information system which will incorporate market, production and client profiles and will allow partners to make more informed decisions regarding their production levels, costs and sales strategy.

Marketing Principles: MEDA will work with the marketing partners to develop and use new marketing technology. Training topics will include the relevance of the various elements that make up a marketing management. Special attention will be placed on export management of food and agricultural productions.

Technical Interventions

- √ Pilot and test a mode to bring hydroponics techniques to small-scale farming
- √ Through technical assistance, increase the demand for affordable extended services to rice farmers resulting in a production of higher quantity of quality rice
- √ Improve operational and strategic business planning for BDS

MEDA's strategic direction is summarized in the following diagram.



In order to achieve the above objectives, the key service delivery activities include

- ➢ MEDA will engage in technical assistance with partners in all years. In year one, a business plan will be developed with partners, focusing on areas for improvement and growth. MEDA experience reveals that financial management is often a weakness that is seldom addressed in small businesses and organizations. Financial planning and reporting schedules and forms will be developed with the partners that will in turn strengthen the link between these instruments and management. In Year 2, MEDA will work at strengthening the

Information systems of partners, in order that they may be able to make improved use of information technology for their marketing and operations.

- Throughout each year of the project, MEDA will implement a technical package, which includes the installation of new technology and production and marketing technical assistance. MEDA will dedicate resources with partners to develop expertise in the management and sustainability of these services.
- Beginning midway through year one, MEDA will work closely with the partners to develop their marketing and distribution delivery. Through the partnership with local enterprises, MEDA will building on existing channels to strengthen and deepen the relationship between suppliers and clients. It will do so by training and providing technical assistance in the areas of client retention, backward and forward distribution linkages, quality standards in marketing and product development. Training topics will include the relevance of the various elements that make up the marketing, cost-efficiency of certain marketing strategies, viability of distribution channels, and inventory management. Special attention will be placed on export management of agricultural products.

Additional Information

Geographic, Political and Cultural Challenges

The president of Peru, Alejandro Toledo took power in July 2001 and put together a cabinet of educated professionals from different walks in the private sector. No major changes were made to the economic framework to date. One of this populist decisions is the creation of "Banco Agropecuario" to provide farmers with access to financial resources. Peru had a terrible experience with a similar bank during Alan Garcia's presidential period (from 1985-1990) when only 5% of the loans were paid back. The failure in the first initiative has created in the gap in financial services provided to farmers as many financial institutions fear the high risk and arrears. Banco Agrario received 140 million of state funds as start up capital. Most observers are doubtful that this will be a successful venture and fear that the capital will never be recovered.

Current fiscal policies are geared for moderate expansion, which will widen the fiscal deficit by one or two points. To ease the fiscal pressure, the government issued two bond emissions. The first for 200 million, that was sold internally and the second of 1,500 million were placed in New York and sold as debt swaps. The bonds were well received, signaling that foreign investors believe in the credibility of the Peruvian economy.

In March, Peruvians are expecting the visit of President George Bush. Main points on the agenda are the support for the fight against cocaine production and Bush's support for ATPA (trading preferences for Andean products that should include cotton and garments). US drug assistance will increase from $150million in 2002, from about $50million annually in previous years. From this amount, more than $80 million will be to finance alternative development programs to help Peru's farmers find sustainable cash products, including coffee, cacao, rice, fishing, etc, outside of the illicit production of coca.

Beneficiaries

The current projects will directly benefit small and micro farms. The average farm family has approximately five members. Farms are approximately five hectares in size and employ labor from the entire family. The project will focus on providing services to family

farms, consisting of men and women, each with their own responsibilities within the farm. It is estimated that 50% of the beneficiaries are women. Rice production is approximately 6 tons per hectare. During the course of the project, it is estimated that it will increase the amount of rice that it purchase from 7,000 tons in 2002 to 13,000 tons per year by 2004. In addition, if every 30 tons represents a new farm, this translates to an increased from 830 beneficiaries (166 farmers) currently existing to 1,900 beneficiaries by the end of 2004.

For hydroponics, it is expected that the project will benefit a significantly smaller group of farmers, 5 farmers in the first year and an additional 5 by 2004, totaling 70 beneficiaries (consisting of 5 members/per family and 2 additional workers). However, the project works to develop a sustainable model for the application of drip irrigation technology in small farms. The model will have a significant impact with a potential to benefit a greater number of beneficiaries as suggested.

Relevant Socioeconomic Characteristics

- Average family size consists of 6 members with 2 adults and 3 children in each household.
- 98% have some form of formal education of which 40% received primary school education and 58% obtaining secondary school education and higher.

Other Organizations

- A survey in the region of San Martin indicates that there are no other organizations or rice marketing companies that provide technical assistance to farmers. Although there are a number of processing mills and rice agents that buy rice from farmers, the findings indicate that Agronegocios fills a market gap in that no other company is providing marketing information to farmers that allow the farmer to produce according to the demands of the market and attain higher prices.
- PHISAC is one of 5 companies supplying the market of Lima with hydroponics products. While all the other four companies are producing only tomatoes and some small vegetable varieties, PHISAC is the only company that is supplying strawberries produced using hydroponics. PHISAC intends to venture into the production of new products and is currently carrying out a market study.

Mozambique

MEDA Mozambique is striving towards institutionalization and sustainability. The goal is to transition the program into a locally owned and operated financial institution. The MG program will provide employee training, program expansion, provision of new products, market development and BDS provision for clients. Legislation in Mozambique does not allow Microfinance institutions to collect savings or capture deposits for on-lending purposes, unless they are registered as a commercial bank or a credit cooperative. It is not expected that MEDA Mozambique will accumulate the minimum capital to enable it to gain a commercial bank license during the term of this PVC MG. The legislation governing credit cooperatives in Mozambique is very strict regarding the membership of the cooperative and the geographic distribution of members. The methodology used by MEDA Mozambique to date cannot easily be adapted to a cooperative without alienating many of the current and potential clients.

MEDA Mozambique will introduce new products to better address the health and repayment problems experienced by the clients, as well as business start-up loans for retrenched employees from mines in neighboring South Africa and employees of previously state-owned corporations in Mozambique. All the proposed goals and expansions are important to long-term viability. Under the organizational development objectives, the MG program will result in:

- √ Improve strategic management practices through the development and strengthening of the institution and governance structure of MEDA Mozambique's MFI, Kulane
- √ Increase organizational learning through enhanced capacity to assess client demands and preferences;
- √ Improve financial management through stronger and better skilled staff;
- √ Improve human resources management

Assessment and Baseline Studies

Baseline, Impact Assessment and Client Satisfaction Survey

An intern carried out a survey of clients of the Kulane program. The data collected was then entered into and analyzed using an in-house designed database. The methodology involved the design of a baseline survey that includes a list of important measurement indicators.

The following were the principal objectives of the survey:

- To collect baseline information on clients, their households and businesses
- To assess the impact of micro-finance on clients, client households and businesses
- To assess the overall level of satisfaction or lack of satisfaction of existing clients as wells as feedback on possible improvements and as a guide for program expansion and development of new products.

The key findings of the survey included:

1. The average age of respondents was 33.7 years. The oldest client was 56 while there were clients as young as 17 yrs and 64.2% are female clients while 30% of the clients are single parents;
2. 77% of the clients have primary school education only and a household has an average of 7 people;

3. While a majority of the clients interviewed owned their own homes, a large number did not and 20% shared their homes with other extended family members
4. Most clients owned one item or other in the list of assets quoted in the survey tool, the sophistication of the assets was basic;
5. For the majority of the clients, the income form their business constituted the largest portion of their household income (94%), an indication of the importance of their business activity in their lives;
6. The largest percentage of the clients are involved in the retail sector, trading in primary household goods.

Matching Program Evaluation, PVC I

MEDA Mozambique was a recipient of the PVC matching grant. The goal of that PVC Mozambique program was to increase the program's institutional capacity and to improve the quality of services to the clients. The end of program evaluation report included a number of important observations specifically relating to MEDA Mozambique:

- In reviewing MEDA's strategies regarding capital supply to its partners in difficult economic situations such as that of Mozambique, where the local currency devalued at a rapid rate; MEDA needed to recognize the cost of inflation and the devaluation of the local currency against stable currency that led to the rapid decline in the value of the capital fund. The conclusion led to a decision that the loan to MEDA Mozambique will no longer be designated in dollars and will not bear any interest charge;
- In determining the governance structure for MEDA Mozambique, it should consider a structure that will allow it legally to manage client savings. Unfortunately, the current regulatory environment offers limited options. MEDA will explore ways to collaborate with existing legal entities to address the issue of savings and to ensure that its clients have adequate access to financial services;
- MEDA Mozambique should investigate additional training options in business skills for its clients so as to enhance their capacity to absorb larger loans and grow their business equity accordingly.

Annual Evaluation Report

The annual evaluation report documents the progress in lending and provides a summary of the key results achieved to date. It highlights the results of the impact assessment and the results of the strategic business planning exercise. The data obtained was drawn from reviews of various evaluation reports, MIS system, business plans, financial reports and also includes interviews with clients and conversations during regular staff meetings.

Key findings:

- The results show a marked increase in portfolio and numbers of clients. The additional individual loan product has provided *Kulane's* clients with a level to which they can *graduate* when their business grow out of the Solidarity Group loan system. At the same time it provides potential new clients with larger businesses the opportunity to access credit that will allow them to grow their businesses and create employment opportunities in their communities.

- The strategic planning session held in May 2001 allowed *Kulane's* staff to participate in the discussions of the strengths, weaknesses, opportunities and threats that face the institution. It also gave them some insight into the issues

that management has to face on a daily basis, such as the effect of currency devaluation and sourcing adequate funding for the program.

- The expansion of *Kulane's* operations to other markets in Maputo city has provided the Credit Officers with increased challenges while encouraging them to plan their work and take greater responsibility for achieving targets.

Analysis of Current Conditions

- The impact assessment indicated that the clients trusted the MEDA credit program since it has had a presence and history in one of the markets and now has the reputation of a program being amongst the people for the people. This attitude could enable *Kulane* to expand its operations even though there is substantial competition from other microfinance providers in Maputo City and environs.
- The designation in local currency with zero interest of the capital that MEDA HQ has invested in *Kulane* will have a very positive impact on the future sustainability of the program.
- Recently the Bank of Mozambique increased the minimum capital requirements for a commercial bank license to US$3 million. Although legislation specifically for microfinance institutions is being discussed, it is not expected that the minimum capital requirement for a financial institution dedicated solely to offering microfinance services will be less than US$1 million. It is not expected that the *Kulane* program will accumulate this amount in equity within the period of this PVC Matching Grant. Therefore MEDA will also investigate a possible merger with another microfinance institution. Such a merger will improve *Kulane*'s ability to achieve the institutional status that will allow it to offer a wider range of financial services to its clients.
- The issue of BDS in the microfinance sector is enjoying greater support and MEDA will use this development to provide its clients with additional training in business skills and marketing opportunities for productive activities which will enable them to grow their business accordingly.
- The repayment rates are not meeting Best-Practice standards notwithstanding every effort made by program staff to ensure the loan analysis and training is up to standard. Initial investigation has shown that many of the clients with arrears fell behind in their repayments due to health problems. During the rainy seasons, many people in Maputo suffer from malaria, which often turns to a chronic disease.

Changes in the DIP

Savings. Since the capture of voluntary savings is not allowed in the current legislation for MFIs in Mozambique, unless they are registered as a Commercial Bank or a Credit Cooperative, the introduction of a savings product within the period of this grant may not be feasible. Unable to provide such a service to *Kulane's* clients, MEDA will investigate innovative partnerships with other financial institutions that may constitute a co-operative agreement or even a merger of operations.

Expansion of Partnership. MEDA is exploring the opportunity to partner with institutions working with retrenched employees to provide start-up business loans. This is further discussed in the section on partnerships.

Approach and Activities

Organizational Development

Improved strategic management practices through developing an institutional and governance structure:

- Change in institutional structure implemented: MEDA Mozambique will investigate the options available, such as merging with another financial institution or formalizing into a bank or local association. By the FY 04 it is expected that the registration process for the chosen form of an institution will at least be in process or a merger would be completed.
- Governance structure installed: The formation of an appropriate governance mechanism depending on the organizational structure chosen. The Board of Directors will provide crucial guidance as the institution grows, and enters the transition/expansion phase.
- *Data Source and measurement method*: Quarterly report and annual evaluations; copies of registration process

Increased organizational learning through enhanced capacity to assess client demand and preferences

- Client retention rate: Development of additional tools for collecting client information such as client exit survey and customer satisfaction surveys. Improved client retention will result in an expanded satisfied client base.
- *Data Source:* Monthly credit, monitoring reports and annual evaluation reports

Improved financial management through stronger and better skilled staff

- Number of training sessions conducted in financial management
- Upgrades installed for Management Information Systems and Accounting systems
- *Data Source*: Quarterly, annual evaluation reports and Organizational chart

Improved Human Resources Management

- Number of training sessions conducted in human resource management techniques
- Staff retention is high
- *Data Sources*: Quarterly reports, Staff performance process filed for all operations and administrative staff

Technical Interventions

Increased ability to detect fraudulent practices through new processes

- Policies and procedures manuals revised
- Accounting staff familiar with internal control procedures and applying the procedures to operations and an internal auditor appointed
- *Data Sources*: Monthly credit and monitoring reports, Quarterly reports, Revised manuals available

Improved business management capacity in clients

- Improved growth in equity for individual clients' businesses – clients' balance sheets shows an increase in business equity and verified by credit officers
- Improved repayment rate for repeat clients – on-time repayment rates are not less than 95% for all clients
- *Data Sources:* CAS reports, Monthly credit and monitoring reports, Quarterly reports and annual evaluations

Improved staff capacity through training

- Number of staff trained (new staff training and refresher training skill enhancement for existing staff)
- New credit officers achieve target case load within 6 months of start date
- Credit supervisor able to analyze portfolio indicators and act upon trends
- *Data Sources*: AS reports, Monthly credit and monitoring reports, Quarterly reports and annual evaluations, Staff performance management reviews

Additional Information:

Geographic, Political and Cultural Challenges

During the past two years, the economy of Mozambique declined from achieving the world's fastest growth to being ravaged by the worst floods in history in February/March 2000 in the south of the country and again in 2001 in the central and northern regions. The currency devalued almost 100% during this time, with a dramatic devaluation in the first semester of 2001. During this time the devaluation was in excess of 32%.

Politically Mozambique continues to be a two party system. During the last election in 1999, the governing FRELIMO party was re-elected. The opposition party, RENAMO, challenged the results, saying that the election was not free and fair. To date, this dispute has however, caused no major delay in the legislative program of the Government. In 2003 the ruling party will hold their sixth general party congress and at the end of that year, it is expected that the incumbent President will step down as he would have finished two terms.

There is a lot of competition in the Maputo city area from Microfinance Institutions offering individual loans. *Kulane* will need to maintain its competitive edge through building solid relationships with its clients and providing the product lines discussed above.

Beneficiaries

By gender and age:

The average client is 34 years old (range between 17 to 56 years of age) and 65% are women

Relevant socioeconomic characteristics

- Less than one third of the clients belonged to single parent homes due to divorce, death of a spouse or children out of marriage and only 12% of households are headed up by female relatives, 34% of client households have male relatives making significant decisions
- Women make decisions in 38% of all client households whereas in 62% of all client households, men exercise the greater control
- Apart from food, most household expenditures are directed towards utility services, education and healthcare
- Most of MEDA clients received more than one loan from MEDA
- 87% of clients are involved in the retail sector
- On average, clients have 7 years of experience in doing their business
- 6% of clients do not hold savings, 16% said that they have savings that are not accessible and 77% said that they had savings accessible for emergencies

Relevant vulnerable sub-populations

- 77% of the clients have formal education up to primary school level while 18% have secondary school education and 4% never went to school
- A typical household contains 7 people, 3 of the occupants usually are children

Other Providers

In Maputo city, there are currently several microfinance providers in operation. The most recent and only institution that has a commercial banking license is Novo Banco, who has as its major shareholders the Banco Internacional de Mozambique (BIM) and IPC/IMI of Germany. The other institutions are SOCREMO, Tchuma (a credit cooperative). These institutions constitute the major competition for *Kulane.*

B2. PARTNERSHIP PLAN

Mozambique

In Mozambique, MEDA will partner with its own program, the MEDA Mozambique small business development program known as *Kulane ka Ntwananu.* MEDA Mozambique is a registered international NGO located in Maputo. The program strategy for MEDA Mozambique is to provide training for the staff of *Kulane*, evaluate current loan products and introduce new products to clients. The accomplishment of these activities will result in increased efficiency and a stronger local management team.

During the first two years of operations under the Matching Grant Program, MEDA Mozambique met its goals of developing an accounting and financial reporting system. The new system has encouraged staff to document information accurately resulting in improved information for monitoring and decision-making. An internal audit system will decrease the risk of fraud and increase organizational effectiveness. Investigation into an appropriated institutional structure for *Kulane* will help the institution move towards sustainability. As the credit institution becomes sustainable, headquarters will work with the credit agency to become fully independent by 2004.

In addition, MEDA Mozambique is actively exploring partnerships with local institutions to implement a number of innovative services and new products for the clients of *Kulane.* The partnership objectives include:

- Develop innovative partnerships with health related associations for new product development in insecticide treated nets (ITN);
- Investigate new partnerships to provide start-up credit to retrenched or formally state owned employees;
- Strengthen business management skills and technical capacity of micro-entrepreneurs through building linkages to local training institutions.

Malaria is responsible for more deaths and illnesses than any other tropical disease and that program is growing. The goal of the ITN initiative is to establish a program for *Kulane* loan officers to sell ITNs as a regular part of their loan disbursement process. As credit clients negotiate and take loans, the credit officers of *Kulane* will promote the benefits of ITNs and offer additional loan amounts for the purchase of ITNs. Those that take loans for ITNs will be provided with a coupon that may be exchanged in a local shop for one of the ITNs of a participating ITN Business association member. The goal is to have 60% of the clients opting for the ITN loan after 2 years of the project.

Kulane will also explore the opportunity to develop new partnerships to provide start-up credit to retrenched or formally state owned employees. MEDA Mozambique made an initial contact with an organization interested in developing a partnership with *Kulane* to develop a program to provide credit to retrenched employees of former state-owned corporations and Mozambican miners retrenched from the mines in South Africa. If a successful contact is made, *Kulane* hope to provide start-up credit to 10 case clients and based on the test, further developed the program to provide credit to an increasing number of these retrenched employees.

The baseline study and evaluations indicate that clients are interested in obtaining training skills in business management. There are a number of training institutions in Maputo who provide training in business management. It is the intention of MEDA to

build partnerships with one or more of these institutions to provide training to clients. In this way, Credit Officers can concentrate on the lending activities and applying sound operational procedures. MEDA Mozambique will explore potential linkages with local training institutions to build the business management skills and technical capacity of micro-entrepreneurs.

Management
The Operations Manager, who is set to become the program manager in July 2002, will manage the *Kulane* program. The Country Manager will provide oversight and technical support to the program manager in the operations and assist with the identification of a suitable institutionalization strategy. The Country Manager also manages the Mozambique Microfinance facility, in which MEDA is the lead implementing partner for this CIDA funded capacity building project. The CM will devote about 20% of her time to issues pertaining to *Kulane*. MEDA HQ will provide technical support and oversight to the project especially as it relates to the transition to an independent microfinance institution.

Associations and Networks
The nature of the *Kulane* program in the city of Maputo, is that the relationship between the program and the community, is mainly through the leaders of the various Market Associations and representatives of local government. There exists a good working relationship between the *Kulane* staff and these leaders. This relationship will continue and strengthened over the period of the PVC grant.

MEDA Mozambique actively participates in the Informal Working Group for Microfinance. This is forum where MFIs meet monthly to discuss issues that affect the MF industry in Mozambique and to exchange experiences from the field. MEDA Mozambique will continue meeting on this forum where most of the major stakeholder in Microfinance in Mozambique is represented.

Preparation of the DIP
The DIP has been prepared collaboratively between Headquarters, the Mozambique Country Manager and the staff of *Kulane ka Ntwananu*, actively involving the Operations Manager. The stakeholders involved in the DIP preparation include:

- Cherie Tan, TRU
- Trudi Schwartz, CM and Dionisio Matos, Operations Manager
- Various staff of *Kulane*, Credit officers in particular

Data from the Baseline Survey, Impact Assessment and Client Satisfaction survey carried out in March 2001 as well as other project and evaluation reports were used as baseline information. A four-year business plan using the Microfin model was developed for the program by the Mozambique country staff and the indicators are based upon the results.

Approach and Activities
Explore innovative partnerships for new product development in Insecticide Treated Nets.

- Market research in terms of availability, distribution and pricing of nets completed
- Nets available in the market at affordable prices for low income clients
- Number of clients purchasing nets

- Number of vouchers exchanged for nets by clients who received credit to purchase ITNs
- Value of sales per credit officer
- *Data Sources*: Quarterly reports, Annual evaluation

Explore new partnerships to provide start-up loans to retrenched employees of former state-owned corporations and Mozambican miners who have been retrenched from the mines in South Africa.

- Number of organizations consulted and presentation made
- Test case clients (at least 10 clients) provided with start-up credit
- *Data Sources*: Monthly credit and monitoring reports, Quarterly reports, Annual evaluation

Building the business management skills and technical capacity of micro entrepreneurs and meeting the local supply and demand of training for micro entrepreneurs in the area of business development services, through building partnerships with local training institutions.

- Number of clients receiving training in improved business management skills
- Growth in equity *Kulane's* clients' balance sheets
- Improved repayment rates and higher value loans to clients
- *Data Sources*: CAS Reports, Monthly credit and monitoring reports, Quarterly and annual evaluation reports

Peru
MEDA Peru will work with two partners: Agronegocios and Productos Hydroponics S.A.C. (PHISAC). Like MEDA, these organizations seek to increase the level of income of rural producers through the provision of sustainable marketing services.

The Country Manager will be responsible for the implementation of the program and will be the point of contact between the implementing partners and the technical consultants, and communicate with headquarters regarding the coordination of additional technical assistance. In addition, MEDA Peru is in the process of hiring a project manager and technical advisor to provide technical support to field programs and be responsible for monitoring and evaluation of project performance and its impact on farmers. The technical assistance will work under the supervision of the country manager and the project manager and work directly with the farmers to implement the baseline and impact assessments.

Rice Project
Agronegocios is an agricultural marketing company that purchase, processes and markets rice from the San Martin region of Peru to wholesalers in Lima and other national markets. These wholesalers sell the product on to retailers who sell the product to the public. Agronegocios generates a profit from the margins between the price at which it purchases the grain fro the farmers, and the price at which it sells the grain to the wholesalers. The company is dedicated to helping farmers produce the best product possible and pay the highest prices for this product permitted by the market. Agronegocios fills a market gap in that no other company is proving market information to farmers (quality demands) that allow the farmer to produce according to the demands of the market and attain higher prices. This allows for unfair price competition as purchasers may increase the nominal price offered to farmers, but ultimately pay less for the product. With Agronegocios in the market, the competition must pay competitive prices and demonstrate transparency and accuracy in the process.

MEDA Peru completed an organizational assessment of Agronegocios and carried out a strategic three-year plan to identify key organizational, operational, resource and sustainability issues. An audit of Agronegocios' financial status was completed by January and an agreement was established outlining the details of the partnership for the duration of the project. With the assistance from MEDA Peru, Agronegocios developed a business plan (*see attached Business Plan in Appendices).*

A technical staff member from MEDA Peru developed a baseline survey and questionnaire. Together with two technical staff members from Agronegocios, 30 interviews with farmers were completed. The baseline includes information on the technical and socio-economic conditions of farmers in the region of San Martin and will form the basis for the baseline indicators to be monitored and measured accordingly against project performance in the duration of the project.

Management and Nature Partnership
The partnership will be managed jointly between MEDA Peru and Agronegocios. MEDA Peru has the technical experience to assist Agronegocios to develop the model for providing technical and marketing assistance to small rice farmers. The end of project objectives under partnership for Agronegocios will results in:

- A strengthened and growing company in size and net-worth to deliver quality rice to an increased market of buyers.

The project will focus on providing marketing services to micro and small rice farms in the San Martin region of Peru. MEDA will partner with Agronegocios to implement a sustainable approach to support the promotion of agribusiness to small farmers. The model will assist farmers by providing information on quality standards for rice required by markets, and will create an innovative bond between marketing institutions which offer services to clients in common and will allow small farmers to access wholesalers in big cities through Agronegocios and obtain fair and competitive prices for their products. Synergies will occur at various stages of the project and will help farmers access a number of improved services through marketing initiatives, the introduction of new farming technologies and other services at affordable volume prices. Services will be offered according to farmers' needs that will be identified through an information system, that will be developed by MEDA Peru.

MEDA Peru is developing a set of performance indicators that will measure the viability of the business in terms of the managerial capacity of the business to strategize, innovate, and adapt to a changing environment; which in the short term, cannot be measured by financial indicators alone. *Please see the planning matrix for a list of activities and indicators.*

Hydroponics

PHISAC is a company whose main area of activity is the production and marketing of hydroponics fruits and vegetables. The company is based 30 km outside of Lima. PHISAC was formed two years ago and is looking to expand its operations to increase its production of strawberries, lettuce, and tomatoes, in addition to expanding its production base to include other produce. The company has a simple structure with a manager and key technical staff, who oversee production, quality control, and marketing. PHISAC will contribute to the project making its proven hydroponics production technology accessible to small farmers. In addition, PHISAC will work closely with MEDA to establish marketing channels for hydroponics production that will emerge from this project.

The project will begin with a market study to understand the demand for hydroponics products in Lima and the results from the market study will determine the investment and identify the products for production. MEDA Peru is responsible for coordinating and implementing the market study, which is currently in working progress. In November, PHISAC submitted its business plan to MEDA and a due diligence model was carried out to assess the organizational and operations capacity of the company and in February, the TRU worked with MEDA Peru and PHISAC to develop the DIP and the work plan.

Management and Nature Partnership

The goal of this project is to develop and sustain the application of drip irrigation technology to production output for a selected group of farmers. This will result in:

- Increased capacity of PHISAC to market and supply various hydroponics products to existing and new markets; while providing sustainable technical assistance to farmers.

MEDA Peru will provide technical and marketing assistance to a small group of farmers interested in applying drip irrigation technology to produce vegetables and fruits. MEDA Peru will assist PHISAC expands its marketing capacity and develop a package for the

application and transfer of drip irrigation technology to farmers. The objective is to find a sustainable and replicable model for farmers interested in using technology to improve and increase the production of fruits and vegetables thereby increasing family income.

A MEDA member and hydroponics specialist made a trip to Peru in September and provided advise to PHISAC on ways to improve crop quality and production. This resulted in improvements made to the existing hydroponics facility, and technical changes that will improve the quality of production. It was also decided that installation of the hydroponics plant should stay in Cieneguilla, as opposed to what was originally proposed in Huacho. This decision will help Hydroponics reduce transportation costs and improve luminosity for the crops.

Much of February and March of 2002 was spent addressing specific issues in the partnership such as the replicability, design and transfer of the drip irrigation technology to small farmers, and identifying potential project sites and farmers. Discussion between MEDA and PHISAC resulted in the decision to keep the project in the outskirts of Lima, in Cienguilla and the surrounding areas. The partner is already operating a hydroponics project in this area and a survey of the neighborhood demonstrated the potential to work with small farmers in the surrounding area, implement drip irrigation technology to their existing farming to increase the output and productivity of their products. Based on the assessment, Matucana also presents a feasible location to work with farmers in implement the drip irrigation technology. Matucana is 75 km away from Lima and it presents favorable micro-climate conditions for producing different varieties of fruits and vegetables all year around.

MEDA HQ is also working on a market research report on the potential to market snow peas from PHISAC in North America. The report indicated that there is a growing demand for snow peas primarily from Latin America and there are opportunities for new suppliers who can provide consistent shipments of high quality product.

Networks and Dissemination Strategy

MEDA Peru is committed to the dissemination of lessons learned from the MG program and will seek avenues to share its experiences at various workshops and seminars. MEDA Peru is exploring the potential to link up with different organizations and companies involved in the development of agribusinesses and form an association to potentially provide a forum for sharing lessons learn, policies and various issues that impact of the growth of agribusiness development in Peru.

PHISAC is one of 5 hydroponics producers in Peru and is the first to become involved in working with small farmers to implement drip irrigation technology. Drip irrigation technology is costly and small farmers do not have access to such technology. A potential opportunity is to develop an association to promote the application of drip irrigation technology amongst small farmers.

MEDA HQ plans to organize a MEDA wide BDS conference in the third year of the MG which will allow for information sharing, project visits, and brainstorming sessions amongst MG partners and MEDA offices. The experiences and lessons learned from the activities in Peru will be a critical part of the conference.

Preparation of the DIP

The DIP has been prepared jointly between Headquarters, the Peru Country Manager, the technical assistant in MEDA Peru, and with the implementing partners. The stakeholders involved in the DIP preparation include:

- Cherie Tan, TRU
- Sonia Dominguez, CM and Oscar Perez, technical assistant
- Ivan Alcantara and Victor Galarreta, Agronegocios
- Adan Seminario, Productos Hydroponics SAC

B3. PLAN TO ACHIEVE SUSTAINABILITY

The goal of MEDA's MG program is to build and strengthen sustainable, local capacity to promote economic growth with and among the economically active poor through enterprise development. Sustainability is vital to MEDA's philosophy. MEDA believes that sustainability needs to occur from the client and individual recipient level, through to the local partners, field offices, sector, and MEDA as an institution. The MG program is designed to promote sustainability and create impact at four levels:

Client Level: Increased access to credit and marketing services for SMEs results in the creation of jobs and sustained income, which result in increased family income and sustainable livelihoods;
Country Program/Partner Level: Institutional/Partner sustainability in Mozambique and Peru is increased through earned income, backed by good program design, management and monitoring capacity;
MEDA Organizational Level: Increased impact results from improvements in MEDA's capacity to deliver products and services to country programs, new skills in monitoring and evaluation, better analysis of statistical and financial information, and replication of "best practices" to other programs, counties and organizations. Increased competence and capacity allow MEDA to secure new consulting and contract work and a higher level of investment capital, which in turn increase MEDA's sustainability;
Industry Level: MEDA's commitment to share its knowledge with other PVO's through industry networks (e.g. SEEP), training, and consulting ensures that lessons learned through the MG program will have a wider impact worldwide, and should result in increased sustainability for other PVOs.

Headquarters
Sustainability at headquarters will be measured at the levels of organization and industry level impact. While client and country level impact are equally important, these results will be measured at the program levels in Peru and Mozambique. The sustainability objectives include areas of institutional knowledge, tools and processes. These will be sustained through dissemination of knowledge and tool usage internally and externally by the TRU and MCG. This will allow for new knowledge to be used with country projects, partners, and other organizations.

Peru
In Peru, the agricultural marketing partners will move to sustainability through the through MEDA investments. The technical assistance needed to ensure quality production by farmers will be sustained through the sales of the marketing companies. The usage of technology by farmers will be sustained through increased sales and better prices for higher quality products. Farmers' incomes will be increased and sustained through production of new and better crops and access to markets through the marketing company.

The objective is to develop meaningful and accepted performance indicators that can be applied at the farmer, business and industry level. In this project, we will set performance indicators that will measure the viability of the business in terms of the managerial capacity of the business to strategize, innovate, and adapt to a changing environment; which in the short term cannot be measured by financial indicators alone. Each indicator works towards the accomplishment of the end result of the project: sustainability.

Farmer Level:

- Access to an increase number of services and technical assistance available at affordable prices
- # of farmers utilizing services over 2 consecutive production cycles (measuring the farmer's willingness to pay for services and satisfaction with service)
- Increase # of farmers changing cultivation methods (measuring the farmer's willingness to apply technical assistance to improve quality)
- Increase in productivity resulting in increase income to farmer household (measured in terms of the average increased percentage of production volume/per farmer sold)

Business Level:

- Partners will effectively use the information generated by the MIS database for the projection and reporting of sales, profit, inventory, and impact
- % of farmers retaining services over 2 production cycles. % of farmers selling production to partners over 2 cycles
- Increase in net profit and revenue generated from services sold to existing and new farmers
- Operational cost recovery, financial viability, managerial capacity of partners (consultants will work to establish the criteria to rate the viability of the business adapting from existing rating systems for MFIs)

Industry Level:

- Delivery of the MIS system to generate Market Information
- Incorporation of quality standards and procurement procedures
- Documented success of an integrated model for BDS service providers to provide sustainable financial and non-financial services to clients
- Delivery of performance measurement indicators that reflects both increase income and impact at the farmer level and financial outcome and business viability at the business level
- Replicability of the model in other regions/products/country

Mozambique

The analysis relating to the financial sustainability of *Kulane* was developed using the Microfin financial planning model. The historical data for FY 01 was used as a baseline and the business plan developed accordingly.

The Mozambican Government has given the development of Microfinance Institutions priority in their long-range plans. The Poverty Reduction Strategy paper (PARPA) of the Mozambican Government has undertaken to provide microfinance services and requires the establishment of 30 microfinance institutions in rural areas over the next five years. While the *Kulane* program cannot be classified as a rural microfinance institution, its strategy to expand its services to the peri-urban and rural areas of the Maputo Province does fit neatly with the aims of the PARPA.

One of the plans within the MG is to research, plan and implement a governance structure that will allow the structure to grow and be locally sustained with the possibility of maybe accepting savings. The *Kulane* or the institution to be formed will be sustained through the development of new products that meet market demand, high quality portfolio and an expanding client base with improved sustainable income sources.

Sustainability Strategy

- Improved portfolio performance and the creation of new satellite offices will move the institution towards self-sufficiency. MEDA Mozambique's strategy for scale-up includes the creation of satellite offices in towns close to the city of Maputo, the introduction of new products and an expanded client base. Changes in the organizational structure will support these activities.
- MEDA Mozambique will investigate opportunities for expansion through partnerships in the areas surrounding Maputo and for new products.
- Introducing the option of savings is crucial to achieving self-sustainability. MEDA Mozambique will explore the capacity to access and manage client savings enabling the program to reach sustainability in an efficient and cost effective manner. A constraint is the legal framework that does not allow credit organizations to accept direct savings under that name

Approach and Activities

To move *Kulane* towards being a strong sustainable microfinance institution.

- Improvement in the financial sustainability ratio to near self-sufficiency at all levels
- Number of active clients increased to achieve sustainability through income generated from the proceeds of the loan portfolio
- Status of the institutional structure of *Kulane* provide autonomous management and close to achieving self-sufficiency at all levels
- *Data Sources:* CAS reports, Monthly credit and monitoring reports, Quarterly reports, Annual evaluation, Registration process of institution

Sustained or improved income sources for credit recipients.

- Increase in the equity level of credit clients
- Average loan size increase, indicating a growth in business and turnover
- *Data Sources*: CAS Reports, Monthly credit and monitoring reports, Quarterly reports, Annual evaluation report

Encourage portfolio expansion through new and expanded product lines and improved business practices by clients, to meet market demands.

- Number of new products for alternative sectors: Research will be focused on new sectors such as artisan production, farming, and fishing and start-up credit for retrenched employees
- Savings product researched: A change in regulation may allow savings products to be offered.
- Increase in clients' average loan size
- *Data sources*: CAS reports, Monthly credit and monitoring reports, Quarterly and annual evaluation reports

Provide high quality loan products to an expanding client base

- Number of loan products: Client surveys, exit interviews, and impact surveys will be applied to help the credit institution modify lending methodologies to meet client needs.
- Number of clients who received loans: segregated according to loan product
- Retention rate per loan product or number of clients using alternate product lines
- Number of satellite offices: Market demand studies will be conducted to investigate potential of opening satellite offices in rural towns in the Province of Maputo
- *Data Sources*: Client survey forms and quarterly reports, CAS reports, Monthly credit and monitoring reports

B4. PLANNING MATRIX

PLANNING MATRIX

Goal: MEDA seeks to be a leader in innovative economic development to help the poor by increasing the scope of existing services and developing new products to serve the poor

HEADQUARTERS

Activities	Objectives	Indicators	Measurement and Data Management Methods
A. Organizational Development			
➢ Identify the needs and capacity of the technical resource unit (TRU) ➢ Training in monitoring and evaluation processes ➢ Develop capacity in Ag. Marketing and BDS ➢ Recruitment of technical advisors ➢ Carry out strategic planning for TRU ➢ Carry out DIP planning and identify field level training needs	➢ Increased technical staff expertise in product development, ag. Marketing, and in the application of technology and e-commerce for program delivery	➢ Strategic planning for TRU objectives defined over 3 years by Yr 2 ➢ Technical staff hired and trained by Yr 1 ➢ Delivery of on-going monitoring and technical assistance to field programs	Baseline Measures: ➢ Existing resources in TRU **Measurement Indicators:** ➢ 3 year action plan ➢ DIP and Workplan ➢ Monthly TRU activity reports ➢ Annual Performance review of technical staff ➢ SWOT analysis ➢ 6 technical trips to field programs delivered
➢ Review and revise current monitoring an evaluation process for BDS ➢ Research existing social investment impact tools ➢ Develop an investment impact tool for MII ➢ Implement and Carry out on going monthly monitoring of programs	➢ Improved capacity in the monitoring and evaluation process of BDS programs and investment	➢ BDS manual and tools developed by Yr 3 ➢ BDS performance measurement indicators developed by Yr 1 ➢ 3 Social investment impact tools available by Yr 2	**Baseline Measure:** ➢ BDS monitoring sheets and investment impact tools not currently implemented by IOPs and MII **Measurement Indicators** ➢ Performance indicators ➢ Monthly monitoring sheets for BDS ➢ Yearly evaluations ➢ Social investment impact tool developed
➢ Share lessons learned at organizational level through MEDA CMU meetings ➢ Workshop on BDS Best practices ➢ Disseminate best practices through a wider audience to other NGOs and MFIs	➢ Contribution to industry-wide best practices for BDS, Microfinance and Social Investment Funds	➢ BDS Workshop in yr 3 ➢ Best practices lessons delivered at CMU meetings (Yr 3) ➢ TRU field training delivered yearly ➢ Wider dissemination of best practices delivered through MCG through # of consulting assignments	**Baseline Measure:** ➢ MCG consulting activities ➢ CMU training **Measurement Indicators** ➢ # of field training and training topics delivered by TRU ➢ # of MCG Consulting in BDS and Microfinance Best Practices ➢ # of training and training topics delivered at yearly CMU meetings
B. Technical Intervention			
➢ Identify field training needs assessment ➢ Prepare training in impact, gender and environment ➢ Provide training on monitoring & evaluation process ➢ Follow-up on TRU workplan	➢ Improved delivery of technical assistance and training to field	➢ Training needs assessment identified by Yr 1 ➢ Training modules developed and used by Yr 2	**Baseline Measure:** ➢ No assessments identified ➢ Exiting BDS training modules **Measurement Indicators:**

Activities	Objectives	Indicators	Measurement and Data Management Methods
		➢ Training on monitoring and evaluation provided yearly	➢ Delivery of a training work plan and review every year ➢ Implementation of 3 training modules over 3 years ➢ # of systems assessments provided to field programs ➢ # training sessions provided for monitoring and evaluation ➢ # of TA trips conducted
➢ Review existing performance measurement indicators for BDS ➢ Develop performance indicators to measure client, business and industry level impact ➢ Review and develop viability indicators to be implemented at the 3 impact levels ➢ Provide training on BDS monitoring and performance measurement	➢ Increased capacity in the delivery and monitoring of BDS interventions	➢ Monitoring indicators developed/revised for BDS ➢ Viability indicators developed ➢ Monitoring tools implemented in partner programs	**Baseline Measure:** ➢ No performance indicator defined for BDS programs **Measurement Indicators** ➢ # of monitoring indicators developed for BDS ➢ # of viability tools developed ➢ monthly BDS monitoring sheets ➢ quarterly BDS analysis
➢ Research and develop investment impact tools ➢ Apply investment impact tools to due diligence model ➢ Implement due diligence assessment	➢ Developed a social investment impact to be incorporated into the due diligence model	➢ Investment impact tools researched and developed ➢ Investment impact tools integrated into due diligence model ➢ Due diligence assessment implemented	**Baseline Measure:** ➢ No social investment impact tools **Measurement Indicators** ➢ # of investment impact indicators developed ➢ Due diligence model ➢ Business reviews
➢ Identify systems needs for BDS, MFI and HQ ➢ Carry out a systems needs assessment ➢ Develop and test appropriate systems ➢ Implement systems in partner institutions and HQ ➢ Train partner institution on the application of systems ➢ Develop the reports to be generated by the systems	➢ Increased expertise in the development of systems in market information generation services, e-commerce, web-based financial and impact tracking systems	➢ Systems needs for BDS, MFI and HQ identified ➢ Field program systems assessments needs identified ➢ Appropriate systems developed and tested at field level ➢ Systems reports defined and developed	**Baseline Measure:** ➢ Client account system ➢ Excel generated financial reports **Measurement Indicators** ➢ Determine # of systems to be developed ➢ # of systems tested and implemented at the field level ➢ # of systems assessments provided to field programs ➢ systems' generated reports
C. Partnership			
➢ Provide technical assistance as needed ➢ Carry out annual financial audits ➢ Provide management oversight	➢ Increased synergy between HQ and Country management units in Peru and Mozambique	➢ Technical assistance delivered ➢ Annual financial audits completed ➢ Management oversight provided by the Director of International Operations and by Regional Manager	**Baseline Measure:** ➢ Organizational chart of IOPs ➢ Technical Resource Unit **Measurement Indicators** ➢ # of field trips ➢ # of auditing trips ➢ # of visits by regional managers

Activities	Objectives	Indicators	Measurement and Data Management Methods
➢ Identify training needs for MFI partner ➢ Coordinate consulting trips to Kulane ➢ Provide training in board governance ➢ Transfer ownership of Kulane to local board	➢ Strong and Locally owned Microfinance institution	➢ Training needs identified and provided ➢ Coordinated consulting trips to Kulane ➢ Training on board governance provided ➢ Local manager to take over the operational functions of the institution	**Baseline Measure:** ➢ Monthly reports ➢ Annual performance review of staff capacity **Measurement Indicators** ➢ Minutes of board meeting ➢ Technical Field reports from Consultants ➢ List of training provided ➢ Organizational chart of Kulane
➢ Identify training needs in BDS partners ➢ Coordinate consulting trips to partners ➢ Provide resources on board development ➢ Carry out training in marketing ➢ Carry out and test due diligence model on BDS partners	➢ Strong agro-businesses that will result in greater reach and increased income for poor farmers	➢ Training provided to partners ➢ Technical consulting trips to partner institution ➢ Training in marketing provided ➢ Due diligence assessment carried out	**Baseline Measure** ➢ No baseline data **Measurement Indicators** ➢ Annual Evaluations ➢ Mid year review ➢ Technical field reports ➢ Monthly BDS monitoring sheets
D. Sustainability			
➢ Document lessons learned ➢ Development training models and workshops ➢ Share lessons learned within MEDA programs ➢ Deliver BDS workshop ➢ Provide consulting to other institutions and NGOs ➢ Improve training modules	➢ Replication of BDS best practices to other PVOs and in MEDA programs ➢ Sustained BDS programs	➢ Documentation of lessons learned ➢ Training modules and workshops developed ➢ BDS workshop delivered ➢ Consulting assignments on BDS delivered	**Baseline Measure** ➢ Exiting training modules in BDS **Measurement Indicators** ➢ BDS case study ➢ BDS workshop and agenda ➢ # of consulting contracts in BDS ➢ # of training modules developed
➢ Develop lessons learned to be share within MEDA programs ➢ Adapt and improve on existing monitoring sheets ➢ Contribute to industry learning through the MEDA consulting group	➢ Sustained and locally operated MFI	➢ Lessons learned documented ➢ New and improved monitoring sheets developed ➢ Increase dissemination through the consulting group	**Baseline Measure** ➢ Monitoring sheets ➢ MCG Consulting assignments **Measurement Indicators** ➢ Consulting products and training models developed by MCG ➢ # of consulting trips as a result of new and modified consulting products
➢ Develop improved communication between field and TRU ➢ Facilitate training and technical trips to field operations ➢ Provide research and resources to fields ➢ Replicate best practices by facilitating the search of new funding for MEDA programs	➢ Increased ability to provide continuous technical assistance to MEDA programs	➢ Communication between field and TRU improved ➢ TRU activity at the field level increased ➢ Increased resources and research provided to fields ➢ New funding for programs found	**Baseline Measure** ➢ Existing TRU activities **Measurement Indicators** ➢ Monthly TRU report ➢ # of TRU trips delivered over 3 years ➢ # of new proposals delivered

PLANNING MATRIX

Goal: To build a strong and sustainable local institution

MOZAMBIQUE

Activities	Objectives	Indicators	Measurement and Data Management Methods
A. Organizational Development			
➢ Research structural options (investment society, merger) ➢ Decide on structure ➢ Define and implement steps to institutional transformation ➢ Define the composition of the governance structure ➢ Put in place governance structure	➢ Improved strategic management practices through developing an institutional and governance structure	➢ Change in institutional structure implemented ➢ Governance structure installed	Baseline Measures: ➢ International NGO project Target: ➢ FY 02 have defined the structure ➢ FY 03 commenced with steps toward new structure ➢ Identified potential governance body ➢ FY 04 Registration process in progress or merger completed
➢ Design and implement client exit surveys and customer satisfaction interviews ➢ Revise and design products as needed	➢ Increased organizational learning through enhanced capacity to assess client demand and preferences	➢ Client retention rate	Baseline Measures: ➢ Current retention rate is 87% Target: ➢ FY 02 87% ➢ FY 03 87% ➢ FY 04 90%
➢ Training for senior staff in financial management and internal controls for MFIs ➢ Upgrade existing MIS and accounting systems as necessary	➢ Improved financial management through stronger and better skilled staff	➢ # of training sessions conducted ➢ Upgrades installed for Management Information System and Accounting System	Baseline Measures: ➢ MIS and accounting systems in place Target: ➢ FY 02 Training completed in internal control management and cash flow analysis ➢ FY 03Training complete in advanced financial modeling and ratio analysis ➢ FY 04 Review of skill level amongst senior management and accounting staff
➢ Training in staff performance management to be provided to the senior management team ➢ Support by MEDA to the project manager in the area of human resource management	➢ Improved Human Resources Msanagement	➢ # of training sessions conducted ➢ staff retention rates high	Baseline Measures: ➢ Only the operations manager trained in performance management process Target: ➢ FY 02 Financial manager trained ➢ FY 03 All management staff trained ➢ FY 04 All supervisory staff have been trained in PM process
B. Technical Interventions			
➢ Receive training in internal control practices ➢ Implement or revise policies	➢ Increased ability to detect fraudulent practices through	➢ Policies and procedures manual revised ➢ Accounting staff familiar	Baseline Measures: ➢ No internal control policy or internal auditor Target:

Activities	Objectives	Indicators	Measurement and Data Management Methods
➢ Implement policies ➢ recruit an internal auditor	new processes	with internal control procedures	➢ FY 02 Internal control policy manual available ➢ FY 03 Implement procedures and policy ➢ FY 04 Internal auditor recruited and in place
➢ survey and compile a list of the training courses offered locally ➢ explore linkages and facilitate access for clients ➢ collect data from individual clients on equity growth in business	➢ Improved business management capacity in clients	➢ Improved growth in equity rate for individual clients' businesses ➢ Improved repayment rate for repeat clients	Baseline Measures: ➢ Equity growth measurements not available Target: ➢ FY 02 Equity growth measured and data captured ➢ # of clients trained in BDS ➢ FY 03 >5% average growth in client equity ➢ FY 04 >10% average growth in client equity
➢ Training and technical assistance for new and existing staff as they take on increased levels of responsibility. ➢ Credit management training will be required for the Credit Supervisor	➢ Improved staff capacity through training	➢ # of staff trained ➢ New credit officers would achieve target case load within 6 months ➢ Credit supervisor able to analyze portfolio indicators and act upon trends	Baseline Measures: ➢ Staff capacity not optimal Target: ➢ FY 02 Credit officers employed for longer than 6 months carry optimal targeted case loads ➢ FY 03 Credit supervisor provides management with portfolio analysis on a regular basis ➢ FY 04 All credit staff undergone training and portfolio targets are met
C. Partnerships			
➢ Carry out market research ➢ Encourage clients to increase amount of loans and purchase ITNs on credit ➢ Clients receive vouchers to be exchanged for ITNs at authorized shops ➢ Credit officers promote the sale of nets	➢ Explore innovative partnerships for new product development in mosquitoes treated nets	➢ Market research completed ➢ Reasonably priced ITNs available in the market ➢ # of clients purchasing nets ➢ # of vouchers exchanged ➢ $ of sales/credit officer	**Baseline Measures:** ➢ Project profile and preliminary survey
➢ Explore opportunities to link with programs providing alternative employment opportunities to retrenched employees of major companies	➢ To explore new partnerships to provide start-up credit to retrenched or formally state owned employees	➢ -# of organizations consulted and presentation made ➢ Start-up credit provided to 10 test case clients	**Baseline Measures:** ➢ No existing partnerships **Target:** ➢ FY02 At least one organizational contact made ➢ FY03 If successful contact made, criteria for lending established ➢ FY04 Client base expanded through partnership
➢ Carry out study on demand by clients for advanced business management training ➢ Linking clients with local business training insitutions and courses ➢ Credit policies adjusted to ensure that clients undergo advanced business	➢ Building business management skills and technical capacity of microentrepreneurs through building partnerships with	➢ # of clients receiving training in improved business management skills ➢ Growth in equity on clients balance sheet ➢ Improved repayment	➢ Baseline Measures: ➢ **No existing partnerships** ➢ Target: ➢ **FY02 At least one organizational contact made** ➢ **FY03 Is succesful, presentation to clients on a regular basis** ➢ **FY04 improved financial capacity amongst**

Activities	Objectives	Indicators	Measurement and Data Management Methods
management training before accessing loans beyond a certain limit	local training institutions	rates for higher end loans	**clients who underwent training and relevant growth in loan size**
D. Achieving Sustainability			
➢ Sound portfolio management ➢ Implement new governance structure	➢ Strong, sustainable credit institution	➢ Financial sustainability ratio ➢ # of active clients ➢ status of institutional structure	Baseline Measures: ➢ Financial Sustainability 47.7% ➢ 1,214 active clients Target: ➢ FY 02 Financial Sustainability 60% ➢ 1,303 active clients ➢ FY 03 Financial Sustainability 71% ➢ 2,161 active clients ➢ FY 04 Financial Sustainability 86% ➢ 2,608 active clients ➢ Registration process for independent institution underway
➢ Provide loans, follow-up, linkages to training	➢ Sustained/improved income sources for clients	➢ Equity level increase ➢ Average loan size increase	Baseline Measures: ➢ Equity level increase – not available ➢ Average loan size increase – 10% Target: ➢ FY 02 Equity level increase 2% ➢ Loan size increase 10% ➢ FY 03 Equity level increase 5% ➢ Loan size increase 66% ➢ FY 04 Equity level increase 10% ➢ Loan size increase 21%
➢ Product research ➢ Product development and testing, specifically in rural areas ➢ Provide linkages for business development training to clients	➢ Encourage portfolio expansion through new and expanded product lines and improved business practices by client, to meet market demands	➢ # of new products for alternative sectors ➢ Increase in average loan size	Baseline Measures: ➢ Credit to solidarity groups and individuals ➢ Current average loan size $43 Target: ➢ FY 02 Linkages to business development training ➢ 10% increase in loan size ➢ FY 03 At least 1 new product researched ➢ 66% increase in loan size ➢ FY 04 Introduction of a rural credit line ➢ 21% increase in loan size
➢ Product research ➢ Product development and testing, specifically in rural areas ➢ Research linkages with Insecticide Treated Nets (ITN) ➢ Conduct market research for innovative value-added products ➢ Design / revise / test products	➢ Provided high quality loan products to an expanding client base	➢ # of loan products ➢ # of clients ➢ retention rate ➢ # of satellite offices ➢ repayment rate ➢	Baseline Measures: ➢ Credit to solidarity groups and individuals ➢ 1,214 active clients ➢ 87% retention rate ➢ 1 satellite office ➢ 92.5% Repayment rate Target: ➢ FY 02 Linkages to ITN providers established and

Activities	Objectives	Indicators	Measurement and Data Management Methods
according to research ➢ Place new products on the market			tested ➢ Market research for rural credit initiated ➢ 1,303 active clients ➢ 87% retention rate ➢ 1 satellite office ➢ 94% Repayment rate ➢ FY 03 Rural credit product identified and ready for pilot testing ➢ Line of credit available for ITN ➢ 2,161 active clients ➢ 87% retention rate ➢ 96% repayment rate ➢ FY04 Rural credit product ready for market ➢ Evaluation of impact on repayment rates of clients using ITN ➢ 2,608 active clients ➢ 90% retention rate ➢ 98% repayment rate

PLANNING MATRIX

Goal: To build sustainable and profitable businesses that results in increased income for the poor

PERU

Activities	Objectives	Indicators	Measurement and Data Management Methods
A. Organizational Development			
➢ Determine organizational structure of MEDA Peru ➢ Define training needs for staff ➢ Increase capacity in financial and operational management ➢ Communicate with HQ regarding technical support and training needs	➢ Developed capacity of MEDA Peru in managing complex projects	➢ Organizational structure in place for the duration of PVC grant ➢ Staff training needs identified and delivered ➢ Improved capacity in financial and operational management ➢ Increased number of technical assistance provided by HQ staff	**Baseline Data** ➢ Organizational structure ➢ Job description of managers and technical experience required **Measurement Indicators** ➢ Financial reports ➢ Annual evaluation and mid year review ➢ Annual staff performance review
➢ Determine existing staff capacity ➢ Define Workplan ➢ Identify institutional needs and added resources ➢ Develop governance capacity in business partners ➢ Hire and train technical staff ➢ Contract local consultants	➢ Increased capacity to deliver and design effective BDS interventions in Agricultural marketing	➢ Key technical staff identified, hired and trained ➢ 3 year workplan completed ➢ Governance structure with partner organizations developed ➢ Local consultants contracted	**Baseline Data** ➢ Existing staff capacity ➢ No governance structure **Measurement indicators** ➢ Planning Matrix and DIP ➢ ARPO planning ➢ Annual Evaluation ➢ Monthly staff meeting
➢ Hire and train one technical and monitoring advisor ➢ Carry out market studies of various agricultural products ➢ Maintain database containing market information ➢ Create and maintain a baseline database for farmer impact analysis	➢ Build solid agribusinesses that provide economic and social benefits for poor farmers	➢ I technical and monitoring advisor trained ➢ Market study research completed ➢ Database containing market information maintained ➢ Baseline database for farmer impact analysis created and maintained	**Baseline Data** ➢ Market research on limited products **Measurement Indicators** ➢ Market survey report ➢ Client information reports ➢ Monthly financial statements ➢ End of project baseline impact evaluation
B. Technical Intervention			
➢ Develop a market study for hydroponics food and vegetables ➢ Develop an economical hydroponics systems for small farmers	➢ Pilot and test a model to bring hydroponics techniques to small-scale farming	➢ Market study for Hydroponics products completed ➢ Hydroponics systems adapted to small farmers developed	**Baseline Data** ➢ Partner identified ➢ Local expertise in hydroponics

Activities	Objectives	Indicators	Measurement and Data Management Methods
➢ Identify and test model on 2 groups ➢ Provide technical training and assistance to identified through selected criteria ➢ Perform impact assessment ➢ Determine Farmer needs ➢ Develop training programs in cost structure analysis (profits vs. costs) ➢ Develop and deliver training in planning of micro-business mgmt ➢ Document the lessons learned from the pilot project		➢ Pilot test site identified ➢ Target group trained ➢ Target group applying technology ➢ Target group sustaining hydroponics techniques in farming practices ➢ End of project impact evaluation completed ➢ End of project pilot lessons learned completed	**Measurement Indicators** ➢ Hydroponics technique ➢ Target group feedback ➢ Target group sustained technique over 2 years ➢ Monthly staff report ➢ Annual evaluation ➢ Impact evaluation survey ➢ Financial reports
➢ Provide technical assistance in rice cultivation to farmers ➢ Provide technical assistance in the implementation of a market information and inventory database for farmers ➢ Provide training in market research ➢ Provide research and training in accessing market information of quality and prices of rice in the local and international markets ➢ Perform monitoring & evaluation reporting, and impact assessments	➢ Through technical assistance and extended services, increase the demand for affordable extended services to rice farmers resulting in a production of higher quantity of quality rice	➢ Increase # of farmers using services of Agronegocios ➢ Increase % of farmers changing cultivation methods ➢ Increase in productivity ➢ Sustained and functioning inventory database ➢ New markets accessed (disaggregated by local and international markets) ➢ Increase in # of new buyers ➢ Increase % of farmers using services ➢ Increase % of farmers selling rice over 2 harvest ➢ Increase # of buyers ➢ Increase # of buyers over 2 transaction ➢ One staff hired ➢ Increase in profit and net income of company	**Baseline Data** ➢ Agronegocios financial reports ➢ Agronegocios business plan **Measurement Indicator** ➢ Baseline Information (farmers) ➢ Impact assessments carried out at first and final year of project cycle ➢ Monthly reporting ➢ Monthly financials from Agronegocios ➢ Annual Qualitative surveys through focused group interviews.
➢ Review operational and strategic business planning process ➢ Develop systems in place to improve the decision making process ➢ Develop a financial project model for BDS	➢ Improved operational and strategic business planning for BDS	➢ Operational and business planning process reviewed ➢ Existing decision making process modified and improved ➢ A pilot financial projection model developed and tested	**Baseline Data** ➢ Partner business plans **Measurement Indicator** ➢ Monthly financial reports ➢ Quarterly progress reports ➢ Financial project reports

Activities	Objectives	Indicators	Measurement and Data Management Methods
➢ Test the model of partners ➢ Document the lessons learned ➢ Test 2 potential investments		➢ Documentation on lessons learned completed ➢ Potential investments tested on 2 businesses	➢ Due Diligence assessment
C. Partnership			
➢ Inject working capital into partnership ➢ Provide affordable services to farmers ➢ Establish a marketing department in partner company ➢ Search for local and international buyers ➢ Implement rice information system and database	➢ Partnership between MEDA and Agronegocios will result in a strengthened and growing company in size, net-worth to deliver quality rice to an increased market of buyers	➢ Change in % of working capital ➢ # of farmers accessing services ➢ # of farmers accessing services over 3 transactions ➢ # of new buyers ➢ # of buyers over 2 transactions ➢ 1 marketing employee hired ➢ Inventory database implemented	**Baseline Data** ➢ Financial reports **Measurement Indicator** ➢ Financial reports of MEDA ➢ Financial reports of Partner company ➢ Field reports from technical advisors ➢ MIS system
➢ Develop marketing capacity ➢ Carry out market research ➢ Increase marketing capacity by buying products from target group ➢ Identify target group ➢ Provide farmers with the set-up tools to implement technology ➢ Provide training to farmers on farming techniques using new technology ➢ Provide farmers with start-up tools to implement project ➢ Link farmers to buyers and markets	➢ Increased capacity of PHISAC to market and supply various hydroponics products to existing and new markets; while providing sustainable technical assistance to farmers	➢ # of farmers identified ➢ # of systems set-up and established ➢ # of farmers training in new technology ➢ # promotional materials/speaking engagements ➢ $ spent by MEDA ➢ $ spent by Farmer ➢ Increase in # of sales ➢ Increase in farmer income	**Baseline Data** ➢ No existing baseline data **Measurement Indicators** ➢ Financial reports ➢ BDS monitoring sheets ➢ Business Plan ➢ Quarterly narrative reports
D. Sustainability			
➢ Developed internal policies and controls ➢ Develop board capacity ➢ Provide advisory oversight to operational decisions	➢ Sustained a for-profit agribusiness that will increase the income level of poor farmers and increase the demand for quality rice	➢ Increase in sales ➢ % of cost covered by sales	**Baseline Data** ➢ Financial reports, Business Plan **Measurement Indicators** ➢ Financial reports, Business Plan ➢ Quarterly narrative reports
➢ Develop a good hydroponics system ➢ Ensure adequate follow up and technical support to farmers ➢ Develop and test model for replication	➢ Pilot sustainable and profitable models of farming using specialized techniques in hydroponics for duplication to other farmers	➢ Target groups applying technology after one year	**Baseline Data** ➢ No existing baseline data **Measurement Indicators** ➢ Quarterly reports ➢ Performance indicators

B5. PERFORMANCE MEASUREMENT

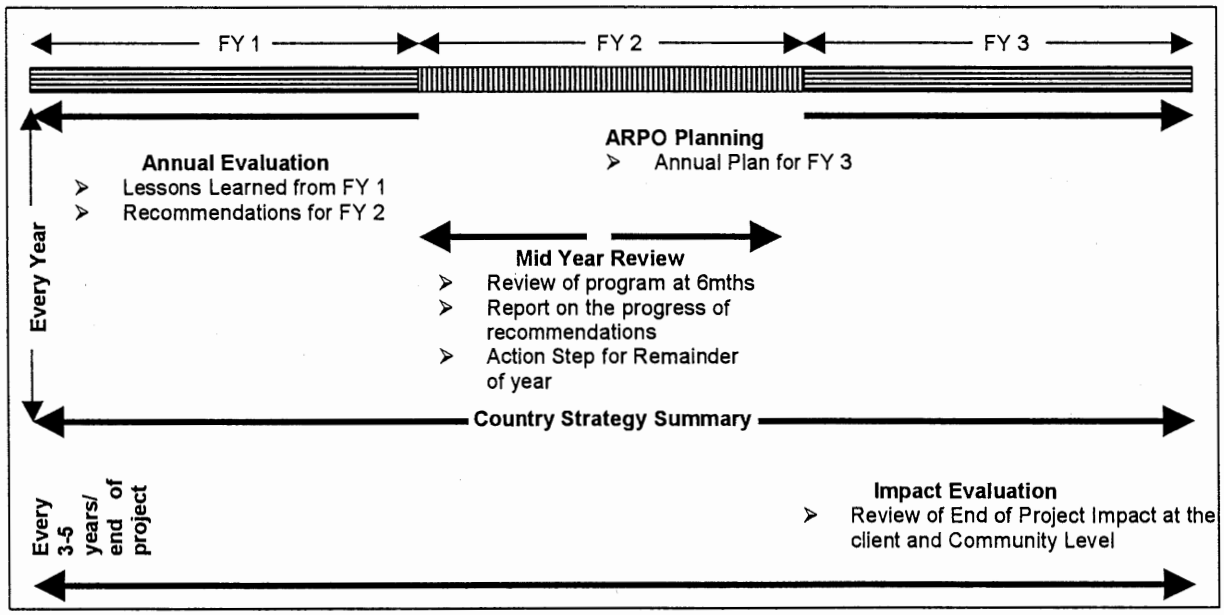
MEDA's monitoring systems are well developed and function to optimize the impact of our development initiatives. Monitoring capacity building in MEDA's country offices and partners is essential. MEDA applies a quality standards guide that measures performance and growth in six key areas: governance, product and service delivery, financial management, human resource management, strategy/planning/evaluation, and financial management information systems. In the course of the MG program, MEDA will revise this guide to accommodate BDS performance measurement standards, gender and environment standards.

The reporting cycle is intended to bring clarity and track progress made towards achieving targets for each objective, and measure overall program impact. The director of operations and the country managers follow a strict regiment of monthly and quarterly reports that include full performance data on each partner.

B5.1 Program Monitoring

Headquarters

In the last year, MEDA made significant changes to the reporting, evaluation and planning cycle required from field programs. The changes reflect the increasing demand for more quality content that focuses not only on program performance but also on long term results, social impact and client-centered objectives. The reporting cycle is intended to bring clarity to the roles and responsibilities within the country management unit (CMU). For a three year program, attached is the rational behind the reporting cycle:



The country strategy is the blue print for MEDA's work in a country. All of MEDA's work in a country flow out of, and contribute to the country strategy. The strategy provides a summary of results for each program and how it contributes to the strategic goals of the country. Gender and environmental considerations with clear objectives and indicators are incorporated into the planning and design as well as a discussion of the gaps, risks and contingency plan for the country.

ARPO refers to Annual Review and Plan of Operations and it involves program planning for the next fiscal year. Annual evaluations and mid year reviews provide a time for informed reflection and assist field staff and the management team at HQ to understand the challenges and strengths of current programs. Performance indicators collected provide a good basis for field programs to develop new and better tools to address client impact, institutional performance and community development. It enables MEDA to improve on existing programs and design better ones in the future.

Quarterly narratives briefly describe performance variances towards targets. It is important to document the factors that lead to performance being above or below targets. This will allow MEDA to draw lessons and design programs that can predict and mitigate some of the swings in performances. Monthly financial reports, SEEP reports for MFIs and marketing reports for BDS are submitted to HQ for monthly analysis. Based on the indicators drawn from the monthly and quarterly monitoring sheets, the TRU will analyze the performance and provide a synthesis of findings to all MEDA programs. Comparative quarterly statements are provided to staff in headquarters and country management units. Performance indicators are measured for both the credit and BDS marketing programs; and include financial and operating efficiency that are measured against targets and compared to general industry standards.

This reporting system is designed to contribute towards organization and coordination, allowing MEDA to continually maintain a focus on the larger strategic issues in program, manage staff effectively, grow programs appropriately, and measure ultimately the impact of programming on achieving the goal of increased income for the poor. ***Please see the attached technical guidelines in the appendices for detailed information on MEDA's reporting standards.***

Monitoring and Evaluation Systems

In addition to the monitoring of performance indicators, the TRU will be actively involved in the evaluation process for the MG program, including documenting case studies, developing tools for data collection, providing training workshops in gender, environment and impact assessments. In addition, the TRU houses a number of technical specialists in agriculture development and marketing, BDS, microfinance and MIS systems development. The manager of the TRU will coordinate with the field programs to ensure appropriate and adequate follow-up as needed to maintain effective and optimum success for the MG program. The TRU manager will be making annual visits to follow up on technical capacity issues in the field offices as well as provide training workshops in gender, environment and impact evaluation. The regional managers for Latin America and Africa will also make regular trips to the field programs to monitor management and performance issues.

For the MG program, the TRU will be developing a number of tools for impact assessment, a management information generation system for collecting important client and market information for BDS activities and well as improving the existing CAS system to incorporate baseline information. These tools will enhance MEDA's evaluation systems and will provide important lessons for the microfinance and BDS industry. The tools will also be packaged and development as consulting products to interested organizations. Key monitoring and evaluation objectives include:

- Develop new BDS monitoring and performance indicators
- Enhance microfinance monitoring sheets

- Incorporate a database to measure client impact into existing MIS systems for portfolio management
- Develop and disseminate technical guidelines to filed offices. Gender, environment and impact assessment guidelines will be developed as well
- Ensure that field programs adhere to MEDA's reporting standards and follow up with analysis summaries, and assistance as needed.

Mozambique

The *Kulane* credit program provides monthly financial statements and portfolio reports as per SEEP standards to HQ. The program manager will compile these reports in cooperation with the finance and administration manager of the institution and present them to the country manager for review before being forward to HQ. Further to this, the program manager provides a quarterly narrative report and the evaluation reports. MEDA's ARPO also provides a tool for measuring achievements against targets and planning for the following fiscal year in order to meet the requirements of the grant.

Monitoring and Evaluation System:

- Client Accounts System (CAS). CAS is a computerized loan tracking and analysis system. All loan applications, disbursements and receipts are entered into the CAS on a daily basis by a data clerk. The CAS generates the credit portfolio reports that provides update loan portfolio information and is able to provide loan-aging reports on a daily basis to enable credit officers to track non-payment of installments, especially those for individual loan clients. The program manager reviews all CAS reports weekly to monitor the activities of the credit department staff and to ensure that work plans are adjusted to meet the requirement of optimum program performance.
- Detailed monthly financial statements as defined in the accounting management system used by *Kulane*.
- Reconciliation reports between the MIS and the accounting systems. The operations manager is also responsible for reconciling the CAS reports with the financial statements that the finance department complies.
- Quarterly narrative and monthly SEEP reports. This includes a summary of the monthly credit and monitoring reports, loan application forms that provide personal and financial status data for clients.

Peru

MEDA Peru will provide monthly financial statements, monthly and quarterly marketing reports to HQ for analysis. Mid year and annual program evaluations will be submitted following MEDA's reporting calendar. TRU will provide local staff members with training on gender, environment and impact and these training will in-turn be provide to MEDA Peru's partners. In addition, IOPs will provide a supportive role to MEDA Peru and assist with reporting requirements as needed.

MEDA Peru will work together with the TRU to develop performance standards for BDS programs. As mention above, MEDA wants to improve its monitoring system for BDS programs, finalize its baseline survey to cover BDS clients and revise its quality standards guide to better meet the needs of BDS interventions. These improvements will be sustainable as they are simply *enhancements* to systems that are already in place and operating sustainably. MEDA Peru will develop monitoring sheets and a minimum number of performance indicators on its partners. The outcome will be improved

monitoring standards for BDS and a list of performance indicators that will be measured consistently throughout all MEDA's BDS programs.

Monitoring and Evaluation Systems

- Detailed monthly financial statements
- Monthly marketing reports that include cash flows, operational ratios, product/sales reports and activities reports.
- Market information generation system (MIGs). MIGS is still in its pilot development phase but the intention is to input client and market data into the system to assist with on-going monitoring and projection of sales and profit information
- Monthly and quarterly BDS monitoring sheets
- Annual business plans and review
- Mid year evaluations, annual evaluations and end-of-project impact assessment reports

B5.2 Program Evaluation

The experiences and lessons gained from the MG program will be shared with a wider network of institutions, and with other interested donors. MEDA is also an active member of SEEP and of the SEEP-BDS working group. MEDA has actively contributed to microfinance and BDS industry learning and best practices over the years through consulting and at a number of training seminars such as microfinance training in New Hampshire and Colorado, and at the BDS seminar in Springfield.

MEDA will ensure that the final program evaluation will be conducted no later than one year following the end of the matching grant. Applications will be solicited from external consultants and MEDA will ensure that the evaluation consultants hired are approved by the MG program. In order to ensure that the capacity gained, the performance data and lessons learned will be applied to improve program operations, management, and new initiative designs. MEDA's country managers meet on an annual basis to discuss operational and management issues, review past years' performance and make plans for the coming year. MEDA will include a special session for MG countries to share experiences and learn from each other. In addition, HQ plans to organize a MEDA wide BDS conference in the third year of the MEDA that will allow for information sharing, project visits, and brainstorming sessions amongst MG partners and MEDA offices.

Section C: Program Management

C1. HUMAN RESOURCES AND ORGANIZATIONAL STRUCTURE

Management Structure

The MG program will be managed through IOPs in MEDA HQ. IOPs will coordinate with other departments to ensure synergy and cooperation. Technical assistance, monitoring and evaluation will be coordinated through the TRU. Key individuals and a summary of their responsibilities are as follows: (CVs are in appendices)

Personnel and Responsibilities

Name	Title	Responsibility	Country
Ed Epp	Director of IOPs	Overall management of MG	Headquarters
Wendy Dischke	IOPs Assistant	Administrative support and Reporting for MG	Headquarters
Cherie Tan	Technical Advisor, TRU	Monitoring and Evaluation, Coordination and Delivery of TA	Headquarters
Brad Martens	Technical Advisor/Consultant	Delivery of TA in MIS, systems assessments	Headquarters
Steve Rannekleiv	Technical Advisor/Consultant	Delivery of TA in BDS	Headquarters
TBA.	Technical Advisor/Consultant	Delivery of TA in Agricultural Development	Headquarters
Alejandro Escobar	Regional Manager, Latin America	Manager of Latin American country programs	Headquarters
Neil Janzen	Regional Manager, Africa	Manager of African country programs	Headquarters
Sonia Dominguez	Country Manager	Management of MG in Peru	Peru
TBA	Project Manager	Coordination of TA in Peru	Peru
Trudi Schwartz	Country Manager	Management of MG in Mozambique	Mozambique
Dionisio Matos	Project Manager	Manager of Microfinance Institution	Mozambique

Headquarters

Ed Epp, Director of International Operations. Mr Epp is responsible for the management of MEDA"s development programs in eight countries with an annual budget of $4 million. Major emphasis at present is on developing rural marketing programs in Bolivia, Nicaragua and Haiti, and on micro-enterprise credit and training in Haiti, Tanzania, Romania and Mozambique.

Cherie Tan, Technical Advisor. Ms. Tan coordinates the activities in the Technical Resource Unit (TRU). She is responsible for ensuring that monitoring and evaluation objectives are carried out in the duration the MG program. In addition, Ms Tan will coordinate the product development activities in HQ and will be the point person with field offices and coordinate the technical and monitoring trips of consultants.

Brad Martens, Technical Advisor/Consultant. Mr. Martens has broad experience in information systems and technology applied to rural enterprises and MFIs. Mr. Martens has worked in North America, Africa and Latin America in information technology solutions for small business. He will play the lead role in design and the implementation of MIS systems for the MG program.

Steve Rannekleiv, Technical Advisor/Consultant. Formally the Country Manager for MEDA's programs in Bolivia, Mr. Rannekleiv has extensive experiences in managing rural agricultural credit, marketing and BDS programs. He was instrumental in the

success of managing a MEDA owned marketing company, Asomex. Mr. Rannekleiv will provide key leadership in the design and implementation of the marketing and BDS activities for the MG program.

Mozambique

Trudi Schwartz, Country Manager Mozambique. Ms Schwartz, a South African carries overall responsibility for all of MEDA's programs in Mozambique. About 20% of her time is allocated to the supervisions of *Kulane* and the program manager (incumbent Operations Manager) reports directly to the CM. The MEDA Personnel handbook is clear on the mandates that Country Managers have with regard to decision-making and budget management. Ms. Schwartz in turn reports to the regional manager for Africa based in Canada.

Dionisio Matos, Operations Manager will take over as the Program Manager from July 1, 2002. Mr. Matos a Mozambican national is responsible for all the day-to-day activities of the credit program. As program manager, he will be responsible for the annual work plan, the budget and to compile the reports for the program. He supervises the finance and administrative manager and the credit supervisor. Mr. Matos also chairs the credit committee where loans are approved.

Helder Goncalves, Finance and Administration Manager. Mr Goncalves reports to the program manager and is responsible for the control of the program's financial assets, financial reporting, cash flow management and bank accounts. All cheques must be signed by at least two people. Mr. Gonclaves is a signatory with Mr. Matos and Ms. Schwartz.

Peru

Sonia Dominguez, Country Manager Peru. Ms Dominguez is Peruvian and was hired this year as a result of the MG program to oversee all the operations of MEDA in Peru. She is responsible for the implementation of existing as well as the development of new programs. Ms. Dominguez has over ten years experience in the Peruvian business sector, working in management of financial and marketing operations, and will ensure that all aspect of the MG program for Peru are kept in line with budget, objectives, goals, and performance targets. She will also play leading roles in the following areas: market analysis, service delivery design and implementation, and monitoring and evaluation.

Oscar Perez, TA assistant. Mr. Perez will support the evolution of project in the field and is in-charge of technical assistance for farmers.

Ivan Alcantara, General Manager Agronegocios. Mr. Alcantara serves as the manager of Agronegocios and is responsible for operations and marketing. He has significant experience in agribusiness marketing, production and agricultural credit projects.

Adan Seminario, Hydroponics Project Manager. Mr Seminario plays a leading role in the marketing side of the hydroponics project. He is also the co-investor and general manager of PHISAC and will serve as a project consultant to any other agribusiness involvement of MEDA Peru.

C2. CONTINGENCY PLANNING FOR DISASTERS; CONFLICT AND SECURITY

Mozambique

Risk identification:

- Devaluation of the local current, Metical
- Droughts/Floodss
- Health Epidemics such as Cholera, Malaria and HIV/AIDs
- Political Unrest and the decline in the financial sector
- Increase potential of robbery especially with regard to robbers thinking that credit institutions carry large amounts of cash.

Mitigation strategies:

- Since MEDA has designated the loan to *Kulane* in local currency, the devaluation of the local currency has a smaller effect on the value of the loan portfolio. Rapid devaluation has a negative influence on the businesses of the clients, since most of *Kulane's* clients are traders and many of them buy wholesale in South Africa.
- MEDA Mozambique intends to introduce a loan product that includes the cost of an insecticide treated mosquito net with credit, which may assist in curbing the incidence of malaria amongst the clients and their families.
- No cash, except a small amount of Petty Cash, is kept at *Kulane's* office. Loans are disbursed by cheque and all payments are made by clients directly to the program's bank account.
- *Kulane* operates credit programs in the urban setting. Floods and droughts would not have a devastating effect on the credit programs.

Peru

Risk identification:

- Significant decrease in price and demand for specific agricultural products
- Changes to government regulated policies on import taxes
- Crop diseases and plague
- Technology transfer to farmers inappropriate and unsuitable

Mitigation strategies:

- The demand for agricultural products is controlled by consumer demands and by the availability of cheaper sources of supply. While these factors are often beyond the control of MEDA and project partners, there are a number of strategies that can be taken to mitigate great losses incurred as a result of the decrease in prices. MEDA will work with the implementing partners to carry out an in-dept market study and ensure a good understanding of the market, the competition and how much consumers are willing to pay for the product. In addition, the project will work to improve the quality of the production and ensure timely delivery of produce to the buyers and aggressive marketing.
- Regarding the changes to government policies that could potentially affect the demand and price of local production, MEDA will work with the partners to monitor the policy environment and respond appropriately.
- Plagues and diseases can be prevented with close monitoring by technical staff members to agricultural environment in Peru and in neighboring countries.

- MEDA will work with implementing partners to develop the most appropriate model to deliver technical assistance and technology transfer to farmers. The model will fine-tuned and improve throughout the course of the program and ensure farmer satisfaction.

C3. FINANCIAL MANAGEMENT

MEDA headquarters maintains a computerized accounting system to track expenditures and revenues. Finance staff regularly review MEDA financial policies and procedures to ensure compliance with US Government, Canadian Government, USAID and CIDA requirements. All donor and regulatory reporting requirements are complied with on a timely basis. Monthly financial statements and reports are prepared and reviewed by senior management and financial statements and reports are given to the Board of Directors quarterly. Annual financial statements are available to all MEDA associates.

Annual budgets are prepared for each field program and are approved by head office personnel. All field offices and programs use computerized accounting systems to track expenditures and revenues and to prepare monthly financial statements and statistical reports. These monthly financial statements are reviewed by headquarters personnel in both the financial and operational departments, as well as by the Technical Resource Unit. Variations from targets and budgets, in addition to reporting errors are followed up by headquarters staff immediately. All field programs are subject to internal audits by headquarters staff and external audits as required. MEDA receives an annual external audit by PricewaterhouseCoopers, Chartered Accountants. In addition to the general purpose audit, MEDA currently receives an A-133 program specific audit for our USAID PVC Matching Grant project.

All funds are transferred to MEDA via a Letter of Credit that USAID has established for MEDA. MEDA transfers funds to its partner organizations via direct wire transfers or direct bank transfers. The transfer of funds is administered by MEDA headquarters' senior personnel.

C4. WORKPLAN

Headquarters Workplan

	FY 02				FY 03				FY 04			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Headquarters												
Organizational Development												
Hire Staff												
Receive training												
Prepare DIP												
Review and revise monitoring tools for BDS												
Develop Investment impact tools												
Organize BDS conference												
Disseminate tools to field offices												
Monitoring of program												
Annual Evaluations												
Carry out End of Project Evaluation												
Technical Intervention												
Carry out field training needs assessments												
Prepare and carry out training modules												
Develop BDS performance indicators												
Apply Investment Impact tools on partners												
Implement due diligence assessments												
Identify systems needs												
Developed and design a market information generation system												
Incorporate impact assessment to existing CAS system												
Sustainability												
Document lessons learned												
Research and write case study												
Share lessons learned within MEDA's programs												
Facilitate BDS conference												
Replicate best practices by facilitating the search for new funding												

Mozambique Work Plan

	FY 02				FY 03				FY 04			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Organizational Development:												
Research Structural options for institution												
Decide on the appropriate structure and define and implement steps to institutional transformation												
Define composition of governance structure and put in place												
Design and implement client exit surveys and customer satisfaction interviews												
Revise and design products as needed												
Train senior staff in financial management and internal controls												
Upgrade existing MIS and accounting system as necessary												
Training in staff performance management for senior management team												
Support to the project manager in human resource management												
Technical Interventions												
Revise and implement policies for internal controls												
Recruit an internal auditor												
Survey and compile a list of training courses and explore linkages and facilitate access for clients												
Collect data from individual clients on equity growth in business												
Training and technical assistance for new and existing staff												
Credit management training for Credit Supervisor												
Partnerships												
Carry out research on the supply and demand for ITNs												
Make ITNs available on credit as an addition to client loans												
Explore opportunities to link with programs providing alternative employment opportunities to retrenched employees of major companies												
Carry out study on the demand for advanced business management training for credit clients												
Achieving sustainability												
Provide loans, follow-up and linkages to training												
Do product research, development and testing to encourage portfolio expansion through the provision of high quality loan products that meet client demand												

PERU

	FY 02				FY 03				FY 04			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
PERU												
Organizational Development												
Hire technical manager and Country Manager ™												
Install new accounting System												
Training in BDS (CM and TM)												
Preparation of DIP												
Training of Staff (various topics)												
Development Monitoring and Evaluation Framework												
Reporting (Monthly, annual evaluations etc)												
Develop HR manual												
Agronegocios												
Organizational Development												
Partnership Structure												
Negotiation of Partnerships												
Define each partner participation												
Implement and manage operation with partner												
Identify Agronegocios needs												
Development of technical interventions												
Carry out technical field survey (1/yr)												
Research on rice practices and cultivation												
Design and Delivery of "Dia del Campo" model												
Collection of Data												
Services												
Market study of available services												
Application of Cost-Benefit analysis												
Development of service pricing and new services												
MIGs												
System Assessment												
Design and Testing of System												
Application of system												
Develop indicators & impact reports												
Collect and input database information												

Monitoring and Evaluation												
Training												
Train on impact												
Train on gender issues												
Hydroponics												
Seek farmer groups to participate in program												
Define farmers loan structure												
Marketing												
Market study (qualitative and quantitative)												
Research new local and international markets												
Research on new products												
Technical Intervention												
Preparation of model												
Technology transfer to farmers												
Application of model on 2 selected groups												
Sustainability												
Replicate model												
Research on new hydroponics products												
Cost analysis of replication												
Ongoing monitoring of project												

Section D: Appendices

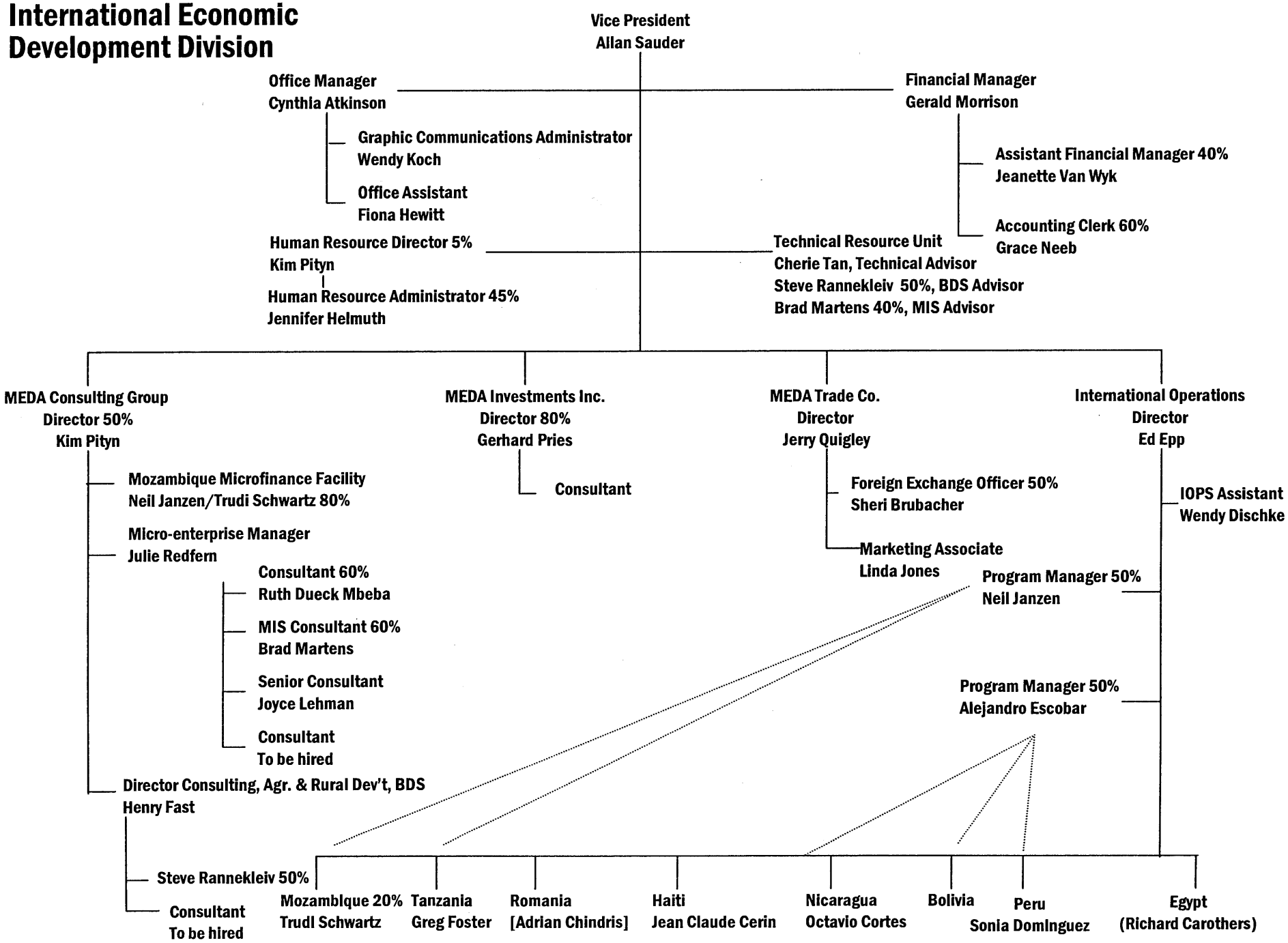
BUDGET

- Headquarters
- Mozambique
- Peru
- Summary Budget
- Budget Notes

MEDA HEADQUARTERS

- Organizational Structure
- Resumes of Key Staff
- Associated Documents

International Economic Development Division



EDWIN EPP

Profession: Director of International Operations, Mennonite Economic Development Associates (MEDA).
Nationality: Canadian
Languages: English, French (limited), Arabic

Key Qualifications

- Over 18 years of international management experience concentrated in the Middle East and Africa
- Program experience directing development efforts in micro-enterprise, education, and agriculture
- Management skills include supervision of staff and volunteers, maintaining and initiating government relations, and management of grants

Education

- B. Ed., University of Manitoba 1981

Professional Experience

Director of International Operations
Mennonite Economic Development Associates (MEDA) Waterloo, Ontario 1998-Present

- Director of International Operations responsible for the management of MEDA's development programs in eight countries with an annual budget of $3.5 million
- Major emphasis at present is on developing rural marketing programs in Bolivia, Nicaragua and Haiti, and on micro-enterprise credit and training in Haiti, Tanzania, Romania and Mozambique.

Director of Middle East Program
Mennonite Central Committee (MCC) Winnipeg, Manitoba 1991-1998

- Responsible for MCC programs in the Middle East (Egypt, Jordan, West Bank, Gaza, Syria, Lebanon, Iraq)
- Work entailed relief, agricultural and economic development, education, church relations, government relations, supervision of staff and volunteers, and peace and justice issues
- Responsible for an annual budget of approximately $2.5 million and supervision of 40 North American volunteers and 13 local staff

Director of Peace and Social Concerns for Canada
Mennonite Central Committee (MCC) Winnipeg, Manitoba 1991-1992

- Responsible to Mennonite Churches in Canada for Peace and Justice education and issues
- Worked with Mennonite Education Institutions, church groups, peace groups and government

MCC Country Representative
Mennonite Central Committee (MCC) Winnipeg, Manitoba 1987-1991

- Responsible for MCC programs in Lebanon and Jordan
- Work entailed agricultural, development, micro business enterprise, relief, education, church relations, government relations, supervision of local staff
- Made initial contacts with church and governments in Syria which led to the opening of an MCC program in 1991.

English as a Foreign Language Teacher
Mennonite Central Committee, China 1984-1986

- Received teaching award of excellence from Sichuan Agricultural University in 1986.

CHERIE TAN

Profession: Technical Advisor
Nationality: Canadian
Languages: Fluent: English, Intermediate: Creole and Spanish, Basic: French and Mandarin Chinese

Key Qualifications

- 2 years Field experience in providing technical assistance to MEDA's rural credit program in Haiti
- 1 year HQ experience in managing multi-faceted projects, monitoring and analyzing program performances, generating new project developments and providing technical advise to field offices
- Delivered technical and training workshops in areas of: gender, impact, environmental assessments, grant writing and facilitation to field offices
- Monitoring and Evaluation Specialist for all of MEDA programs

Education

- Bachelor of Arts, Political Science Major/International Relations minor, University of British Columbia1999

Seminars and Training

- Business Planning and Financial Modeling for Microfinance Institutions, The Bookings Institution, Washington, D.C. 2001
- BDS Best Practices Workshop, SEEP Annual Meetings and Conference, Washington, D.C. 2001
- Detailed Implementation Planning and Project Evaluation, USAID Office of PVO, Washington, D.C. 2001
- Grant Writing Workshop, Joint Workshop by CIDA and Ontario Exports, Toronto, ON 2002

Professional Experience

Technical Advisor ***Mennonite Economic Development Associates, Waterloo, ON*** ***01-present***

- Provide the Economic Development Division with technical expertise and assistance for both the Small Business Development (Credit) and Marketing Production programs
- Provide technical support in the areas of program evaluation and impact methods, gender and development, and environmental assessments
- Seek out, research and write reports and proposals for MEDA, potential clients and donor
- Design and deliver appropriate technical training programs to MEDA programs and partners

Systems Specialist ***MEDA: Rural Business Development Program, Port-au-Prince, Haiti*** ***99-01***

- Reconciled financial bank information and ensure that important bank data is collected and organized
- Provided technical training to credit officers and staff on loan procedure, reporting and evaluation methods
- Performed on going evaluations on the effectiveness of the existing credit program
- Developed and implemented a Credit Management Training module for the CBs
- Created an extensive Baseline Database to measure the impact of credit on long term clients which is currently being used throughout all of MEDA's field offices

Research Assistant ***Centre for Southeast Asia Research, University of British Columbia*** ***98-99***

- Edited a publication on Localized Poverty Reduction in Rural Vietnam
- Assisted in coordinated the bi-annual *Northwest Regional Consortium for Southeast Asia* with a special theme on Emerging Southeast Asia Identities amidst the Asian Financial Crisis

Program Assistant ***SingTao Graduate School of Journalism, University of BC*** ***97-98***

- Worked closely with the Director to implement policies and curriculum in preparation for the opening of the journalism programme

Research Assistant ***Insitute of International Relations, Vancouver, BC*** ***95-98***

- Co-ordinated conferences and workshops for the Institute
- Created a database to house a directory of affiliated professionals, institutions, think tanks, government departments and NGOs associated with the institute

Summary of Regional Experience

- TA and monitoring trips to Mozambique, Peru and Haiti
- Delivered training workshops on Gender, Environment and Impact in Peru, Mozambique, and Nicaragua
- 2 years field experience in Haiti, assisting MEDA Country office develop appropriate systems and training curriculum for the rural business development program

WENDY DISCHKE

Profession: International Operations Assistant
Nationality: Canadian
Languages: English (native), Spanish (good), German (good) French (basic)

Key Qualifications

- Excellent project management, organizational, co-ordination and team work skills
- Proven research and analytical skills; Adept at solving problems

Education

- **University of Waterloo** BA in Social Development Studies, Minor in Management Studies 2000

Work Experience

International Operations Assistant
Mennonite Economic Development Associates (MEDA) Waterloo, Ontario 2000 – Present

- Provide support to MEDA's development programs in Haiti, Mozambique, Peru, Nicaragua, Bolivia, Romania and Tanzania
- Assist with writing proposals
- Coordinate program reporting and prepare country information for financial analysis

Assistant Researcher
Development and International Studies, Wilfrid Laurier University, Waterloo, Ontario Present

- Develop and maintain a data on Old Order Mennonites in the Kitchener - Waterloo area

Assistant Program Officer
Canadian International Development Agency (CIDA), Ottawa, Ontario September - December 1999

- Worked with a team of people to develop a data base for improved project management
- Researched and prepared country and project briefs for people going on mission
- Created a newsletter reporting the activities and successes of the team

Business Development Assistant
Ericsson Communication Inc., Mississauga, Ontario May-August 1998, January -April 1999

- Worked in a team to develop and implement a corporate leads management process
- Developed the Public Operators Intranet site.
- Created a database of Internet Service Providers, conferences, and associations

Junior Research Analyst
Treasury Board Secretariat, Employment Equity Division, Ottawa, Ontario September - December 1997

- Prepared for and participated in meetings with Federal departments to clarify expectations and requirements of the Equity Act
- Compiled and analyzed statistical data for the 1997\98 Annual Report
- Assisted with the creation of an "Employment Systems Review Guide"

Junior Policy Analyst
Department of Human Resources Canada, Ottawa, Ontario January - April 1997

- Researched an analytical report on current and proposed disability policy
- Collected information on Federal and Provincial programs geared towards persons with a disability

Research Assistant
Canadian Human Rights Commission, Ottawa, Ontario June - August 1996

- Prepared briefing notes for Mr. Yalden, the Chief Commissioner
- Researched statistical information, background data, and information on current events.
- Attended Senate Committee meetings on Parliament Hill

Assistant Activation Director
Tabor Manor Retirement Home, St. Catharines, Ontario June -August 1995

- Exhibited patience in persuading residents to participate in cognitive and physical activities such as reading, memory games, exercises, visiting, and going for walks
- Fulfilled the needs of residents in a sensitive and empathetic manner

Alejandro Escobar

Profession: Senior Consultant, Agricultural Marketing and Business Development Services
Nationality: Peruvian, American
Languages: English, Spanish, proficient in Portuguese

Key Qualifications

- Ten years experience in International Development Projects in the areas of microfinance and agricultural development.
- Five years general management experience at the international level.
- Demonstrated capacity to lead teams of professionals and manage consulting projects in the areas of microfinance and agricultural development.
- Regional experience in Tanzania, Uganda, Japan, Argentina, Brazil, Bolivia, Paraguay, Peru, Mexico, Guatemala, El Salvador, Haiti.

Education

- Master of Science in Agricultural Economics, Pennsylvania State University, University Park, PA, 1992
- Bachelor of Science in Computer Science, Eastern College, St. Davids, PA, 1989

Professional Experience

Senior Consultant and Business Analyst Latin America 1999 - present
MEDA Consulting Group

- Lead teams of consultants in the areas of agricultural development, microfinance, marketing and business development.
- Started two consulting companies in two different countries and secured financing and contracts for the first year of operations in excess of US$300,000.

Country Manager
MEDA Bolivia/Peru 1996 - 1999

- Overall management of all field operations including the ongoing assessment of financial performance of MEDA's current programs and new initiatives. Annual operating budget was $500,000 with a staff of 15 professionals.
- Responsible for negotiating and acquiring government and donor contracts from Peru, and Bolivia. Successfully negotiated $2.1 Million rural development project.

Program Manager
MEDA Bolivia 1993 - 1995

- Worked with local cooperatives and microfinance organizations in training, development of staff and financial systems, board development, and fund sourcing.
- Managed MEDA's Agricultural Development Program in three regions of the State, of Santa Cruz, with 12 staff working in ag extension, rural credit, and marketing.

Independent Computer Consultant 1989 - 1992

- Developed inventory control systems for export company based in Philadelphia
- Developed statistical econometric models for economics department at Penn State using statistical packages
- Developed agricultural commodities marketing and price analysis models for agricultural development project administered by Mennonite Central Committee in Bolivia.

Stephen Rannekleiv

Profession: Consultant Agricultural Development, Marketing and Business Development Services
Nationality: American
Languages: English, Spanish

Key Qualifications

- Four years international management experience with emphasis in small business development programs and projects in Latin America
- Strong financial and business analysis skills in the manufacturing and agribusiness sectors
- Experience in sales and marketing in private sector companies and in non profit business development programs
- Strong training, and technical assistance skills

Education

MBA Economic Development	Eastern College, St.Davids, PA. GPA- 4.0	May 1998
Bachelor of Arts, Psychology	Houghton College, Houghton, NY	May 1989

Professional Experience

Country Manager
MEDA Bolivia 1999 to present

- Overall responsibility for the management of all field operations, including 3 regional offices and a staff of 15. Annual budget of $500,000
- Responsible for management of a country wide non traditional export program, working in three regions, with three producer associations, developing new markets and enhancing product development. Total value of annual export of products under management of project: $700,000.
- Designed, developed and implemented a project with funding from the first round of BDS IGP Grants from USAID. Submitted the proposal and negotiated the final approval. Project is currently being implemented for the export of three agricultural commodities.

Business Analyst
Sarona Global Investment Fund & MEDA Consulting Group 1999 to present

- Analyze business proposals, engaging in initial due diligence and submitting business plans to credit committee.
- Perform financial, business and legal analysis of potential investments.
- Engage in consulting contracts in the region on behalf of MEDA Consulting Group, specially in agribusiness development, sub sector assessments, financial planning for SMEs, and training to trade associations

Director of Marketing
MEDA Bolivia, Project PROCOR 1998-1999

- Designed and developed sales and marketing strategy with Furniture Producer Association. Secured financing of show room and assisted in the expansion of the marketing channels in Bolivia.
- Developed business plans and financial analysis for each business member of the association. Assisted in the design of a financial restructuring of the companies.

International Partner
Habitat for Humanity International, Santa Cruz, Bolivia 1990-1995

- Developed and guided the Board of Directors in decision making, planning and strategic growth
- Managed and designed systems for administrative duties such as budgeting, project/staff evaluations and bookkeeping

BRAD R. MARTENS

Profession: Consultant, Management Information Systems
Nationality: Canadian
Languages: English, Portugeuse

Key Qualifications

- In-depth knowledge of loan portfolio systems, best practices, and management issues in the microfinance industry.
- International consulting experience with international and local non-government organizations and government agencies.
- Solid Technical skills in telecommunications technologies, system development, and business process design and redesign.

Education

- B.A. in Honours Commerce, specialization in Management Information Systems; University of Ottawa, 1997.

Professional Experience

Consultant, Financial Management Information Systems 1999- Present
(Waterloo, ON, Sept 2001- Present)
(Maputo, Mozambique, Sept 1999 – Sept 2001)

- Create, install, test and support micro credit loan portfolio software product
- Advise micro credit programs in financial analysis and information processes

Program Director
MEDA Mozambique May 2000 - Jan 2001

- Responsible for the management of MEDA's micro-credit operations in Mozambique
- Train users and in-country support team on the loan portfolio software
- Create a user's manual and software help file, and update all technical documentation
- Develop a micro credit financial management information system module

Selected Consultancies

- *ACDI/VOCA:* Assessment of the Rural Credit Cooperative Development Fund - RCCDF in information systems needs (System Definition); Russia (July 2001).
- *Aga Khan Foundation:* Analysis and review Kashf Foundation's current manual and computerized MIS system; documentation, policies and procedures for developing new software and to formulate the design of each separate module through a systems assessment; Pakistan (December 2000).
- *World Bank*: Assessment of management information systems (and reporting adequacy) for eight Microcredit Service Providers in Repulika Srpska and the Federation of Bosnia and Herzegovina Employment and Training Foundations; Bosnia (April/May 2000).

Programmer Analyst
Toronto Dominion Bank, Toronto 1997-1999

- Worked in a team on TD Bank's home banking software, Intranet Services and WebBanking
- Maintained code, added enhancements for releases for various TD software programs

Programming Skills

- Visual Basic, Visual C++, MFC, JavaScript, VBScript, ASP, COM, Lotus Notes and HTML, SQL and MS Access, Unix, OS/2 and Microsoft OS's.

Gertruida (Trudi) Schwartz

Position: Micro-finance Specialist, Country Manager of Mozambique
Nationality: South African
Languages: English, Afrikaans and Portuguese, limited KiSwahili

Key Qualifications

- Experienced Micro-Finance Practitioner and Program Manager
- Ability to provide efficient overall management of different projects
- Manage financial planning and monitoring and co-ordinate budgets for revenue and expense
- Trainer for micro-finance practitioners

Education

- Diploma in Communication Studies, University of Pretoria, 3 years
- Diploma in Building Society and Bank Practice, Rapid Results College (part time study), 3 years
- Registered student with Herriot-Watt University Business School for Distance Learning studying for MBA

Professional Experience

Field Project Manager: Mozambique Microfinance Facility
Country Manager: MEDA Mozambique
Mennonite Economic Development Associates (MEDA) 2000 - present

- Primary responsibility to ensure that relations with donors (on-field and in Canada as agreed by the team) are maintained, as well as relations with the Mozambican government, other development organizations, and the business community and to be MEDA's legal representative in Mozambique
- Has responsibility for recruitment, appointment, evaluation and release (as appropriate and when necessary) for the Mozambique Micro Finance Facility staff
- Oversee compliance with the pattern of planning, monitoring, evaluation, performance, reporting , and legal requirements as established and defined by the contracts and donors

Country Manager: Tanzania
Mennonite Economic Development Associates (MEDA) 1997-2000

- Achieved targets set for micro-finance program funded by CIDA and extension of grant approved
- Managed Credit Facilities during a post fraud-recovery phase up to full operational and improved financial self-sufficiency

Administrator and Finance Assistant (Sept 1992 to June 1993)
Country Representative (July 1993 to Sept 1994)
Country Director (Oct 1994 to September 1997)
World Relief Corporation 1992 - 1997

- Assisted with the planning and wrote a proposal for the implementation of a micro-credit project with the Village Banking methodology in a rural town in Mozambique. At departure had achieved a on-time repayment rate of 92% with a portfolio at risk less than 5%. This project is presently the largest microfinance program in Mozambique with 6,000 clients

Consultant
Management/Business Development 1990 - 1992

- Worked as an independent business development consultant to promote investment in countries of Southern Africa
- Services included setting up meetings with government officials, assisting with compliance to the legal requirements to set up businesses and trouble shooting during the implementation process

Dionisio Hernani Jone Matos

Position: Operations Manager
Nationality: Mozambican
Languages: Portuguese (Excellent), English (good), French (fair). *Local*: Shangana (good), Ronga (good), Shitswa (fair)

Education

- Attending 2nd year of Accounting and Management Diploma, Instituto de Educacao em Gestao.
- Pre-University Degree, Escola Secundaria Francisco Manyanga, 1990.

Other training

- Attended Microfinance Training Program at Microenterprise Development Institute - New Hampshire College, 2000;
- Attended Financial Analysis for Microfinance Institutions training organized by FINCO in partnership with AFCAP - Microfinance Capacity Building Program in Africa, 1999;
- Attended Results Based Management training organized by CIDA in Pretoria, 1999
- Attended Credit Officers Performance Management Process training organized by MEDA - Tanzania, 1999;
- Attended Organizational Development and Institutional Capacity Building training for trainers, organized by CONCERN Worldwide, 1998;
- Attended Delinquency Management and Calculation of Sustainable Interest Rates for Microfinance Institutions, organized by Instituto de Formacao Bancaria in partnership with CGAP - Consultative Group to Assist the Poor, 1997.

Professional Experience

Operations Manager
Mennonite Economic Development Associates (MEDA), Mozambique Credit Facility, 1999 – Present

- Credit Operations supervision
- Loan Officers management
- Development of credit policies
- Identify new markets for the program
- Provide direct continuous training for the loan officers
- Office management
- Preparation of Monthly Credit Operations Reports.

Accountant and administrative Assistant
AMDA - The Association of Medical Doctors of Asia, Maputo 1995 - 1997

- Preparation of Financial Reports to Donors
- Financial Statement preparation
- Coordination of Water & Sanitation Program
- Field Operations Control and Supervision
- Office management

Accounting and Administrative Assistant
CRIAA - Centre de Recherche de Information et Action pour Development en Afrique, Maputo, 1992-1995

- Responsible for the management of program offices (Maputo and Cabo Delgado)
- Responsible for foreign currency accounting.
- Computer operation trainer for all Cabo Delgado local staff
- Supervision of accounting and administrative issues in Cabo Delgado offices.

Sonia Domínguez

Profession: Consultant and Country Manager for Peru
Nationality: Peruvian
Languages: Spanish, English

KEY QUALIFICATIONS

- More than twelve years of experience in procurement, import, logistics, financial analysis, project evaluation and contract negotiation and agreements.
- Experience in financial analysis and project evaluation of large, medium and small size companies.
- Proactive and dynamic with leadership abilities focused on results. Experienced training personnel and able to promote an environment which generates teamwork.

EDUCATION

- Business Logistics Management Certificate Program,The Pennsylvania State University, PA 1994
- Master of Business Administration, Clarion University of Pennsylvania, PA 1991
- Industrial Engineer, Universidad de Lima, Lima 1984

PROFESSIONAL EXPERIENCE

Consultant
MEDA Consulting Group 2001 – Present

Country Manager
MEDA Peru 2001 - Present

Operations Manager
America Leasing S.A. 1997 - 2001

- Procurement of assets and real state on an annual average of US$40 millions in Peru.
- Import of goods on an annual average of US$3 millions. In charge of tariff's negotiation (bank's transaction, freights and other custom requirements), reducing annual costs in about 5%. Started up the imports department increasing the company sales in about 5% on 1998.

Chief Manager ***1995 - 1996***

- Implementation of the office from its inception to full operations. Interviewing and hiring personal, selecting outsourcing services, purchasing assets, bank negotiations and others administration requirements.
- Design collection procedures in order to use the services provided by the Bank.

Chief of logistics
Corporacion Grafica Navarrete S.A, Lima 1994 – 1995

- Design and implementation of a new layout of the office supply warehouse.
- Sales forecast to determine purchase volumes and lead-time for stocks.
- Procurement of office and school supplies according to projected demand

MEDA GUIDELINES #1:

SUMMARY OF THE REPORTING/EVALUATION/PLANNING CYCLE

MENNONITE ECONOMIC DEVELOPMENT ASSOCIATES-
TECHNICAL RESOURCE UNIT

1 INTRODUCTION

Over the years, there has been significant changes made to the Reporting/Evaluation/ Planning cycle for the CM units. The changes reflect the increasing demand from Donors for more quality content that focuses not only on program performance but also on long term results, social impact and client-centered objectives. This guide will aid each MEDA Country office in understanding the purpose behind each report and what is expected at each reporting cycle level. A review of MEDA's reporting cycle will demonstrate that the intention is not to increase the level of work of the CM but to streamline the responsibility and create some uniformity in the reporting standards.

2 SUMMARY OF REPORTS

The following provides a table of the reporting requirements for CMUs.

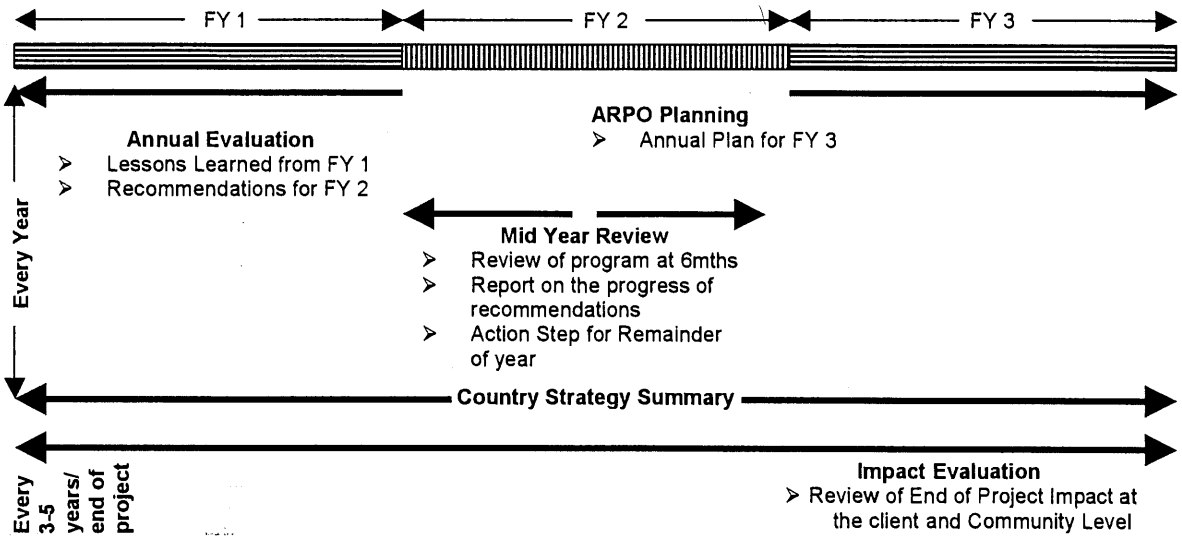
Type of Report	Responsibility	Due Date
Country Strategy	Country Manager	Annually Reviewed, **August 30**
Annual Evaluation/ Impact Evaluation	Project Directors Country Manager	Annual Evaluation, **August 30** Impact Evaluation, **August 30** **The Impact evaluation replaces the annuals and has to be completed every 3 years or at the end of project cycle.
Mid Year Review	Project Directors Country Managers	**February 28**
ARPO Plan	Project Directors Financial Managers Country Managers	**CM Meeting, February 28**
Quarterly Narrative	Project Directors Financial Managers Country Managers	**October 15** **January 15** **April 15**
Monthly Financials	Project Directors Financial Managers Country Managers	**15th of the month following activity**
Donor Reports	Project Directors Country Managers	**According to Contract**

3 TECHNICAL SERIES

Guidelines #1: Summary of the Reporting/Evaluation/Planning Cycle (***attached***)
Guidelines #2: Country Strategy Summary (***available***)
Guidelines #3 Mid-Year Review (***available***)
Guidelines #4 Annual Evaluation (***available***)
Guidelines #5 Impact Evaluation (***forthcoming***)
Guidelines #6 ARPO (***forthcoming***)
Guildelines#7 Monthly/Quarterly Reports (***forthcoming***)
Guidelines #8 Implementing a Gender Strategy (***forthcoming***)
Guidelines #9 Implementing an Environment Strategy (***forthcoming***)

4 PHILOSOPHY OF REPORTING CYCLE

The reporting cycle is intended to bring clarity to the roles and responsibilities of various levels within the CMU. For a three year project, attached is the rational behind the reporting cycle:



First and foremost is the MEDA **Country Strategy**. All of MEDA's work in a country should flow out of, and contribute to, the country strategy. Thus, the central spotlight of all work (project, programs, and business) should focus on how that particular work contributes to the goals of the CMU in that country. It is the responsibility of the **CM** to develop, review, alter, and update the Country Strategy. (***See Guidelines for the Country Strategy Summary #2)***

A review of the **country strategy summary** should accompany the annual evaluation and mid year review. In the case of the annual evaluation and the mid year review, the CM should evaluate each project/program/business (according to the indicators established) to determine if and how that project/program/business is contributing to the goals of the CMU. From that analysis recommendations are made and action plans set up to ensure that the goals are being achieved. If and when the CM, during this analysis, finds that there are other areas that MEDA could address, then further projects should be tested and conceptualized to meet those gaps.

Each project/program/business must also have a set of performance indicators and a planning/reporting cycle that will assist in the management of that particular project/program/business. This is the responsibility of the **Project Director**, not the CM. The CM's role is to hire project directors (as soon as fiscally possible) that have the skills necessary to manage, report to donors, monitor progress and meet targets for that project. The CM should manage the Project Director(s) and be part of the larger issues of whether the project/program/business is contributing to the CMU's goals.

The **annual evaluations** and the **mid year review** are designed to analyze both the project/program/businesses to determine if they are performing according to targets (role of project directors) and then if the various projects under the CMU are meeting the goals of the country strategy (role of CM). The **impact evaluation** replaces the annual evaluations at the end of the project cycle and/or every 3 years. (***See Individual Guidelines for Mid Year Review, Annual Evaluation # 3 and 4. Impact Evaluation #5 forthcoming)***

Gender and Environment Objectives have to be defined in your Country Strategy. In addition each project/program/business needs to develop **gender and environment strategies** that promotes and incorporates gender and environment issues in the design of the project. Gender and environment indicators should be provided for ongoing monitoring over the project cycle. (***Guides for Developing Gender and Environment Strategies forthcoming***)

The TRU will be developing gender and environment strategy guidelines to assist CMs and field staff in developing effective program strategies that consider gender and environment implications, and indicators for the monitoring and evaluation of both issues. Training will be provided to country offices upon request.

Based on this analysis, recommendations both within the project/program/business can be put into place, as well as new projects/programs/business designed to address areas in the goals that are either not yet met, or not being addressed sufficiently. These issues can be raised in your **ARPO** annual planning strategies. (***See ARPO Guidelines #6)***

Quarterly narratives should briefly describe performance variances towards targets. It is important to document the factors that lead to performance being above or below targets. This will allow MEDA to draw lessons and design programs that can predict and mitigate some of the swings in performances. **Monthly** financial reports, SEEP reports for MFIs and Monitoring reports fro BDS should be submitted to HQ for monthly analysis. (***Quarterly and Monthly Guidelines #7 forthcoming)***

This reporting system is designed to contribute towards organization and coordination, allowing CMs to continually maintain a focus on the largest strategic issues in their countries, manage staff effectively, grow programs appropriately, report to donors, in order to meet the needs of the poor in your countries.

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MEDA MOZAMBIQUE

- MAP
- Copies of Agreements with Partners
- Organizational Structure
- Associated Documents

Map No. 3706 Rev. 2 UNITED NATIONS
August 1998

Department of Public Information
Cartographic Section

Nothing contained in this agreement shall be construed as the establishment or creation of a relationship of master and servant, principal and agent or employer and employee between the Consultant and Client, it being agreed that the position of any person deemed as Consultant pursuant to this agreement is that of an independent contractor.

3. OUTPUT

- Planning document outlining the activities and required resources for implementation of the program.
- Two trips – one to Kenya and Mozambique, one just to Mozambique.
- Policy and implementation manual for ITN Business Association members.
- Baseline study outline for use by Kulane staff.
- Twice yearly progress reports for MEDA.

4. LENGTH AND DATE OF COMPLETION OF SERVICES

The Consultant shall complete the tasks and deliver on the outputs listed in #3 herein between October 1, 2001 and October 31, 2003. Amendments to these dates may be made only with the approval of both parties to this agreement.

5. CONTRACT AMOUNT

Subject to the terms and conditions of this contract and in consideration for the performance of the services by the Consultant, the Client shall pay to the Consultant an amount of $US 495.00 for each 7.5 hours of work provided by the consultant in execution of the requested services as well as re-imbursement for direct expenses related to the execution of this project to a maximum $ US 32,250.00. Any amount for service in excess of the above stated amount must be mutually agreed upon in writing by both parties to this agreement.

6. EXPERTS AND SERVICES PROVIDED

Subject to the terms and conditions of this contract and in consideration for the payment received from the Client, the Consultant shall provide expert Consultants according to the following schedule:

Name of Expert	Fee per day	Number of days
Jerome Quigley	*$US 495.00*	*50 (maximum)*

7. DIRECT EXPENSES AND OTHER FEES

The Client agrees to re imburse to the Consultant, payment for any documented, reasonable direct expenses incurred in the execution of this contract including:

Airfare: Return economy airfare from Toronto.
Hotel and Meals: Receipted or reasonable documented and allowable expenses.

Transportation: Receipted or documented expenses for reasonable local travel.
Miscellaneous: Receipted or documented reasonable miscellaneous expenses.
Communication and Courier: Receipted expenses for courier.

8. METHOD OF PAYMENT

The Client agrees to pay the Consultant within 10 days of receipt of invoice according to the following schedule:

- Monthly, upon receipt of invoices not exceeding allowable amounts.

9. INSURANCE

The Consultant shall be responsible for maintaining all life, health, accident, workers compensation, including employer's liability, and any other insurance benefits related to all those employed or otherwise hired by the Consultant.

10. TERMINATION OR SUSPENSION OF SERVICES

Notwithstanding anything contained in the contract or in these conditions, the Client may at any time by notice in writing of not less than 30 days terminate the contract in whole or in part. In such event, the Consultant shall be paid for any time already spent in the execution of this project and shall be re imbursed for any direct expenses paid related to the execution of this project.

11. ADMINISTRATIVE CONTROL: DESIGNATED REPRESENTATIVES, NOTICES AND REQUESTS

Any notice or request required to be given or made under this Contract shall be deemed to have been duly given or made when delivered by hand, mail, telex or fax to the party's representative at the address specified below:

For the Consultant:
Jerome Quigley
MEDA Trade Co.
155 Frobisher Drive - Suite I - 106
Waterloo, Ontario

For the Client:
Allan Sauder
Vice President – International Economic Development.
MEDA
155 Frobisher Drive - Suite I - 106
Waterloo, Ontario

12.0 AMENDMENT

This agreement may be amended by a formal written agreement executed by the Client and Consultant.

13.0 ENTIRE AGREEMENT

This agreement constitutes the entire agreement between the parties.

14.0. ARBITRATION

If any dispute shall arise between the Consultant and the Client as to the performance of this agreement, or any matter or thing arising in connection therewith, which cannot be settled amicably between the parties, then upon either party's giving notice of the difference or dispute to the other, the dispute shall be referred to an independent arbitrator agreed to by both parties at a place agreed to by both parties. The arbitrator's decisions shall be final and binding. The expense of arbitration shall be shared equally by both parties unless otherwise decided by the arbitrator.

IN WITNESS WHEREOF this agreement has been duly executed by the parties hereto:

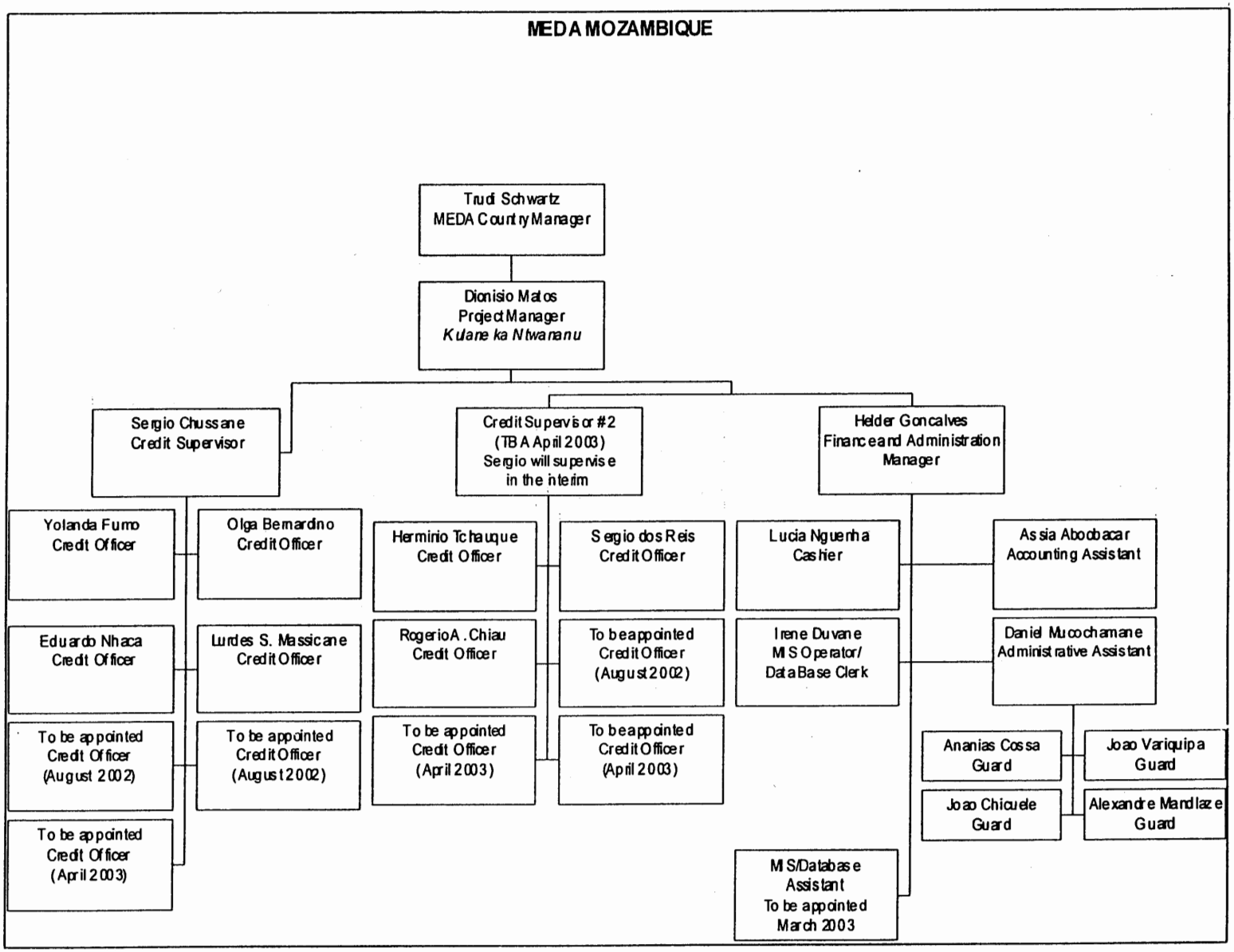
BY: _____(on behalf of the Consultant)

Date:

BY: _____(on behalf of the Client)

Date:

MEDA MOZAMBIQUE



Good Health is Good Business

Linking ITNs with Microfinance in Mozambique

Introduction

Mennonite Economic Development Associates (MEDA) is a Canadian Development Organization that promotes development through business. In ***Mozambique*** we provide assistance to a microfinance program called Kulane, and we manage an umbrella credit program called the Mozambique Microfinance Facility.

We are also experienced in developing innovative programs that help businesses sell insecticide-treated mosquito nets (ITNs). ITNs are one of the most effective methods for controlling the spread of Malaria. Two years ago, we launched the ITN Business Association in Africa. Members of this association include the leading net and insecticide businesses in the world.

It wasn't difficult to see the logical connection. In Mozambique and elsewhere, malaria is one of the most significant health threats to microentrepreneurs and their families. Availability and affordability are the key barriers to increased use. Yet microfinance programs offer built-in solutions. They have a ready sales force (the credit officers) and they can easily extend additional credit when existing clients get their loans approved.

Project Goals

To sell ITNs to the clients of MEDA's Kulane credit program

- We will encourage Kulane clients to increase the amount of their loan and purchase ITNs on credit.
- Clients will receive vouchers that may be exchanged for ITNs at authorized shops.
- Credit officers will be trained and encouraged to promote nets at the time of approving the business loans.

To support businesses in Mozambique to promote and distribute ITNs in far greater numbers

- We will utilize the resources of our private sector partners that are members of the ITN Business Association.
- We will seek additional donor resources to increase the amount of matching funds we have available for association members to promote and distribute ITNs. We need approximately $50,000 to $75,000 additional funding to top up the matching fund.

Malaria Facts

- At the household level, a malaria-stricken family spends an average of over one quarter of its income on malaria treatment.
- Lost wages add to the economic burden as a bout of malaria may incapacitate a wage earner for 5 to 20 days.
- Malaria-afflicted families on average can only harvest 40 percent of the crops harvested by healthy families.

over /

- In 1997, malaria cost African countries south of the Sahara more than US$2 billion.
- It is estimated that malaria slows economic growth in African countries by 1.3% per year.
- The World Health Organization has challenged the development community to protect African children and their families from death through malaria by distributing over 50 million insecticide-treated bednets (ITNs) by 2005.
- It is estimated that the proper use of nets can decrease mortality rates among children under five by 25% in Africa.
- Each malaria episode will cost at least $3 for treatment. The average family will be affected by malaria 5 times per year. One net will cost much less than the treatment for one year.

MEDA's *Good Health is Good Business* trial program in Mozambique is funded in part by USAID as a component of the support they are providing to the Kulane microfinance project. MEDA is seeking additional donor support to help us fund significant new promotional campaigns for ITNs by our private sector partners.

- Trials in Uganda indicate that the cost per net distributed through the ITN Business Association model is as low as .75 cents per net. This compares very favourably to NGO donation programs (estimated $10 per net) and social marketing programs (estimated $6 per net).

- ITN Business Association Members include: A to Z Textile Co. (Tanzania); Siam Dutch Netting Co. (Thailand); Vestergaard Frandsen (Denmark); Sunflag Textiles (Tanzania); Bayer Chemicals (Germany); Aventis (U.K.); Zenneca (U.K.), and BASF (U.S.)

Contacts

Jerry Quigley
General Director, MEDA Trade Inc.
155 Frobisher Dr., Suite I-106
Waterloo, Ontario - N2V 2E1
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Fax: (519) 725-9083
jquigley@meda.org

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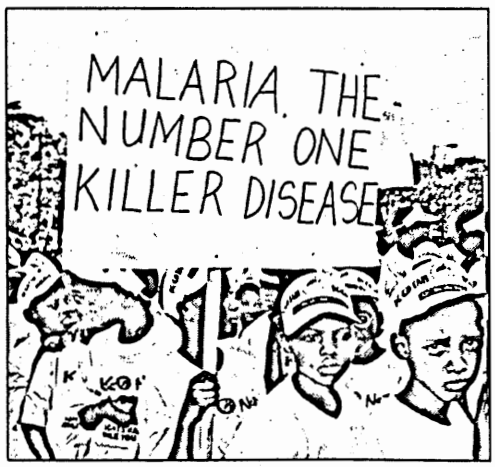
Rua Pereira do Lago
176 Maputo, Mozambique
tschwartz@meda.org



MEDA PERU

- MAP
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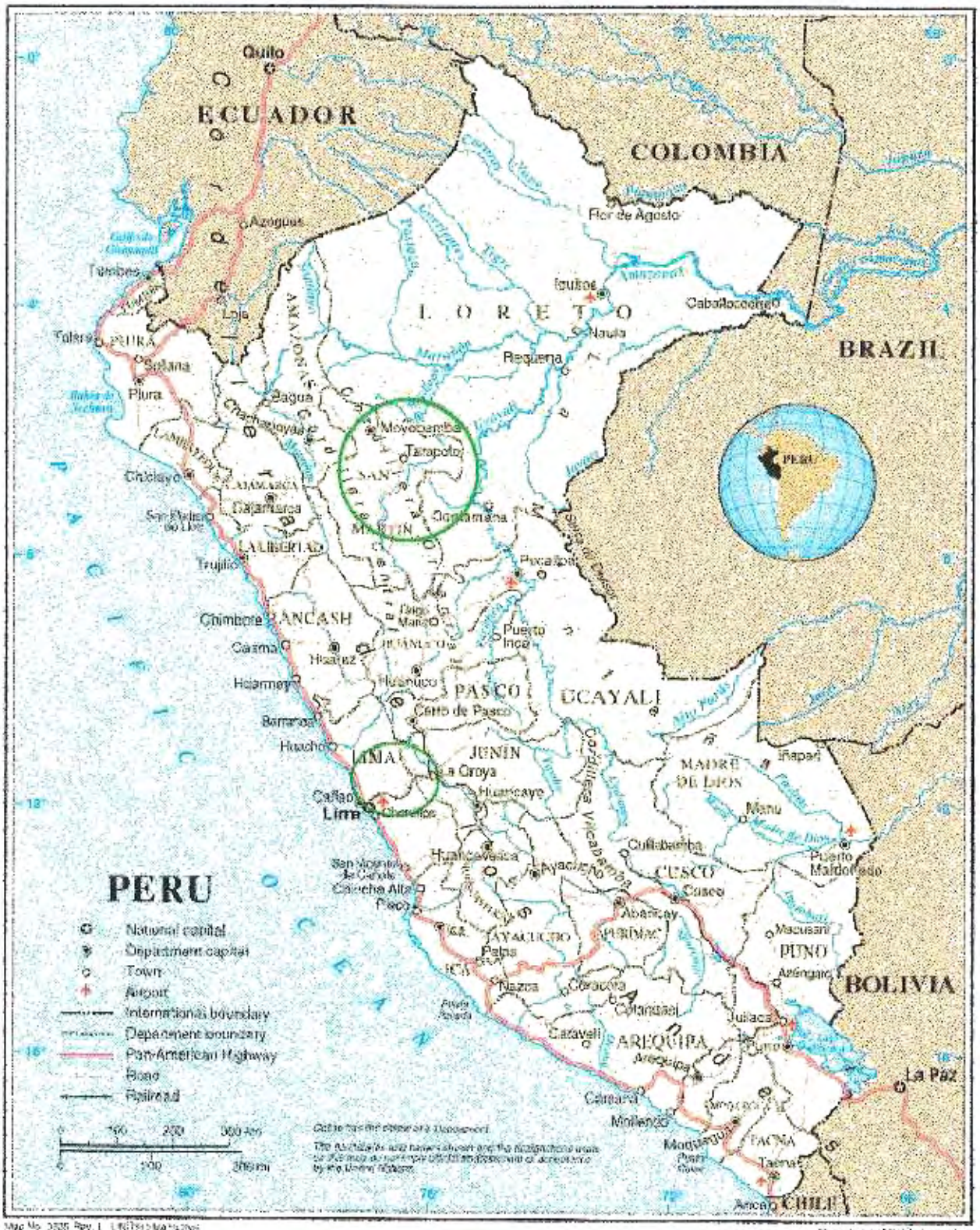


Map No. 3835 Rev. 1 United Nations
September 1994

Department of Public Information
Cartographic Section

CONTRACT AGREEMENT

Meda Peru, an organization which goal is to have a lasting positive impact in the generation of employment in Peru, through the provision of business development services and financing to small and mid size enterprises.

Agronegocios SAC, a business dedicated to offer transformation and commercialization services of products. Integrated by business people who are willing to establish standard of excellence in the business developed in the San Martin region.

Have agreed to participate in the PVC project. The project objective is to improve Agronegocios capabilities of market response, to provide farmers with sustainable links and access to financial services, market information, affordable technical services and assistance, and marketing channels.

We agree that the project will implement a model to support the promotion of agribusiness, increase the demand for quality rice from this region through marketing initiatives, introduce new technologies and other services at affordable volume prices for the sale of quality rice seeds, fertilizers, and the rental of equipment and machinery. Services will be offered according farmers' needs that will be identified through an information system that will be develop.

The project will have a duration of 3 years and will end on July 2004

Sonia Domínguez
CM Meda Peru

Iván Alcántara
General Manager
Agronegocios SAC

Country Manager **Sonia Domínguez** Peruvian FT
Responsible for all operations of Meda in the country and the development of new programs.
The primary areas of responsibility are management, financial management and budgeting; research; preparation of projects proposal; design and test projects ideas; liason with Meda headquarters, donors, organizations and other Meda members.

T.A. Assistant **Oscar Perez** Peruvian PT
Support the evolution of the project in the field. In charge of the technical assistance for the farmers.
Oscar has also played a key role in identifying projects and donors.

Accountant **Roberto Lint** Peruvian PT
Roberto has responsibility for MCG Peru books. He has kept reports through the two year Anecomsa contract and will continue to play a role in future MEDA accounting needs. Monitors separate financial reports for MEDA joint ventures. Roberto has his own practice so works on contract for MEDA.

Senior Consultant and Hydroponic Project Manager **Adán Seminario** Peruvian
Key senior consultant for MCG, Adan plays a leading role in the marketing side of the hydroponics project. He is a co investor an general manager. Adan will also serve as a project consultant to any other agroindustrial involvement of MCG and MEDA.

Rice Project Manager **Iván Alcantara** Peruvian FT
Iván Alcantara is the current general manager of Agronegocios. He will be in charge of the day to day operation of the joint venture and will support the development of the new services.

Senior advisor **Fernando Falcón** Peruvian PT
Fernando is an expert on the hydroponics technology, he will play a key role on the design and implementation of the hidroponics technology for the small farmers.

Senior Consultant **Rafael Chumimune** Peruvian
Senior technical advisor to the palmito project in matters related to farm and production.

A greenhouse called Peru

MEDA explores a new range of agricultural responses to help develop Peru's "natural greenhouse"

by Wally Kroeker

Felipe and Oscar are both Peruvian farmers. But the similarity ends there.

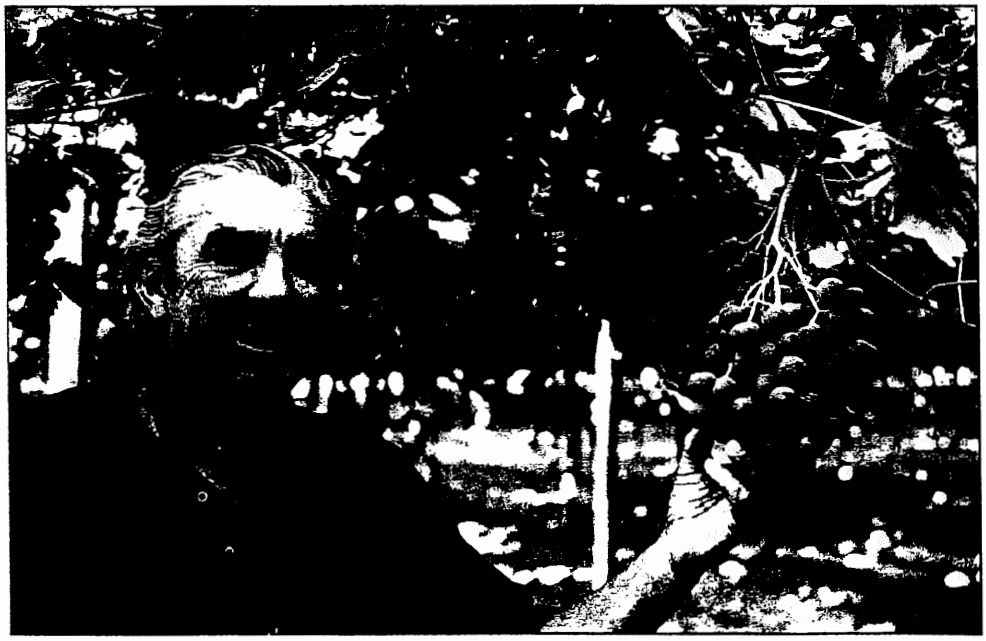
Felipe, urbane and educated, is a former lawyer who lives in his wife's sprawling hacienda 110 miles south of Lima. The climate is arid. He never sees rain.

Oscar, 600 miles northeast, is a subsistence farmer. His 12-acre plot of land, located in the vast drainage system that becomes the mighty Amazon River, is devoted largely to growing rice.

Felipe coaxes grapes and asparagus out of dull-colored desert sand. He adds all his water and nutrients through an intricate network of drip irrigation.

Oscar farms a piece of lush green jungle. The rich soil provides everything he needs.

Both of these men, as different as night and day, face the pressure of an economic juggernaut called globalization. Both are part of an agricultural industry that seems poised for growth.



Felipe Llona: The first hurdle was gaining title to the land.

A small group of MEDA members and staff explored the world of Peruvian agriculture in mid-January. Our purpose was to gain a better picture of the economic development challenges and potential for MEDA work. Along the Pacific coast desert region we visited large and medium-sized farmers who are growing fresh produce for export. To the north, we visited the tropical Selva region to see a microfinance bank that specializes in agricultural lending to smallholder farmers, and Agronegocios, a rice marketing company. In Lima we visited the central wholesale market and an innovative hydroponics farm.

Fruchincha

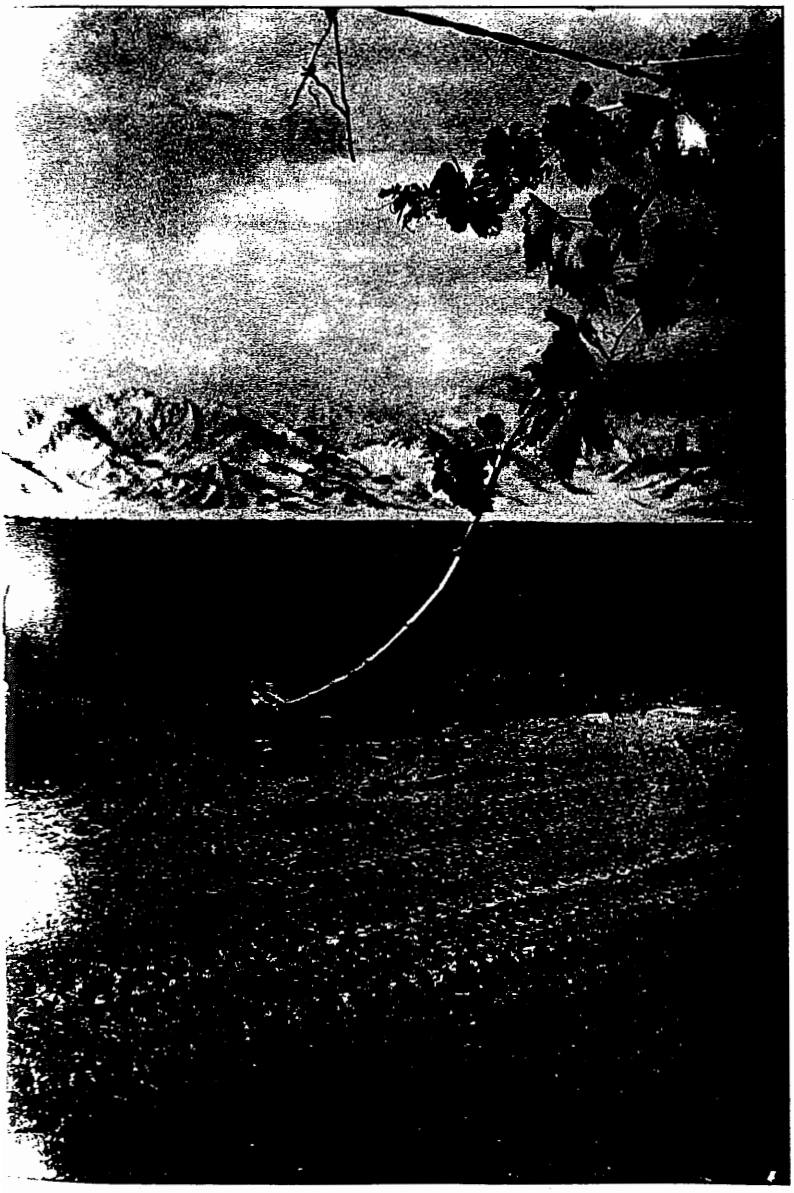
"God made the grapes, and we decorated them," says Felipe Llona as he shows off his trellised canopy of vines festooned with bulging clusters of Red Globe grapes. He is especially proud of how the shape of the bunches have been tailored for efficient packing and transport.

Felipe is a former lawyer who switched to farming seven years ago at the age of 50. Agriculture, he felt, was about to take off, and he had a contribution to make. His first challenge was a bureaucratic thicket for which Peru is infamous: how to gain clear title to his land. Even with his long legal background, the process took 11 months. Felipe thinks he has hacked clear the way for others.

He seems genuinely committed to his employees and to improving their well-being. He has brought them clean water, electricity and sanitary facilities, none of which they had before. "I fought a lot for this," he says. He also pays for their children's school supplies, shoes and medical plan. His next step is a meal plan that will provide healthful meals for a few cents a day.

He is also head of a 10-farmer company called Fruchincha that grows a combined total of 2,500 acres of asparagus, 940 acres of grapes and 425 acres of avocadoes, mainly for export to South and North America. The company currently employs 1,500 families, of which roughly a tenth work directly for Felipe.

Agrokasa's asparagus thrive on land reclaimed from the desert.



The coast of Peru is very dry, though its "micro-climates" are ideal for a range of specialty crops. "It's the best climate in the world for asparagus," he says. Water for drip irrigation comes from the mountains and local wells.

We tour the company's new packing facility in a nearby town. An important feature is a refrigeration unit to cool the produce quickly when it comes from the fields. Employees look happy, vigorous and efficient.

Possible investment: Loan from Sarona Global Investment Fund to expand operations.

Agrokasa

"There are two kinds of asparagus: tasty green and tasteless white."

Juan Arrieta, international marketing manager for Agrokasa, clearly is no fan of the white kind. To grow them, you completely cover young asparagus shoots with soil. In that dark environment they grow up white. To him they have no flavor, but Europeans love them and pay a hefty price for them. He shrugs, as if to say, "So we sell them tasteless asparagus."

Agrokasa is a corporate farm located on the parched coast of the Ica Valley, 180 miles south of Lima. The expansive fields of asparagus and grapes have been reclaimed from the desert by irrigation. The unique climate holds the prospect of continuous asparagus production over the entire year.

The company, one of Peru's largest asparagus producers, wants to be on the cutting edge of a new thrust in Peruvian agriculture. To do so it must meet strict standards demanded by new global realities. Company officials boast of their environmental advances, biological control and integrated pest management, minimum use of pesticides and organic recycling.

Last year Agrokasa marketed 20 million pounds of asparagus, some going as far as to Safeway stores in Winnipeg. This year they want to hit 26 million.

Arrieta believes Peru has to raise its sights to compete on the world market. No one, he says, will pay a premium for a product simply because it comes from a poor country.

He sees companies like Agrokasa as the key to alleviating poverty in a country with 60 percent unemployment and under-employment. "The poor need jobs," he says. "They need jobs that will last a long time."

Asparagus, meanwhile, is boosting Peru's image on the world stage. "Asparagus is the leading edge of exports for Peru," says Arrieta, who feels the U.S. sets up unreasonable barriers to imports.

Investment: Agrokasa earlier received (and repaid) a working capital loan of $500,000 from Sarona. Now they are on their second loan of $350,000.

"The poor need jobs. They need jobs that will last a long time."

Tarapoto — Caja Rural San Martin

An hour's flight northeast of Lima brought us to an entirely different world — the lush, verdant "lower jungle" region of Tarapoto. Our first contact here was with Caja Rural San Martin, a local financial institution with 10 branch offices catering to small depositors and micro-enterprise clients. It is heavily involved in agriculture, but wants to diversify by focusing more on microfinance.

"Five years ago we wouldn't have brought you here," says one of the Caja managers. The region was rife with coca production and terrorist activities. "People left because they were scared." Caja officials take pride in being at the forefront of a new surge of more wholesome development.

Possible investment: $500,000 loan from Sarona to expand services to the poor.

Agronegocios

An initiative that has been spun off by some of the leaders of Caja Rural is Agronegocios, a rice marketing company that operates a rice mill in one of the heavy growing areas. We traveled by car to the rice mill, two-and-a-half hours over rough road.

A hundred local farmers are involved in the mill, which is seen as a key to bolstering the agricultural economy. They bring sacks of raw rice and pour it onto plastic tarps for further drying. The mill can process 30 tons per day. The hulls end up as a hot white ash which is recycled as an abrasive in detergents.

Agronegocios wants to improve their rice and develop a quality brand name so they can compete in the Lima market.

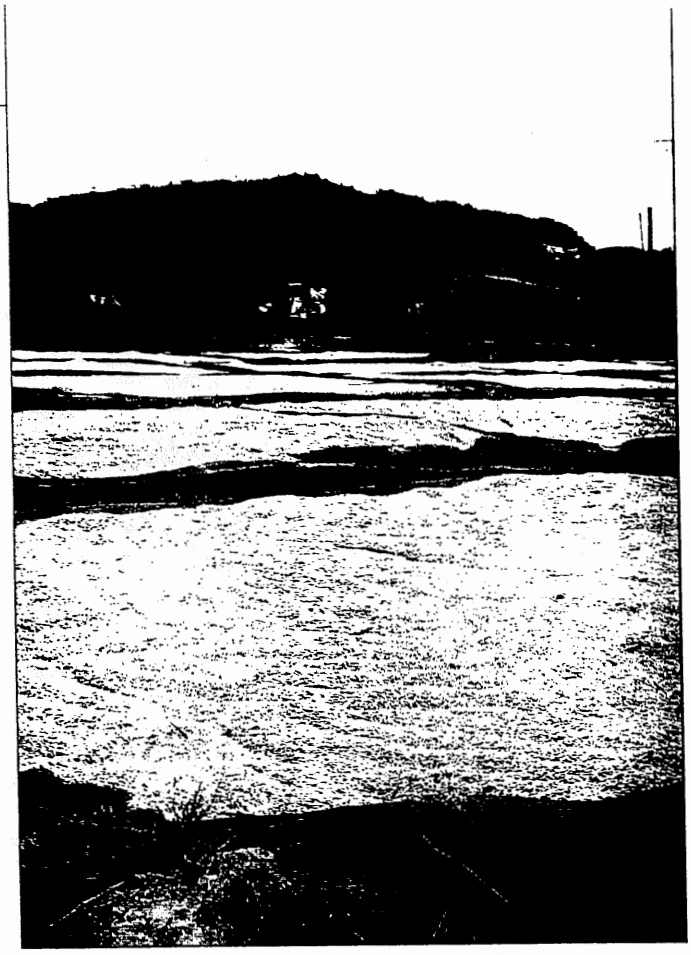
MEDA is providing technical support to local farmers and the company with funds from USAID. It is helping them develop an information system for tracking and projecting rice production and sales.

Back in Lima we visited the city's central produce and grains wholesale market where Agronegocios has a rice stand. We were able to see different qualities and varieties of rice and price differentials.

Investment: Agronegocios has a $68,000 joint venture agreement with MEDA.

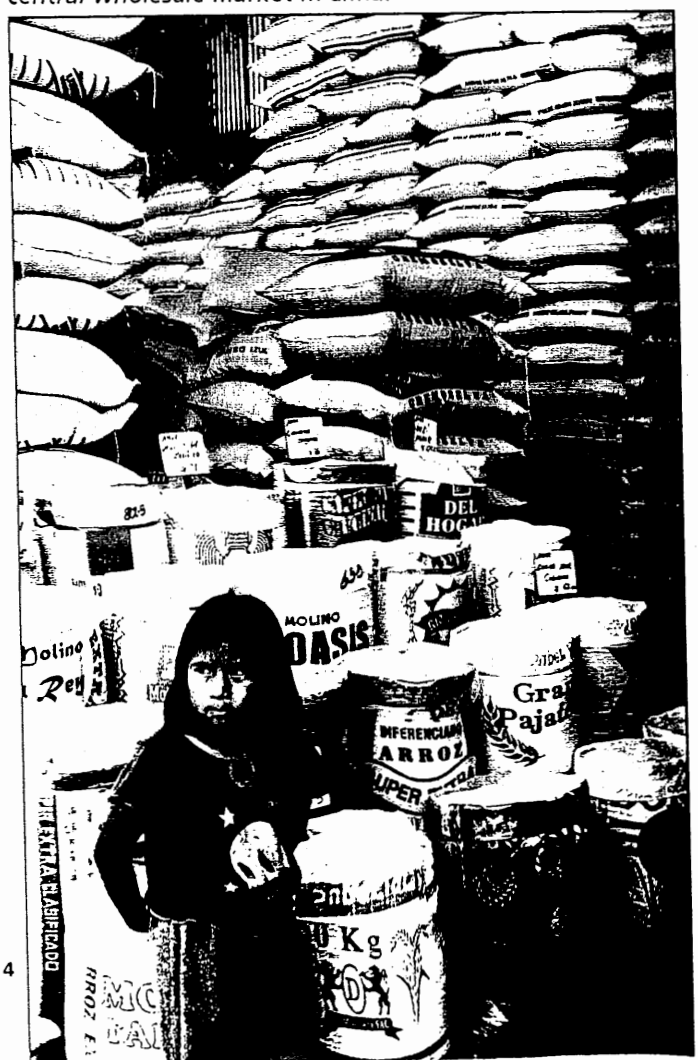
Alternativas Hidroponicas

Adan Seminario guides us to a large supermarket in a Lima suburb. This particular branch is every bit as modern as you'd find in any North American city. He strides to the



Rice farmers spread out their crop to dry prior to milling.

Numerous rice grades and varieties on display at the central wholesale market in Lima.



"Five years ago we wouldn't have brought you here, because of the cocaine and terrorists. People left because they were scared."

Hydroponically-grown strawberry plants, shown here stacked in pots 10 high, may be a model for other small farmers. Below, tomatoes ready for market.

produce section and searches for the display of his tomatoes. Ah, there they are. Plump and beautiful, commanding a premium price.

Back at his "farm," which is actually a small plot of land surrounded by a brick fence, he shows us the source of these lush tomatoes. They have been hydroponically grown, with water and nutrients supplied by a network of small hoses.

He reaches for one and cuts it into slices for us. It is magnificent — as succulent as if plucked from a country garden.

There are also strawberries (60,000 plants, stacked 10 high in pots) and swiss chard. Seminario wants to add another plot of land to his holdings, which will enable him to grow 140,000 strawberry plants and perhaps experiment with other crops.

MEDA is working with him on a market analysis of hydroponic products as well as in testing technology to see how applicable it can be with other small and medium farmers. Since Peru's climate is like a natural greenhouse, virtually anything can be grown. If these techniques could be widely replicated by others, it would have a transforming impact on the agricultural economy.

Possible investment: Sarona equity and loan of $200,000 for expanding the greenhouse structure.

Cut flowers and highland trout

Alejandro Escobar, MEDA's Latin America specialist, sees great promise in the various agricultural sectors of Peru. In addition to what we've seen on this trip, his staff is looking to assist flower producers northeast of Lima who sell roses to the United States and Europe. The climate is ideal for cut flowers, and it's a high-employment industry. Another enterprise with strong potential is Piscifactoria Los Andes, which annually exports three million pounds of quick frozen highland trout to North America.

Escobar envisions responding to a variety of levels on the agricultural scale, from small to large. "Our strategy here is sustainable, competitive agribusiness development," he says. "We're looking at different levels that haven't always been MEDA's slice. Rather than creating something from scratch, we're considering interventions that build on what's already here, working with existing firms, initiatives and communities. All have great prospects for creating much-needed employment. It's especially important that we work at creating jobs outside of Lima." ◆

Photo by Delmar Rempel

Fields of green

Ag sector holds promise to reduce poverty in Peru

When Gerhard Pries talks about "growing green," he isn't just talking about money. He's talking about a new export crop for Peru: fresh table grapes.

As head of MEDA's Sarona Global Investment Fund, Pries's task is to put investors' money to work for the poor. He thinks table grapes will help him do that.

The Sarona fund, launched last year as MEDA's entry in the socially responsible investment field, now totals $4.5 million. Much of its portfolio is in the micro-finance sector, with agriculture running second. In time, ag sector investments in Peru (either equity and/or loan participation) are expected to reach $2 million to $5 million in half a dozen companies.

Pries says table grapes is just one crop that holds great promise for producers in Peru. Others are asparagus, palm hearts, citrus, avocados, sesame, quinoa and amaranth.

Natural greenhouse

"The Peruvian coastline is particularly suited to agricultural production," he says. "The predictably stable climate leaves few variables and creates, in effect, a natural greenhouse. Just add water, and things begin to grow."

Much of the country's agriculture is concentrated on staples such as rice, corn and potatoes. Local entrepreneurs who have experimented with table grapes have found the crop to be resource-efficient and profitable to export.

Leading the way in these developments has been Agrokasa, a six-year-old company located 200 miles south

Sarona expects to invest in a company that is demonstrating hydroponic growing technology (such as the tomatoes shown above) for small and medium farmers.

Photo by Delmar Rempel

Betty Brown, a visitor from Saskatoon, Saskatchewan, examines strawberries grown hydroponically in stacked pots.

of Lima, the capital. It grows 3,000 acres of asparagus and table grapes for export.

The company's main technology consists of efficient use of water through a series of reservoirs, canals, pumps and drip irrigation. In addition, Agrokasa has been one of the first agricultural firms to experiment with natural and environmentally sound fertilizer and pest control.

Services for employees

During the months of production, Agrokasa employs close to 500 people full-time, with an additional 1,300 during grape and asparagus harvest (July to February). It seeks to lead in paying fair wages and offers secondary community services such as building a school, rebuilding a church, constructing sports facilities and providing a range of family services to workers.

After several exploratory visits, Sarona has extended Agrokasa an export loan and is considering an equity investment.

"Agrokasa not only provides exemplary employment in a very poor region of Peru, but also forges the path for many other smaller producers to follow in the future," says Pries. "It has become known as a company that blends economic and social objectives."

Hyping hydroponics

Sarona is also considering various other agricultural investments, including a hydroponics company that has been testing strawberry and tomato production on a two-acre experimental farm. It now plans to expand to a 27-acre site north of Lima. Hydroponic farming supplies crop nutrients through water (such as by drip irrigation) rather than soil. While hydroponic production is typically done in enclosed settings, in Peru it can be done outside because the climate acts like a natural greenhouse.

"We expect to take a 40 percent stake in this company, hoping it will be able to demonstrate high-efficiency growing technology to small and medium farmers in the area," says Pries.

Peru has tremendous potential, he adds. With three distinct regions (the coastal desert, the Andean highlands and the Amazonian rainforest) and a tremendously large resource base, it has the economic potential of a South American powerhouse.

"Compared to many Latin American countries, Peru has an excellent economy," he says. "The economic power is fairly evenly distributed across different income groups. While many of the poorest countries have a few very rich families and many poor, Peru has a sizable middle class. This distribution is very important for the development of medium-sized businesses that provide support and competition to the large businesses."

But for the country to capitalize on these prospects it will have to resolve internal difficulties. Stability in areas such as the country's judiciary and its stance relative to the rest of the world is a requirement for investment and trade. "This, in the long run, is the only hope for the poor," says Pries. ◆