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PLAN
INTERNATIONAL
Credit/MED Technical Team

# SECOND ANNUAL REPORT

# ON THE

# PLAN INTERNATIONAL

# CREDIT/MED

# INSTITUTIONAL STRENGTHENING INITIATIVE


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## Executive Summary

The Credit/MED Institutional Strengthening Initiative, supported by a matching grant from USAID, is a five-year effort to increase PLAN International's capacity to design and implement high performance microfinance programs The ultimate goal is for these programs to improve the well-being of disadvantaged children The current implementation phase was preceded by a preparatory two-year period of "learning" when PLAN defined an approach, methodology and strategy and put in place a technical infrastructure to bring about institutional change This report deals with the second year of implementation under the present matching grant

PLAN's strategy for institutional strengthening involves the following elements

- Building the technical capacity of staff through the formation of a central Credit/MED Technical Team (CMTT), supporting the formation of a network of microfinance field coordinators and making extensive use of short term consultants,
- Defining a program model that reflects microfinance best practices, fits PLAN's organizational structure and contributes to the goal of improving the lives of children,
- Adjusting PLAN policies to facilitate the implementation of high performance microfinance programs,
- Implementing the model in six pilot program countries through local partner organizations skilled in microfinance,
- Building support for the program within the organization by analyzing lessons learned, strengthening the model, training and facilitating dissemination of the model to non-pilot countries,
- Collaborating with PLAN's National Offices in order to integrate microfinance into their fund raising and sponsor education activities

During the second year of the grant substantial progress was made towards meeting program targets

- All six pilot programs were operational Five of the six had ongoing partnerships with at least one microfinance organization Four other PLAN countries were either implementing high performance programs or were designing programs in line with the initiative
- A monitoring system was put in place in the field that began generating data on program performance Five of the six pilot programs were submitting regular reports
- PLAN adopted a Credit and Savings Policy that reflects the approach, methodology and strategy promoted by the Initiative
- In the area of capacity building, the concentration of staff dedicated to microfinance at the field level increased, technical skills were upgraded through training and senior managers were introduced to high performance microfinance methodologies through workshops

- PLAN increased its learning on how to conduct successful microfinance partnerships, technical information was disseminated through the technical bulletin *Credit Lines* and staff increased its knowledge of microfinance practice by participation in local and international networks
- PLAN's Australia National Office began an initiative to increase its understanding of microfinance in view of obtaining more resources and building support for poverty lending programs among sponsors

Challenges for the coming year include

- Improving the quality of data and timeliness of reports generated by the monitoring system demonstrating a stronger connection between microfinance and children's well-being
- Strengthening partner organizations' capacity to implement effective programs in a sustainable way Increase the participation of women from PLAN families, address the needs of poorer individuals in order to increase their participation Spread these programs beyond the pilot countries
- Reinforcing the link between credit and education to increase socio-economic impact on children Improve the quality of training programs
- Becoming more systematic about learning, including documenting the process of partnership, writing histories of the pilot programs and disseminating lessons learned throughout PLAN
- Gain fuller acceptance of microfinance as a valid development strategy within PLAN

Through the second year of the grant, 83% of budgeted USAID funds and 73% of budgeted PLAN funds have been spent The program is scheduled for a mid-term evaluation in March 1999 during which time the budget for the remaining project years will be adjusted

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## I Background to Grant and Project Context

PLAN International is a non-profit, humanitarian, child sponsorship organization With an annual budget of $275 million raised by 14 National Offices, more than 1,100,000 sponsorships are maintained with foster children Contributions from sponsors represent approximately 91% of the budget Funds are pooled and used to support integrated community development projects intended to contribute tot he well-being of disadvantaged children It is estimated that more than seven million people worldwide benefit from PLAN's programs in low-income communities in 41 program countries

PLAN has identified five integrated program areas called domains and seven program principles that influence programming in each community The five program domains are 1 ) Growing up Healthy (vaccination programs, training community health workers, building and equipping health clinics), 2 ) Learning (teacher training, building and equipping classrooms, adult education), 3 ) Habitat (building wells, building latrines, housing improvements, training communities in planning and managing projects), 4 ) Livelihood (credit programs, food security, skills training), and 5 ) Building relationships (communications between sponsors and foster children) The Credit/MED initiative falls within the Livelihood program domain

PLAN has a long history with Credit/MED programs and USAID Matching Grants Substantial resources have been dedicated to MED projects in the past with mixed results For the most part activities were localized with limited scope and impact The most common forms of MED activities involved some form of craft skills or agriculture production Credit activities were generally operated by program staff and rarely subject to strict discipline regarding repayment of loans There are a number of reasons why PLAN achieved less than satisfactory results in Credit/MED programs but the most frequently stated has to do with the inherent conflict within the organizational culture For many years PLAN operated as a charity based operation providing direct handouts at first and then later grants to communities for development projects The principles of charging interest, recovering costs of operation and requiring repayment of loans were perceived as inherently contradictory to the organizational philosophy

On two occasions PLAN staff recognized the need to improve capacity to operate MED programs and Matching Grants were secured from USAID the first was 1984-87 and then again 1987-90 The final evaluations of these programs identified a lack of leadership and a lack of common definition of terms contributed substantially to the under performance Another factor was an overall resistance to technical advisors The organizational philosophy maintained that technical assistance should be decentralized and provided by consultants at the local level Finally, staff working on the matching grants were unable to successfully integrate with other program areas and organizational activities Most field offices perceived that the activities of the grant were centralized and consisted mainly of producing documents or instruction manuals The important step of applying the instructions at the field level didn't occur

In the Fall of 1993 Childreach (PLAN USA) submitted a proposal, on behalf of PLAN International, in response to the USAID PVC Matching Grant request for proposals The proposal requested funds to operate various credit projects in seven countries to support microenterprise development programs

This proposal was not funded because "the lack of demonstrated track record and proven methodology in microenterprise development (MED) precluded approval of an extensive seven country program" Even though the proposal was not funded USAID recognized the important contribution high performance Credit/MED activities could make to the sustainability of PLAN's programs Furthermore, conditions had changed within PLAN since the previous matching grants were funded and the organizational environment was receptive to change Three major initiatives were in the initial stages

- PLAN was shifting to a country structure Instead of several field offices in a country operating isolated programs the new structure would support national programming interventions operated within common guidelines for all field offices

- A major strategic planning effort to clarify goals and objectives for programs for the next 10 years was underway There was an opportunity to influence new program policy and strategies

- The International Board made a commitment to increase opportunities for grant funding This decision supported the premise that technical strengthening could be both a goal of new grants as well as a necessary ingredient to qualify for future grant funding

These developments created a window of opportunity USAID was willing to commit to a two year "Learning Grant" for PLAN International to do strategic planning for a world-wide, institutional strengthening program in the area of credit/MED programs providing PLAN would commit matching resources and ensure organizational commitment to the project The expected outcome would be a strategy in the form of a proposal that could be funded under the USAID PVC Matching Grant activities for FY '97 An understanding was reached and PLAN International entered into a two-year agreement (September 1, 1994 to August 30, 1996) with USAID to do strategic planning for an institutional strengthening strategy for high-performance credit/MED programming

Four objectives were established for the Learning Grant period

- Establishing a Microenterprise Technical Team with personnel devoted to increasing institutional capacity in the area of credit programs

- An analysis of existing credit programs to ascertain effectiveness in respect to rotation and management of resources, cost effectiveness in reaching scale, economic impact, and cost recovery and financial sustainability at the project level

- Building interest and commitment within PLAN for high performance microfinance programming

- Identifying a long-term strategy to build institutional capacity in the area of microfinance within PLAN based on the commitment and prepare a Matching Grant program design and approach that would qualify for funding

These objectives were met successfully resulting in the USAID Matching Grant for PLAN International's Credit/MED Institutional Strengthening Initiative

## II Project Methodology

### 1 *Summary of grant goal and strategy for achieving it*

**Goal** ***Strengthen PLAN's ability to invest its resources in developmentally effective ways in order to improve the well-being and economic security of large numbers of poor children by increasing access to credit and training for women***

The project, which began on September 1, 1996 and will operate through August 31, 2001, encompassed three objectives

1 ) Introduce high performance credit/MED models linked to education and health which have high impact on children,

2 ) Build widespread understanding, capacity and commitment for incorporating modern development approaches into PLAN's program, administrative and resource systems, and

3 ) Establish operating models to select, partner with and develop further cost-recoverable credit/MED intermediaries

The strategy is based on the premise that if the programs established during the period of the grant are to be sustained, the concept of high performance microfinance programs must be mainstreamed into PLAN's operations at multiple levels The program will be institutionalized within PLAN by developing compatibility between high-performance programming models and PLAN' operating systems The strategy involves operating on various levels within the organization

*Technical staffing for the program* A three member (Coordinator, Program Liaison, and Administrator) Credit/MED Technical Team (CMTT) provides guidance, oversight, management and technical backstopping to the field National Coordinators (NCs) in each of six pilot site countries coordinate the program in their respective countries In most pilot countries, a national Credit/MED team has been established to provide support for the program Both the CMTT and NCs make extensive use of consultants for feasibility studies, training and institutional development

*Integration into PLAN's programming strategy* The domain of Livelihood is concerned with creating economic opportunities and promoting food security for PLAN families The role of financial services needed to be included into the goals established in this domain However, establishing a goal without providing a framework for program design and operation can result in programs that have limited scope and effectiveness Therefore, part of the institutional strengthening initiative involves working with organizational leaders and field staff to establish a policy to maximize the impact of credit programs The policy helps clarify how financial services (credit and savings) fit into PLAN's organizational goals and outlines guidance in the approach to programs Equally important as setting forth a guidelines for increasing effectiveness the policy must offer guidance for discontinuing ineffective practices or, when appropriate, for aligning existing programs with the goals of the policy

*Defining a program 'model'* In order to sustain high performance microfinance programs over time in PLAN, a program strategy that fits the organizational structure and contributes to reaching the organizational goal of improving the lives of children is needed The program 'model' has three main characteristics 1) a poverty lending approach that emphasizes large scale, real interest rates and sustainability through cost recovery, 2) a focus primarily on poor women, and 3) an education component that maximizes the socio-economic impact of financial services on women and children

Because PLAN is a generalist organization, the approach adopted is to create partnerships with experienced specialized local organizations to offer financial services to PLAN communities In these relationships PLAN acts both as a donor and a partner, supporting institutional sustainability by assisting with feasibility analysis, improving planning and management and monitoring for socio-economic impact

*Establishing pilot programs* To take advantage of the opportunity created by the organization move to a country structure, a decision was made to test the program strategy in each of PLAN's six geographic regions Bolivia, Kenya, Mali, Guatemala, Nepal and the Philippines Choosing a pilot country in each Region was a strategic decision The circumstances differ tremendously in each of the six Regions To establish and operate a program in South or Central America is not sufficient to become an integral part of PLAN's strategy In order to institutionalize the program strategy it must be applicable in all of PLAN's Regions By establishing the capacity and creating a program in each Region we open the opportunity to prove that a general program model will work within PLAN with adjustments for local conditions

*Building an informed demand and expanding into additional countries* A concerted effort to introduce PLAN staff to the new program strategy is an important part of the strategy This involves a range of activities workshops presenting the concepts and methodologies of microfinance and the implications for existing programs, a technical bulletin to introduce staff to current practices and issues in microfinance, and participation in learning activities such as networks Experience resulting from operating pilot programs is analyzed and the lessons learned disseminated throughout the organization Non pilot countries will be encouraged to follow the methodology develop as a result of the pilot programs

*Collaboration with National Offices* In order to ensure sustainability of microfinance programs in PLAN, the strategy also must build sustained political and constituency support within PLAN National Offices Maintaining regular contact with National Offices, and collaborating with them to develop mechanisms that integrate poverty lending into their fund raising and sponsor education activities is critical

*Indicators for the grant period* Before the end of the grant, at least 12 additional PLAN countries, or 18 in total, will be operating high performance microfinance programs 20 partnerships with local organizations will be established to offer financial services in PLAN communities 10 of these new programs will reach operational sustainability before the end of the grant 100,000 clients, 80% of them women will benefit from credit, savings and education services 50% of the new clients will be members of PLAN foster families [1]

## 2 *Actual accomplishments compared with plan during year two*

In the annual report dated October 1997, a number of accomplishments were reported during the first year of the implementation period Some of the activities were part of the Detailed Implementation PLAN, others were added during the year

- A Credit/MED Technical Team (CMTT) to coordinate the initiative and provide technical backstopping was established in a PLAN International Washington based office

- Efforts to integrate high performance microfinance into PLAN's long-term program objectives and corporate policies were initiated

- Four countries had progressed with pilot site activities to the point of established partnerships with local organizations, two more countries were on line and advancing

- The CMTT initiated development of a MIS to be established and implemented during the second year of implementation

- *Credit Lines* a regular publication to promote the development of high performance microfinance programs was created

- A strategy for working with National Offices was developed

[1] The document that continues to guide this program in terms of goal purpose outputs and indicators is the Logical Framework presented in the initial program proposal in November 1995 (Annex A ) This has been complemented by the Detailed Implementation Plan (DIP) (Annex A) submitted in February 1997 which in turn was modified in last year s annual report (October 1997) and by several of the pilot programs in strategic planning sessions Reference has been made to the Logical Framework and DIP when discussing program implementation and accomplishments in this report

The activities planned during the second year built on the previous accomplishments Substantial progress has been made in the activities scheduled during year two of the grant

*Systems Development* A MIS system to monitor and evaluate program performance was established and the guidelines compiled into a document to guide local NCs in the design and management of locally based systems (PLAN International Credit/MED Institutional Strengthening Initiative Monitoring System for Field s and Implementing Partners, November 1997 ) NCs were provided training in the use of this document in January 1998

(See Section III for more information on the Monitoring and Evaluation system and its implementation )

*Development of Pilot Programs* (See section IV for a description of the evolution of pilot programs )

*Institutional Learning* From the beginning of the initiative we have maintained a strong commitment to learning, sharing this within the organization and applying what we learn to future activities Learning takes place through a combination of efforts such as the review of current literature, maintaining contact with colleagues, networks and other professionals, visits to innovative programs, consultation with consultants and advisors, and of course, most importantly, from efforts to apply the theories and principles in the field Regular efforts are made to reflect on these experiences and extract lessons of value The new information acquired and the lessons extracted from experience are documented and widely distributed

Several examples of what learning is taking place, and how it is being shared within PLAN, are mentioned throughout this report Methods for choosing and creating partnerships with local organizations, methods for monitoring program performance and calculating financial self-sufficiency (sustainability) of microfinance organizations are examples of the learning that has evolved Some of this learning has been passed on through the various workshops and training session mentioned earlier However, two main vehicles are used to facilitate and share the learning within PLAN

- *Annual NC Meeting* The CMTT organizes an annual meeting for the NCs each year Several items are put on this agenda to facilitate learning For example, each year the meeting is held in a different pilot site country In 1998 the meeting was held in the Philippines to take advantage of the opportunity to study the experience with a local partner Staff from both PLAN and the partner reflected on the experience and extracted the lessons learned In addition, several other items were included on the agenda including a report from each country, monitoring and evaluation, building a national program and enhancing socio-economic impact through Credit with Education The results of this meeting was assembled into a report and distributed throughout PLAN

- *Technical Bulletin* During the Learning Grant phase the CMTT established a technical bulletin to increase awareness of, and demand for, high performance microfinance programs The bulletin is named *Credit Lines* As the initiative has progressed, *Credit Lines* has evolved into a document that balances the theory and principles of high performance microfinance programs with the experiences of trying to apply these theories and principles in PLAN During the second year of the grant two editions were published Number 5, Business planning basics what you need to know about your microfinance programs and partners, and Number 6, Sustainability and Microfinance 4,500 copies of each edition of *Credit Lines* are printed in three languages (English, French and Spanish) and distributed internally in PLAN The mailing list reaches program field staff in all countries where PLAN operates, international board members, Regional and Country offices (who share it with local partner organizations) and National Offices

In terms of the future we expect to continue with these efforts and expand into other areas For example, we are excited about testing new approaches such as working with Credit Unions and a new program methodology in Kenya known as financial services associations (see Kenya for more information) Another area we will concentrate on during the next year is how to enhance the socio-economic benefits for children by integrating education with financial services (The next issue of *Credit Lines* is devoted to this subject ) We will concentrate on how to successfully integrate PLAN's microfinance programs with the activities and goals of other domains such as Habitat, Learning and Growing up Healthy

The CMTT is also committed to producing more in-depth analysis of the accomplishments and problems encountered by the program These will be in the form of histories of each of the pilots, case studies of individual partnerships and guidelines for forming and managing microfinance partnerships

*National Office Collaboration* PLAN's worldwide network of National Offices (NOs) play a critical role for the organization They are responsible for a number of activities but their primary role is to recruit sponsors and manage the communication between sponsors and the sponsor children in program countries Sponsor donations continue to be the primary source of financial sustainability for programs creating a need and demand for sponsor education and awareness of PLAN's work in the area of programs There is another dimension as well NOs are increasingly working with donors to obtain grant funding for programs, particularly in the area of technical programming The work of the Credit/MED institutional strengthening grant is important because it increases PLAN's ability to work with donors in this important area

During the first year of the Matching Grant the CMTT has extended an effort to establish a relationship with NOs During visits and contacts attention was paid to informing NOs about the benefits of microfinance programs and the efforts within PLAN to shift to the high performance programming strategy Discussions were held on how microfinance might fit into their operations and in the first annual report to USAID (October 1997) a strategy for collaborating with National Offices through out the remainder of the grant was included The goal and objectives cited in the strategy are

> Goal Build solid political and constituency support within PLAN National Offices and create mechanisms to integrate poverty lending into their fund raising and sponsor education activities
>
> Objectives
>
> 1 ) Increase understanding and awareness of the concepts and benefits of poverty lending by National Office staff
> 2 ) Create and test strategies for building long-term support within new financial markets
> 3 ) Secure sufficient financial resources to support the development and expansion of pilot site programs
> 4 ) Develop materials for building sponsor understanding and support for poverty lending programs

Collaboration has continued and strengthened during the second year The Australia National Office (ANO) agreed to work with CMTT as a 'pilot site' to explore how microfinance could fit into a National Office agenda During the year two visits were made to the ANO and this relationship has proven to be mutually beneficial More advances are expected in the upcoming year A team of 'Ambassadors' has been formed to raise awareness and funds for microfinance The work with ANO has also raised their profile in Australia as a player in the field of development AusAID has included them in recent discussions about microfinance and two pilot countries (the Philippines and Nepal) have received grant funding to support their microfinance partnerships (See section VI 2 for more information about the activities with the ANO )

Even though ANO has been at the forefront of the work with National Offices this past year, regular contact has been maintained with others The Netherlands National Office (NLNO) included a substantial piece about PLAN's microfinance programs in a publication distributed externally to donors and other contacts for networking They are in the process of arranging for a field visit to the program in Togo and are considering featuring microfinance in their next publication that is sent to sponsors CMTT has also agreed to develop a 'model' program description they will use to assess future requests for grant funding of microfinance programs This format will help to ensure that new projects being funded incorporate the high performance principles set forth in PLAN's credit and savings policy Finally, the NLNO has agreed to work with the Bolivia pilot site to secure additional funding as needed for their microfinance programs

During the next year we expect to expand work with NOs to include the United States National Office (USNO) who has expressed an interest in exploring methods for development education for sponsors in the area of microfinance Other NOs will also be approached to determine where their interests are

## III Monitoring and Evaluation

During the past year the CMTT and the NCs were able to put in place and begin using a monitoring system The system is based on work done by a microfinance consultant in May-June 1997 in the form of a manual, PLAN International Credit/MED Institutional Strengthening Initiative Monitoring System for Field Coordinators and Implementing Partners November 1997 All NCs received training in the use of this document in January 1998

Since that time, three quarterly reports have been required from each of the five pilots with operating partnerships Compliance was uneven during the first two rounds, largely because of the newness of the system and the difficulty some partner Microfinance Organizations (MFIs) have had producing the data The third round produced much better results, however, and these are the data used in this report There are still problems with timely submission of reports and some questions of the accuracy of certain figures but we expect to have a fully functioning system by the end of the third year of the program One challenge will be to convince non-pilot countries to use the same indicators and reporting formats so that PLAN as an organization can collect and analyze consistent data from all its microfinance programs

*Monitoring system at the country level* In each pilot country, the NC is required to establish a system for the national program The CMTT has established reporting requirements to be included The complete system includes

1 A listing of the information that is monitored and evaluated according to program components, variables and indicators

2 Examples of the instruments used to collect information

3 An explanation of the frequency with which information is collected and a calendar of major events like evaluations

4 A description of which staff (partners and PLAN) are responsible for information collection and analysis

5 An explanation of how information is presented and the staff who receive it

6 A description of how information is analyzed and used to make decisions

The CMTT monitoring manual is the main technical guide for establishing the country system The package establishes performance indicators and provides reporting formats and instructions for NCs to collect and consolidate information from each of the partner organizations Each partnership agreement should detail a reporting system by which data is communicated to PLAN Data is collected monthly or quarterly from implementing partners on outreach, portfolio management and institutional capacity The data is consolidated and submitted to the CMTT by the NC These reports track financial services and institutional sustainability at the partner level on a monthly basis The indicators included in the monitoring package are consistent with the standards for ratio analysis, which have been endorsed by USAID and adopted by the Small Enterprise Education and Promotion (SEEP) network (See Annex B for a summary of indicators)

In addition to tracking outreach, financial and operational performance, PLAN and each partner identify specific socio-economic benefits and indicators for reporting them The goal is to assess the impact of financial services on women and their children The benefits and indicators vary, along with the method for collecting and reporting the information, in each country (See Annex C for a list of indicators developed by CMTT for consideration ) Most socio-economic data is not tracked on a monthly or quarterly basis but collected and analyzed during more widely-spaced impact evaluations

The information reported to CMTT tracks the amount of funds PLAN is directing to partner organizations in addition to the committed matching funds We want to determine if the activities under the grant are influencing PLAN's budgeting process outside of the grant-funded activities To do this we will seek the cooperation of non-pilot countries

Narrative reports summarizing progress towards meeting the objectives of the partnership agreement are submitted quarterly In the event that the partner's accounting and information systems do not provide sufficient data to track all required indicators, the two parties can negotiate a modified system that corresponds with the partner's capability At the same time they will agree on an institutional development plan that will bring the partner's systems to the point where it can comply with international reporting standards for MFIs

The progress of the partnership is only a part of the regular reporting requirements In addition to the program information collected from the partner a regular assessment is conducted regarding the status of the efforts within PLAN at the country level to institutionalize microfinance On a semi-annual basis the NCs will evaluate the progress toward meeting the following seven indicators

1 A clear program commitment (reflected in annual budget and planning documents) to focus on high performance microfinance,

2 A national strategy in each pilot country for microfinance which includes policies to discontinue ineffective practices and sets forth standards for implementing high performance microfinance programs,

3 Staff dedicated and trained specifically for Credit/MED programs,

4 A team (including PLAN and partner organization staff) supporting the program and joined with established networks of advisors, consultants and practitioners for on-going implementation,

5 Established on-going partnerships with local organizations that contain business plans for reaching sustainability within 5 years of initiation and showing clear evidence of meeting goals and objectives established in the agreements,

6 Established indicators for sustainability in the areas of portfolio management, organizational capacity and socio-economic impact, and

7 Established and operating monitoring systems to assess the progress of each partnership and business plan

*Monitoring at the program level* Country reports are sent to the CMTT administrator who consolidates the information One improvement the CMTT will make in the system over the coming year is the prompt analysis of these reports and timely feedback to the individual NCs

The results of country reports are consolidated and distributed to the rest of PLAN and other agencies in the Annual Report

*Evaluation* Each pilot program has built evaluations into every partnership In cases where the partnerships are contractually limited to a year, there are annual assessments In longer-term agreements there are provisions for mid-term and final evaluations One problem encountered so far has been the low quality of a number of these evaluations due to the relative unfamiliarity of many evaluators with microfinance To correct this the CMTT is working with NCs to establish pools of competent evaluators

The Credit/MED institutional strengthening initiative is scheduled for a mid-term evaluation in March 1999 During the coming months the CMTT will work with USAID/PVC on the drafting of a scope of work and selection of an external evaluator

## IV Review and Analysis of Project Results by Country

During the past year all six of PLAN's credit/MED pilot programs -- Bolivia, Guatemala, Kenya, Mali, Nepal and the Philippines – were operational Details of those programs are described below Some of the notable trends that characterize operations in the field are

- Five of the six pilots had at least one active partnership with a local microfinance institution during the year The sixth, Guatemala, went through the process of studying the local institutional environment and actually selected a partner Negotiations were underway as the year ended
- In coming into contact with a larger number of microfinance organizations, PLAN broadened its exposure to a greater variety of microfinance methodologies There was more of an emphasis on approaches that feature a strong savings component savings and credit cooperatives, financial services associations and the unique example of SafeSave in Bangladesh
- All of the pilots made progress in data collection and analysis The monitoring system that was developed a year ago was put into practice Data collection and reporting from partners is still very uneven, but all five countries that submitted reports during the year showed improvement as time went on
- There was progress in institutionalizing a high performance approach to microfinance within pilot country programs This came in the form of increased technical capacity of staff, the formation of credit/MED networks within PLAN and PLAN's participation in external country networks, and the development of national microfinance strategies that found their way into Country Strategic Planss
- There was significant expansion of interest in the high performance approach beyond the pilot programs This was especially pronounced in West Africa where three additional countries started new programs or began to develop them in concert with local microfinance institutions

The remainder of this section deals with the six pilot countries, with mention also of additional PLAN country programs that have begun to adopt high performance microfinance programs A statistical summary of the program achievements through the end of the second year in Annex D shows the progress in establishing pilot programs and microfinance partnerships as well as the spread of the program to other countries It also reports accomplishments with respect to numbers of clients and the rate of participation by women and PLAN families

Unfortunately, space does not allow for detailed treatment of each partnership in the body of this report Consequently, brief descriptions are provided for each pilot program of the main issues These are complemented by more complete statistical presentations in the annexes

## PLAN Bolivia

***Overview*** As the senior credit/MED pilot, PLAN Bolivia has entered into a second phase of operations with its microfinance activities The program has effectively worked through a first cycle where it initially made substantial financial investments in three MFIs Pro Mujer, CRECER and SARTAWI These investments have allowed thousands of poor women to move into a formal financial services system and to access practical education They have also contributed to the institutional development of the MFIs that are approaching viability In the process PLAN Bolivia has worked through some difficult moments in the partnerships and has managed to keep the relationships intact

In all three cases the program is ready to move ahead The next phase with each partner will require a lot less money, although the returns are potentially greater The loan funds placed with each MFI give PLAN some influence over how these organizations develop There will be a lot more opportunity to concentrate on the measurement of impact of financial services and education on women and children

The developing relationship with FUNDAPRO, a "second tier" lender, is also an indicator of a more mature phase of operations By working with a second tier lending organization PLAN Bolivia has the potential for reaching larger numbers of both MFIs and individual clients, and becoming an advocate for organizations that focus credit with education services in rural areas

***Objectives vs accomplishments*** The original DIP as modified in last year's annual report is the source of the program objectives listed below

| <u>Objectives</u> | <u>Accomplishments/Status</u> |
|---|---|
| 1 Support Pro Mujer through partnerships in the Tarija and Sucre program areas | 1 During a three-year relationship with PLAN, Pro Mujer created sustainable branch operations in Tarija and Sucre The partnership has been extended for an additional three years |
| 2 Support CRECER in its efforts to become an independent Bolivian provider of financial services through a partnership in the Altiplano | 2 A three year partnership was renewed for an additional 3 years to help CRECER expand its village bank network in the Altiplano |
| 3 Provide institutional support to Sartawi | 3 PLAN is waiting for a formal institutional strengthening proposal from Sartawi |
| 4 Provide institutional support to the Bolivian Foundation FUNDAPRO | 4 PLAN has supported development of a training program for mid-level managers of MFIs and would like to help FUNDAPRO become a second tier microfinance lender |
| 5 Institutionalize high performance microfinance within the PLAN Bolivia country program | 5 High performance microfinance has been integrated into PLAN Bolvia's Country Strategic Plan |

***Analysis***

*Partnerships with Pro Mujer* Pro Mujer began as an NGO devoted to women's empowerment and focused primarily on training Several years ago they added a village banking component and created a good credit with education program PLAN began working with them in 1995 through two partnerships, the purpose of which was to facilitate expansion to Tarija and Sucre

Pro Mujer has met its goals in the two offices supported by PLAN achieving 100 % operational and financial sustainability Consequently, PLAN and Pro Mujer have extended their agreement for an additional three-year period During this time, they will work to consolidate the program at the two regional offices that PLAN supports Based on an analysis of the portfolio as of the end of June 1998, PLAN has decided to forgive part of the debt owed to them by Pro Mujer for loan capital These funds will contribute to Pro Mujer's net worth and will give them greater leverage with commercial banks A summary of Pro Mujer's results through June 1998 can be found in Annex E

An impact assessment of Pro Mujer clients is scheduled for 1999 The goal is to determine the effects of the credit and education mix on women and their children PLAN also intends to document the partnership in the form of a case study that will, among other things, demonstrate the evolution of the relationship between the two organizations and show PLAN's contribution to Pro Mujer's institutional development

*Partnership with CRECER* CRECER is a Bolivian program of the U S PVO Freedom from Hunger (FFH) Like Pro Mujer, CRECER implements a program of village banking combined with an education program that focuses on child health and nutrition PLAN signed a new three-year partnership in June 1998 to support expansion of CRECER's village banking program in the Altiplano PLAN is working with this partner on institutional strengthening and becoming an independent Bolivian MFI CRECER's business plan projects financial self-sustainability by the year 2000 During the coming year PLAN also intends to help CRECER expand its village banking network into rural PLAN communities around Sucre

Results of CRECER's activities through June 1998 are in Annex E

With substantial technical and financial input from FFH, CRECER has invested in a rigorous longitudinal study of the effects of its credit with education program on its women clients and their children over the past three years PLAN is eager to learn the results of this assessment, which are due in late 1998

*Support to Sartawi* SARTAWI is an established financial NGO one of the first to take poverty lending to the rural parts of the Altiplano, and a partner of PLAN since 1992 At present, SARTAWI is going through a transitional phase in order to become a formal financial institution

At the moment there is no formal partnership agreement with PLAN, although there is an on-going working relationship  PLAN's intent is to help SARTAWI in its transition to a formal financial institution by converting an existing PLAN loan into an equity investment  This would be done in exchange for SARTAWI's commitment to remain focused on rural lending and to guarantee long term access to credit and savings for PLAN communities in the Altiplano  Meanwhile, PLAN continues to monitor the program

To date, SARTAWI has attained operational sustainability and is close to obtaining financial sustainability  A report of its status through June 1998 is in Annex E

*Institutional development of FUNDAPRO*  FUNDAPRO is a non-profit Bolivian Foundation whose purpose is to diversify and expand the availability of credit for lower income and remote populations  It is known as a "second tier" lender, providing capital funds to Bolivian MFIs  FUNDAPRO is also involved in a variety of other activities that make it a prime mover in Bolivian microfinance

- Soft loans to Bolivian MFIs to enable them to open branch offices in remote areas
- A commitment to helping microfinance NGOs that combine financial and non-financial services, a conscious effort to maintain "diversity" in the microfinance community in an attempt to "democratize credit"
- Support for a "microfinance forum" which undertakes research on Bolivian microfinance issues
- Financial support to help Bolivian students obtain masters degrees in finance from overseas universities
- Sponsorship of the training in microfinance management

During the past year PLAN helped fund the establishment of the microfinance training program which is designed for middle-level managers of Bolivian MFIs  A report on the results of that training is in Annex E

PLAN is also interested in helping FUNDAPRO obtain formal recognition from the Superintendency of Banks by becoming an equity owner and obtaining a place on the FUNDAPRO board  Such a presence would increase PLAN's influence and leverage with institutions providing financial services to the rural poor  An effort is underway to seek funding for this purpose

*Institutionalizing high performance poverty lending*  As the first country program to join the credit/MED initiative, and being part of the very favorable Bolivian microfinance environment, PLAN Bolivia has had the longest exposure to high performance microfinance  During the past year this approach was integrated into the Country Strategic Plan in the form of a program called *More Income for my Health and Education*

**PLAN Guatemala**

***Overview*** As stated in last year's annual report PLAN Guatemala accomplished little during the first year of the Credit/MED Initiative By May 1997 a credit/MED NC had been hired, but because of a several month vacancy in the post of country director, she was required to assume more general management responsibilities In fact, during all of the past year as well she continued to divide her time between credit/MED and general program supervision (she was promoted to program support manager at the beginning of 1998) However, the time spent on credit/MED produced encouraging results, and PLAN Guatemala begins the third year of the grant with high performance microfinance as part of its Livelihood approach and on the verge of signing an important partnership agreement with one of the leading Guatemalan MFIs

***Accomplishments vs objectives*** Because of the delay in starting implementation, the original DIP was scrapped Instead, the CMTT traveled to Guatemala in November 1997 to discuss a strategy Working with the country director and the NC, a goal was established to conclude a partnership agreement by July 1998, and the following workplan was drafted

| *Objectives* | *Accomplishments/Status* |
|---|---|
| 1 Conduct an assessment of local microfinance organizations | 1 Comprehensive assessment of 6 Guatemalan MFIs was done in February-March 1998 by an international consultant |
| 2 Orient PLAN staff to high performance poverty lending | 2 Four-day poverty lending workshop for program management staff was held in April 1998 Consultant's assessment was used as a training tool Representatives from two leading Guatemalan MFIs made presentations |
| 3 Select partner organizations | 3 Workshop participants identified two potential partner organizations Subsequent discussions resulted in proposals from both |
| 4 Conclude written partnership agreements | 4 Not yet done Proposal from one MFI was accepted and written agreement is being prepared |
| 5 Hire a full-time credit/MED Coordinator | 5 A NC was hired and began work in September 1998 |
| 6 Design and implement monitoring and reporting system | 6 Not yet done PLAN Guatemala has the CMTT monitoring system that it will implement with its new partner |

***Analysis*** While not quite at the point of delivering financial services to its communities, PLAN Guatemala has laid the groundwork for a solid credit/MED program during the coming year Through the MFI assessment and staff workshop it has gained knowledge of the national microfinance environment and has built support for a high performance microfinance approach among key staff It has identified an excellent MFI partner in Genesis Empresarial, a member of the ACCION network and the leading Guatemalan MFI in terms of outreach and sustainability The partnership is intended to help Genesis master a village banking methodology and increasingly bring its services to rural PLAN communities

**PLAN Kenya**

***Overview*** Because of Kenya's favorable environment in microfinance, PLAN Kenya's original DIP envisioned an ambitious expansion strategy in five program areas with four to five different MFIs Implementation of this program, however, has been difficult to achieve Part of the problem has been within PLAN Kenya itself a re-organization, a number of resignations and the movement of key personnel have made it difficult to maintain commitment to and understanding of the credit/MED program This has played havoc with a whole series of work plans In addition, considerable effort was invested in preparing for three partnerships, none of which turned out to be viable

This notwithstanding, there are several encouraging signs One is the emergence of BIMAS, an MFI being created by PLAN as a spin-off of a former PLAN microcredit program A second is a developing partnership with the Kenyan MFI, K-REP, around a new methodology called "financial services associations" Finally, there is the tenacity of the NC who, despite many disappointments, has kept the program together and pointed forward

***Objectives vs Accomplishments*** The following objectives are based on the original DIP with modifications put forth in last year's annual report as well as a planning session held with PLAN Kenya credit/MED staff in June 1997

| *Objectives* | *Accomplishments/Status* |
|---|---|
| 1 Promote the self-sufficiency of the Kenyan MFI, BIMAS Year-end targets include 1,710 clients, 16 9 million K shs in loans outstanding, <5% arrears, <2% loan loss and 40% operational self-sufficiency | 1 In August BIMAS completed ten months as a quasi-independent MFI At the end of Aug 1998 it had 1,361 credit group members and 11 9 million K shs in outstanding loans Arrears totaled 6%, there were no loan losses and income was covering 74% of operating costs |
| 2 Form a partnership with the Faulu Kenya program of Food for the Hungry International (FHI) in the Kiambu program area | 2 The program was not approved by PLAN's regional office No alternative organizations have been identified |
| 3 Undertake a feasibility study with the Kenyan MFI, K-REP for a joint program in the Taita-Taveta program area Conclude a microfinance partnership based on the results | 3 The feasibility study was completed and recommended a pilot program to promote 10 financial services associations (FSAs) PLAN has not yet signed an agreement although K-REP has begun implementation with its own funds and has created 5 FSAs |
| 4 Undertake a feasibility study with Kenya Women's Finance Trust (KWFT) in view of forming a partnership in the Coastal program area | 4 KWFT was not interested in pursuing a partnership with PLAN The intent is now to work with K-REP provided that results of the Taita program are good |
| 5 Institutionalize PLAN's credit program | 5 The evaluation was not carried out It is |

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|---|---|
| in the Meru program area after an evaluation | scheduled for Nov 1998 |
| 6 Undertake a microfinance feasibility study in the Kisumu program area | 6 The feasibility study was carried out in Kombewa District (near Kisumu) by an independent consultant who recommended a program of FSAs PLAN is currently assessing the capability of a local NGO to implement such a program |
| 7 Develop a management information system for MFI partners | 7 This was done with BIMAS who is now producing regular monthly reports |
| 8 Operationalize a credit with education model | 8 This has not been done, although there is a strategy for integrating education into certain BIMAS credit groups |
| 9 Develop a credit/MED network within PLAN Kenya and adopt a national microfinance strategy | 9 A network has been created although 2 of its 4 members have left PLAN A draft strategy has been prepared, but has not yet been approved by the country management team |

***Analysis***

BIMAS In July 1997, PLAN Kenya signed a program intended to transform a successful microenterprise credit program into an independent, self-sustaining MFI called Business Initiatives and Management Assistance Services (BIMAS) BIMAS is the only such example among the six pilot programs, and is, consequently, the partnership where PLAN has the most direct involvement

The first six months of the program were difficult There were delays in transfer of funds and the purchase of fixed assets that led to a break in the rhythm of the credit program Clients sensed this and some stopped paying back their loans However, BIMAS overcame these and a number of other problems and by the end of this reporting period had registered some solid accomplishments Outreach was somewhat below projected targets, but was growing Arrears had been reduced during the last six months and were within an acceptable level A summary of results through August 1998 is in Annex F

PLAN has played a major role in BIMAS' institutional development Hiring and training of a chief executive, formation and training of a board of directors and establishment of a reporting system are some of the areas where PLAN has concentrated in the past year Improvement of the accounting system and MIS are priorities for the immediate future

PLAN and BIMAS will undertake a joint evaluation in January 1998 In addition, the Institute for Development Research (IDR) will do an assessment of the PLAN/BIMAS program as part of its ongoing research into North-South NGO partnerships

An unrealized partnership The second pillar of the Kenya pilot program was to have been a partnership with the Faulu Kenya microcredit program of Food for the Hungry PLAN was to have provided support to two Faulu branches to provide financial services in Limuru, Thika and the Dagoretti section of Nairobi Unfortunately, the program did not receive approval from PLAN's regional office There were questions about the number of PLAN families who would be touched by the program and concern that Faulu was not an independent Kenyan MFI Since that time, no alternative partner has been identified

*K-REP and financial services associations (FSAs)* One of the most promising developments of the year was a evolving relationship between PLAN Kenya and the Kenyan MFI, K-REP around the promotion of financial services associations The FSA model consists of groups of several hundred members who purchase shares to constitute a common fund, save regularly and gradually establish relations with a formal sector bank It does not require outside capital for loans and is relatively inexpensive to implement It seems well-suited to poorer rural areas that are not attractive to mainstream MFIs

K-REP and PLAN conducted a financial services feasibility study in the Taita-Taveta area, and this revealed that the FSA model could be viable K-REP began implementation with its own funds and by September 1998 had created five FSAs Statistics over a five-month period showed encouraging growth in membership, share purchase, savings and loans A partnership agreement has been drawn up in which PLAN would support further spread of FSAs in the Taita-Taveta program area

*The Coastal Program* Two attempts have been made to identify partners for PLAN Kenya's Coastal program One feasibility study was carried out with Tototo Home Industries, and that proved to be non-viable The most recent attempt was with Kenya Women's Finance Trust (KFWT) After several months of contacts KWFT indicated it was no longer interested

The interest now is in developing a second relationship with K-REP based on the experience in Taita

*The Meru credit program* For several years, PLAN has been operating its own credit program in the Meru program area Now containing more than 6,000 clients, the program was scheduled for evaluation in view of transforming it into something more sustainable The evaluation did not take place and has been rescheduled for November 1998

*Feasibility study in Kisumu* A financial services feasibility study was carried out in the Kombewa District of western Kenya, and recommended an FSA approach The consultant identified a local NGO that might be able to carry out such a program PLAN is now assessing that NGO's capabilities An eventual program would probably involve K-REP as a provider of technical assistance

*Management information system* The NC worked with BIMAS' CEO, accountant and MIS specialist over a series of months to produce monthly reports on outreach and, operational performance and sustainability While a good beginning has been made, improvements still need occur in BIMAS' accounting system and MIS to facilitate production and improve the quality of the reports

*Credit with education* No concrete steps were taken during the year to integrate education with BIMAS' financial services However, following a recent assessment of the program, two decisions were made First, to assess the needs of current clients with respect to business training, a request they have made for some time Secondly, when future groups of clients form, an assessment should be made of their socio-economic status and the conditions within the family to determine if additional benefits can be achieved for children with the addition of an education component

*National credit/MED program* Building a common understanding of high performance microfinance principles and gaining the commitment of a critical mass of staff in PLAN Kenya has been one of the main challenges facing the NC His success in creating a network among technical staff was limited by the resignations and non-replacement of two of the four local coordinators However, a national strategy has been drafted with CMTT help and much of it has been incorporated into PLAN Kenya's draft strategic plan The NC has gained the confidence of certain key staff members and this has helped him move the program forward

*PLAN Tanzania* There has been interest in microfinance manifested in one other country in PLAN's East and Southern Africa Region PLAN Tanzania has formed a partnership with PRIDE Tanzania, the leading MFI PLAN has provided support to help PRIDE expand its operations in the Buruguni area of Dar es Salaam and is studying the possibility of a second-phase program Two issues that need to be studied are the low rate of participation of PLAN families in the first phase of the project and the quality and timeliness of PRIDE reports to PLAN

A PLAN Tanzania staff member has also visited Kenya to study the FSA model There is interest in collaborating with K-REP to bring an FSA program to rural communities in the Mwanza area of Tanzania

**PLAN Mali**

***Overview*** PLAN Mali began the year on a high note It had just completed a successful 12 month pilot program with the *Centre d'Appui Nutritionnel et Economique aux Femmes* (CANEF), and had hosted a four-day workshop to present that partnership experience to ten other West Africa PLAN programs The intent was to expand the pilot in Kangaba and extend it to two additional program areas However during the evaluation of the program relations deteriorated between PLAN and CANEF and the partnership had to be ended In addition, in December 1997, PLAN Mali found it necessary to dismiss its NC

As a result, instead expanding on the accomplishments of the first year year two became a period of readjustment A new NC was recruited and hired and has fortunately added an element of dynamism to the program She identified a potential new partner and has managed the feasibility study process that promises to lead to programs in two new areas She also made progress towards by institutionalizing a high performance approach to microfinance within PLAN Mali by drafting a national credit with education program and by defining a comprehensive monitoring and evaluation system that will serve PLAN in future partnerships

One other significant development is the degree to which high performance microfinance programming has begun to spread to other PLAN countries in the West Africa region At the end of the year programs were either underway or in the planning stage in Togo, Senegal and Burkina Faso

***Accomplishments vs objectives*** The following objectives were included in the PLAN Mali DIP for the year

| <u>Objectives</u> | <u>Accomplishments/Status</u> |
|---|---|
| 1 Finalize the pilot program evaluation of CANEF | 1 Done by the evaluators, but unfortunately PLAN and CANEF could not agree on all conclusions and recommendations, nor on the next steps forward Partnership was ended |
| 2 Expand program activities in Kangaba | 2 Not possible because of the dissolved partnership PLAN is looking for another MFI to work with |
| 3 Identify a partner and perform a feasibility study in Banamba and Kita Kourou | 3 PLAN identified Nyesigiso, a network of savings and credit cooperatives that practices village banking combined with health education A feasibility study completed in 8/98 concluded that credit with education programs in these two areas would be viable |
| 4 Begin microfinance partnerships in Banamba and Kita Kourou | 4 Not done Partnership agreement with Nyesigiso is due to be signed by Dec 1998 |

| | |
|---|---|
| 5 Develop a management information system | 5 MIS manual was developed and will be used in the program with Nyesigiso |

*Analysis*

<u>Partnership with CANEF</u> The deterioration of relations with CANEF was a frustrating experience in what had seemed a productive joint effort Both organizations shared common development goals and CANEF's credit with education approach was perfectly suited to the needs of PLAN's program areas PLAN and CANEF had worked for eighteen months setting up the program and the initial twelve-month pilot phase met most of its objectives (a summary of accomplishments is in Annex G) However, during the entire relationship there were different interpretations over the meaning and substance of the program In addition, there were communication problems that made it difficult to resolve these differences These proved fatal when disagreements arose over certain statements and conclusions in the pilot phase evaluation The two parties reached an impasse and it became necessary to end the partnership

This experience demonstrated that partnership could fail even when technical performance is good PLAN Mali and the CMTT have consequently undertaken to document the experience in the form of a case study This will be shared with other microfinance programs and used as a learning tool

*<u>Institutionalization of credit with education</u>* While the loss of the NC slowed implementation for several months, his replacement brings a higher level of experience and conceptual ability to the job One important result has been the preparation and adoption of a three-year national credit with education program that is integrated within PLAN Mali's Country Strategic Plan The program provides a solid conceptual framework, covers all of PLAN Mali program areas and insures that resources will be available for future partnerships

*<u>Identification of a new partner</u>* Identifying new microfinance partners has been difficult for PLAN Mali, since nearly all the good ones are working in more prosperous parts of the country (the exception to this was CANEF) This was also the case with Nyesigiso However, when PLAN proposed funding a feasibility study of the Banamba and Kita Kourou program areas, Nyesigiso became interested The resulting study showed that both areas are suitable for a credit with education approach

Nyesigiso began as a union of savings and credit cooperative that today supports 44 coops with 49,000 members and has just under $5 million in its loan portfolio In 1995 it began a partnership with Freedom from Hunger which introduced a village banking component combined with health education and infant nutrition This program has proven successful in bringing large numbers of poor women who would not ordinarily qualify for credit union membership, into Nyesigiso's system It is this approach that Nyesigiso and PLAN will implement in Banamba and Kita

*<u>The spread of high performance poverty lending to other West African countries</u>* While progress in Mali was slow during the year, other PLAN countries took the initiative to

start their own microfinance programs This movement grew out of the Bamako microfinance workshop for programmers held in May 1997 and a shorter workshop on the same topic for the region's country directors presented in Lome in November 1997 (both facilitated by the CMTT) In addition, the CMTT has supplied technical assistance to help these programs with program design At the moment, there are three other countries with programs underway or being planned All utilize a credit with education approach and link village banks with credit and savings cooperatives

*Togo* For the past year, PLAN Togo has been working with the Togolese *Federation des Unions des Cooperatives d'Epargne et de Credit* (FUCEC) A three-year program is designed to bring over 9,000 poor women into a formalized savings and credit system A summary of this program's accomplishments is in Annex H

*Senegal* PLAN Senegal has negotiated a partnership with the *Union des Mutuelles du Partenariat pour la Mobilisation de l'Epargne et le Credit au Senegal* (PAMECAS) that will work with over 4,000 women in urban neighborhoods of Dakar The program is scheduled to begin in October 1998

*Burkina Faso* PLAN Burkina is developing the design of a program with the *Union Regionale des Caisses Populaires du Sud-Ouest* (URCPSO) in its Gaoua program area It intends to pilot the program and hopefully extend it throughout Burkina in partnership with other regional credit union networks

*Ghana* Ghana is not yet at the stage of partner selection or program design, but has requested microfinance training for its staff from the CMTT This is scheduled for early 1999

**PLAN Nepal**

***Overview*** Following a poverty lending workshop presented to staff in September 1997, PLAN Nepal confirmed its commitment as the South Asia credit/MED pilot The last twelve months have seen the beginnings of implementation of a microfinance program The first manifestation of this has been the attempt to transform a traditional Nepalese NGO that included credit as one of many development activities to an MFI committed to sustainability

The year has also been devoted to studying the feasibility of partnering with a more established MFI, NIRDHAN Results of this study were favorable and a partnership agreement was signed in September 1998

Finally, the NC has productively invested a lot of time and effort into building a consensus around high performance microfinance among PLAN Nepal staff

***Accomplishments vs objectives*** The following table is based on the original DIP as well as modifications added at a national microfinance workshop in September 1997

| Objectives | Accomplishments/Status |
|---|---|
| 1 Conclude an expanded partnership with the Grameen Bikas Bank in Biratnagar | 1 Not done PLAN had concerns about Grameen's status as a government institution and political interference in its operations Instead, a partnership was formed with another Nepalese MFI, DEPROSC |
| 2 Continue collaboration with DEPROSC in Rautahut Broaden the partnership to include institutional support to transform DEPROSC into a high performance MFI | 2 Collaboration continues as DERPOSC attempts to make the transition to a self-sustaining MFI |
| 3 Conclude a partnership with the MFI, NIRDHAN in the Bara and Banke program areas | 3 A year of study and negotiation led to a partnership agreement with NIRDHAN that covers both Rautahut and Bara Implementation in Banke has been delayed and is contingent on performance in Rautahut/Bara |
| 4 Develop a microfinance strategy for the hill areas of Nepal | 4 This was done with the input of the CMTT |
| 5 Develop a credit/MED network within PLAN Nepal and adopt a national microfinance strategy | 5 This has been done |

***Analysis***
Biratnagar program Since 1995 PLAN had been working with the government-owned Grameen Bikas Bank to provide financial services to a small group of 400 families Despite a generally favorable evaluation, PLAN decided not to continue the partnership

because of the danger of political interference in Grameen's program Instead it began a small program in the Morang program area (near Biratnagar) with DEPROSC, a Nepalese NGO it was already working with elsewhere Results of the first year's work are in Annex I

DEPROSC PLAN has worked with DEPROSC in the Rautahut area since 1995 The program, however, did not meet high performance microfinance standards With encouragement from PLAN DEPROSC decided to move from being an NGO dependent on outside subsidies to a sustainable MFI During the past year PLAN commissioned the MFI NIRDHAN to conduct an in-depth assessment of DEPROSC's credit and savings methodology NIRDHAN has expressed its willingness to work with DEPROSC to bring about the recommended changes This will take place during the coming year at staff workshops and through a program of technical follow-up in the field With PLAN's help, DEPROSC is also in the process of modifying its MIS to comply with internationally recognized standards

The status of DEPROSC's program in Rautahut is reported in Annex I

NIRDHAN An inventory of MFIs in Nepal done in June 1997 identified NIRDHAN as the most suitable potential partner for PLAN NIRDHAN was requested to submit a proposal and business plan The business plan was submitted in December 1997 and an in-depth institutional analysis was carried out which led to an approved program in September 1998

The program will cover the Bara and Rautahut program areas and will bring around 9,000 poor women into NIRDHAN's's scope of financial services A follow-on program for the Banke program area (which was part of the original proposal) could begin six to nine months after Bara/Rautahut, depending on the initial performance

Projections for the NIRDHAN program are in Annex I

A microfinance strategy for the Hills To date all of the successful microfinance experience in Nepal has been gained on the flat plain of the densely populated and economically advantaged *terai* Because it also has a stake in alleviating poverty in the much poorer Hill areas, PLAN has put forth an operations research strategy designed to develop a cost-effective model that is suitable for such an environment The strategy calls for an inventory of existing models and collaboration with the newly formed Centre for Microfinance, a network of local microfinance practitioners supported by USAID

A credit/MED network and a national program The microfinance NC has done some of his best work in mobilizing support for the pilot program among PLAN staff The program to date is much more the result of a team effort than in the other pilot countries

PLAN Bangladesh Another PLAN program in the South Asia region that has followed a high performance microfinance strategy is Bangladesh This is not surprising given the strong institutional environment in Bangladesh and the fact that PLAN's country director there began the South America pilot program when he served in Bolivia

PLAN has formed a partnership with a very innovative MFI called SafeSave SafeSave is designed for the very poor in urban Dhaka and is based on the premise that the primary financial service need is a secure place to save money Loans are also part of the program but follow savings in importance PLAN has provided SafeSave's Dhaka branch with a small loan to augment its credit fund

PLAN is also supporting SafeSave technical assistance to a rural NGO, Come to Save, in Dinajpur in an attempt to see if the methodology can be successfully replicated in a rural area

Results reported on these two programs are in Annex J

**PLAN Philippines**

***Overview*** The Philippines is a country where a number of favorable factors have joined together to produce a very strong credit/MED program These include a favorable microfinance environment, a solid human resource base and, significantly for PLAN, a strong appreciation for microfinance as a development tool and determined leadership on the part of PLAN management The skillful way in which PLAN Philippines has approached putting together its program led to the decision to hold the second annual NC meeting in the Philippines in January 1998

PLAN Philippines has two very strong partnerships with the Center for Agriculture and Rural Development (CARD) an organization which has made the transition from an NGO focusing on community capacity building to an NGO providing financial services and finally to a bank Developing the relationship, however, was not easy and the experience (which was documented in the report of the NC meeting) can serve as a good example for other programs At the moment the partnerships with CARD are the anchor of the program

Other partnerships are underway with less developed institutions, the Bicol Cooperative Development Center (BCDC), the Cagayan Valley Confederation of Cooperatives (CAVALCO), and the Cooperative Bank of Benguet In each case PLAN has a role to play in helping them develop institutional capacity

***Objectives vs accomplishments*** The objectives listed below come from the original DIP

| *Objectives* | *Accomplishments/Status* |
|---|---|
| 1 Assist the MFI, CARD to create a sustainable branch in Marinduque Output targets for the first year include 1,110 additional clients, 1 37 million pesos in additional loans outstanding, <5% arrears, <2% loan losses and 33% operational self-sufficiency | 1 This partnership is on track Through June 1998 the Marinduque branch had 2,703 total clients, 14 million pesos in loans outstanding (we have no information on additional clients and loans), 0 6% arrears and no loan losses CARD did not provide data on sustainability |
| 2 Assist CARD to create a sustainable branch in Mindoro Output targets were the same as in Objective 1 | 2 This part of the program is also moving along well Through June 1998 the Mindoro branch served 2,044 total clients, 6 6 million pesos in loans outstanding, and no arrears or loan losses Again, there was no data on sustainability |
| 3 Assist CARD to strengthen its training program | 3 PLAN supported an assessment of CARD's current training program and is looking for a consultant who will help CARD implement the recommendations |
| 4 Through a pilot program, assist the MFI, BCDC, to expand its program to 400 | 4 The BCDC partnership ended in August 1998 and is being evaluated Through June |

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| women clients with 2 million pesos in loans outstanding, <10% arrears, <2% loan loss and 70% operational self-sufficiency | 1998 there were 351 clients, 1 9 million pesos in loans outstanding, no arrears or loan losses and 83% operating self-sufficiency |
| 5 Establish a microfinance partnership in the Cavite program area | 5 Negotiations are underway with the MFI, TSPI It appears unlikely, however, that this partnership will go forward |
| 6 Establish a microfinance partnership in the Cagayan program area | 6 PLAN began an 18-month "start-up" project with CAVALCO in July 1998 |
| 7 Consolidate microfinance programming in the Baguio program area | 7 PLAN decided to focus its efforts on assisting one partner, the Cooperative Bank of Benguet |
| 8 Develop a credit/MED network within PLAN Philippines and adopt a national microfinance strategy | 8 PLAN Philippines has a network of six coordinators and has made a very strong commitment to the microfinance initiative |

*Analysis*

Partnership with CARD CARD has operated a Grameen Bank style program (financial services plus socio-economic education) for poor women since 1991 In September 1997 it changed its legal status from that of an NGO to a formal bank PLAN and CARD have just completed the first year of two three-year partnerships designed to create financially sustainable branch operations in Marinduque and Mindoro that will bring financial services to 7,400 new clients

CARD has an effective delivery methodology and sound governance mechanism (institutional links with CGAP/World Bank and commercial and government financial institutions have been particularly helpful) One weakness is data collection and management at the branch level PLAN addressed this by organizing a workshop on MIS and financial ratio analysis and provides ongoing support in the collection and analysis of data Another area where CARD requested support was in improving the education component that accompanies its financial services PLAN brought in a consultant from Freedom from Hunger (FFH) who assessed CARD's curriculum and materials Next PLAN and CARD will collaborate to apply the consultant's recommendations

The results of branch operations through June 1998 can be found in Annex K

Partnership with BCDC The Bicol Cooperatives Development Center (BCDC) is a well-established second tier cooperative support organization working in Bicol province After learning of their interest in developing a microfinance program for women, PLAN undertook an 18-month "pilot" partnership with BCDC in April 1997 with the limited objective of developing a poverty lending methodology that would reach 400 women The project ended in August 1998 and is now being evaluated While BCDC was able to reach its numerical targets, it proved weak in collecting and managing information (see Annex K for results through June 1998) CARD was used as a consultant to help develop an MIS The evaluation will determine whether there exists the interest and commitment to develop BCDC as a microfinance institution If so, PLAN will support a follow-on phase to this program

*Partnership in Cavite* During the year PLAN entered discussions with TSPI, a leading MFI working in Manila, about expanding to the Cavite program area, a peri-urban area south of the capital PLAN did an assessment of TSPI's proposal as well as an institutional analysis Since the assessment showed that relatively few PLAN families would benefit from a PLAN/TSPI partnership, it is unlikely that this program will go forward

*Partnership in Cagayan* Partnership for a "start-up project" of 18 months with the Cagayan Valley Confederation of Cooperatives (CAVALCO) began in July 1998 Targets include 750 clients, $11,000 in savings, arrears less than 5% and operational self-sufficiency of 70% The intent during the 18 months is to establish the conditions for a self-sustaining microfinance program in the future

*Partnership in Baguio* During the year PLAN discontinued five ongoing microfinance programs that it was implementing with local partners A sixth, that with the Cooperative Bank of Benguet, was retained

*A clear program commitment* The Country Program has made a very clear commitment to focus on high performance microfinance A National Microfinance Strategy was formulated and approved by the Country Management Team in September 1997 (This strategy is in the process of being revised to incorporate factors such as expansion to new geographic areas, what role PLAN Philippines will assume in working with MFIs and various methods for doing so such as loans, grants and other forms of support for capacity building ) Senior management of the Country Program is committed to pursuing the strategy In support of this approach, senior management has decided to undertake the Microfinance program only in areas where MFIs with experience and the track record in microfinance operate The PLAN Philippines FY 99 budget specifically identifies high performance poverty lending as the approach to credit

## V Management Review and Analysis of Headquarters/Support Functions

As indicated in Section II, 2 substantial progress was made in relation to the activities planned in the DIP Advances were also made in other areas at the institutional level which were not identified in the DIP

*Policy Development* At the beginning of the initiative, PLAN's approach to implementing credit programs varied substantially The approaches included direct implementation by PLAN, transferring of funds to credit and savings groups managed by community members and transferring of funds to third parties Each program was an isolated activity and with little institutional awareness of high performance methods, the various programs achieved minimal results or impact In most programs outreach was on a very small scale, in some situations PLAN families were minimally represented, in almost all cases repayment rates were very low, and since there was little concern for recovery of costs, little or no interest was being applied to loans

During year two the CMTT worked with several key staff in PLAN to develop and build endorsement for a Credit and Savings Policy The policy recognizes credit and savings as an important element of PLAN's community development strategies and sets forth a requirement that these programs will be operated through local organizations It also serves as a guide for establishing these programs The process of identifying partner organizations is outlined with clear criteria for applying due diligence Guidelines addressing important aspects of programming such as cost recovery and sustainability, identified target groups (targeting women, serving PLAN families) and promotion of savings are addressed Finally, an equally important aspect for PLAN is a provision that allows for variations in methodology based on local conditions and circumstances

In August 1998 a Credit and Savings Policy was incorporated into PLAN's Field Operations Handbook (Annex L) The adoption of a savings and credit policy demonstrates a strong organizational commitment to high performance programming

*Capacity Building* Capacity building for PLAN took place on multiple levels The concentration of staff dedicated to microfinance at the field level increased, technical skills were upgraded through training, and senior managers were introduced to high performance microfinance methodologies through workshops

> *Staff dedicated to microfinance* A key to strengthening capacity within PLAN is the dedication of staff with sufficient technical expertise to coordinate high performance microfinance programs (This is also an element of institutional commitment to sustainability ) At the end of year one, three countries had full time Credit/MED technical capacity in place Kenya, Nepal and the Philippines The NCs in Bolivia and Guatemala devoted part time to microfinance The NC position in Mali was vacant

During year two important progress was made in the area of increasing technical backstopping for PLAN's microfinance programs In two pilot countries, the role and capacity of the NC was strengthened Nene Thiam, formerly with USAID, was hired as the new NC in Mali Nene has extensive experience with microfinance programs and brings to her role not only this expertise but also an understanding of how to build and strengthen relationships In Bolivia, Vivianne Romero moved from part time to full time as NC Vivianne also has extensive experience with microfinance programs and this development allows for an expansion of the role and diversification of programs in Bolivia In both Mali and Bolivia, it has been decided that an assistant is necessary to support a national effort (At least two other pilot countries are considering this approach as well )

It is worth noting that PLAN country offices in non-pilot countries have also made a commitment to building strong microfinance programs Burkina Faso, Togo and Senegal in West Africa and Haiti in Central America have all dedicated staff to coordinate and support their effort Other countries have initiated efforts in this area

*Training* Capacity building was strengthened from another perspective, training During this year training was supported in the following ways

The grant supported two groups of technical staff to participate in microfinance training offered at the Economic Institute in Boulder, Colorado Two members of the CMTT, NCs from PLAN Mali, Philippines and Togo, and the Director of a partner program in Togo all participated The courses covered a range of topics including Financial Analysis, Business Planning, Regulating Microfinance and Capacity Building in MFIs

PLAN Philippines organized and sponsored a session for PLAN and partner organization staff in Ratio Analysis Training The objective was to increase their understanding and appreciation of the ratios used to calculate financial self-sufficiency and to learn how to work with them The financial manager of a local MFI (who was trained through a SEEP initiative designed by Women's World Banking consultants) conducted the training It was very well received and a follow-up session will be conducted

During year two the grant supported field visits to allow for exchange of information and learning Members of the CMTT visited programs in Bangladesh where we were exposed to important new ideas and innovations (Annex M) The Executive Director of the Nepal partner organization also visited these programs and has already adopted some of the innovations he observed Representatives from PLAN/Nepal and PLAN/Philippines and staff from partner organizations are scheduled to visit these programs in the near future as well

*Extension to Senior Managers* CMTT conducted, supported or participated in the following efforts to increase awareness, knowledge and/or skills within PLAN

A presentation of the Credit/MED institutional strengthening initiative was given to PLAN's senior Management Team (PMT) comprised of Regional Directors, National Office Directors and staff from International Headquarters to increase awareness and build support

Training was provided to pilot site NCs in how to use financial ratios to calculate and analyze financial self-sufficiency

A four-day training for PLAN Guatemala program and management staff to introduce them to principles of high performance microfinance and to facilitate analysis and selection of partner institutions

Participated in a four-day meeting with Country Directors and operational staff from Region of South Asia to discuss promotion and integration of high performance programs in their region (Representatives of partner organizations were invited to give presentations )

A two-day training session with Regional Management Team in West Africa Region to introduce them to principles of high performance microfinance and outline a strategy for extension of these programs beyond the pilot country of Mali Togo, Burkina Faso and Senegal are all now implementing or designing new programs

_Increased learning and expertise in the area of forming partnership relationships_
PLAN is committed to working with partner organizations to provide financial services for clients in PLAN communities We have done this for a number of reasons The methodology for delivery of credit and savings programs has been evolving and advancing during the past several years Likewise, systems for managing these programs have been developed and are being refined on an on-going basis More and more local organizations are evolving into institutions that offer a range of financial services to clients on a scale that has the promise to lead to a sustainable operation All of these developments create an opportunity for PLAN to maximize the outreach and impact of microfinance by supporting the building of sustainable programs with local organizations By working with these organizations we avoid duplication and costly start-up and promote locally based sustainable programs

During the past year we have worked with local PLAN staff to develop partnerships in all of the six pilot countries Through this experience we have learned that the art of working with partner organizations is one of the biggest challenges faced by PLAN in the success of this program Partnership is as much an art as a science and we have found that PLAN's institutional culture has not developed an appreciation for, nor expertise in, this area This is due in part that, like many international PVOs, PLAN has preferred either direct implementation or, when working through a second party, a contract for services

In the Credit/MED initiative we have drawn substantially from the work of Institute for Development and Research (IDR) in the area of North/South partnerships to guide us From their models of partnership we have identified the Shared Vision approach as the most desirable for the relationships we believe are necessary to have a successful program In this model of partnership, an International Nongovernmental Organization (INGO) and a local Nongovernmental Organization (NGO) agree on vision, goals, outcomes and reporting requirements for a program which the NGO implements This requires a relationship that allows all participants to relate equally, using process rather than power as the means of effecting organizational goals

Some of the tools we have developed to assist pilot sites in this effort are guides for assessing microfinance institutions and writing partnership agreements A full edition of *Credit Lines* was devoted to "The Art of Partnership", taking into account the lessons learned to that point However, given the mixture of outcomes from the efforts in the six pilot countries we know there is much more to learn about this area (See individual country sections for more information about partnerships in each pilot country )

CMTT's commitment to learning about the art of partnership has strengthened during this past year As indicated earlier, much of the learning has resulted primarily from the experiences in the pilot countries as we have undertaken new agreements At the annual NC meeting in January we analyzed our experiences to date highlighting the experience of PLAN Philippines and CARD, a local partner organization The results of this reflection and discussion were included in the report of that meeting which was distributed widely throughout PLAN

An opportunity to increase our understanding in the partnership process has been presented by IDR and MWENGO (an African research group) They are undertaking a research project to study relationships between Northern and Southern NGOs in East Africa One of the Microfinance partners in Kenya (BIMAS) has been selected to participate By participating in this research we expect to gain important insights We will take this one step further and prepare a case study of the experiences in other pilot countries and analyze them for insight As the initiative progresses these case studies, and the learning from them, will be consolidated with other information into a document that will be circulated throughout PLAN

*Networking* The network of alliances and strategic relationships was expanded during the past year both at the CMTT level and locally in the pilot countries

CMTT staff participated in various networks on the international level PLAN has joined as a member of the Microcredit Summit and the Small Enterprise Education and Promotion (SEEP) Network and CMTT staff participates in annual meetings The Program Liaison is an active member of the SEEP Evaluation Committee that is working with USAID on the AIMS study, the Credit with Education Learning Exchange sponsored by Freedom from Hunger, and the InterAction Commission for Advancement of Women Advisory Committee for Gender Equity These networks and relationships help us stay informed of advances in the field of development and allow us to draw from the experiences of colleagues

NCs are also active members of local microfinance networks that share information PLAN Bolivia is part of a network led by FUNDAPRO, PLAN Philippines has joined the Microfinance Coalition (which is supported by the local USAID Mission), PLAN Mali participates in the Cadre de Concentration Network, PLAN Kenya belongs to KEMFI, and PLAN Nepal is a member of Center for Microfinance (also supported by the local USAID Mission)

Another dimension to building networks is in the area of consultants During the past year we have been able to expand the network of consultants with an international reputation who can respond to needs in given areas The pool exists both at the CMTT level and the country level These consultants have expertise in the areas of financial analysis, institutional assessment and integration of education with financial services to increase impact on children For the most part we have been extremely satisfied with the work with consultants However, in some countries consultants have been secured to conduct evaluations of programs without satisfactory results During the next year we will concentrate both on identifying consultants with the necessary skills and expertise and on clarifying the scope of work for assessments

## VI Financial Report

1 The Pipeline Analysis (Annex N) provides a comparison of the proposed budget and the actual expenditures for the first 2 years of the grant Expenditures of USAID funds are within 83% of the projected amount and expenditures of PLAN matching funds is within 72% These variances are primarily for the following reasons

USAID Headquarters and field personnel costs have been less than budgeted due to delays in year one in hiring some staff and lower than anticipated salary raises Also, the use of consultants for systems design and manual preparation is less than projected

PLAN Match Subcontracting expenses are lower than expected because PLAN has been able to support partners in more economical ways and microfinance organizations have been able to obtain funding from alternative sources Another factor is the fact that our monitoring system has not yet captured the expenses for partners in non-pilot countries

The budget for the remaining project years will be adjusted in 1999 after the mid-term evaluation has been completed The monitoring system will capture matching expenses for all programs during year three

2 Fund-raising is not a specific activity within this grant However, the work with National Offices is intended in part to secure long-term support in the form of financial resources for microfinance programs within PLAN (See Section V National Office Collaboration for more information )

Following is a summary of the results of the work with NOs to secure funds for partnerships in pilot countries

*Australia National Office (ANO)* PLAN Australia conducted a market study to assess the potential for marketing microfinance The study analyzed the environment (specifically the formal financial sector and private industry) to determine the potential for raising funds for a program strategy (microfinance) This is truly explorative on the part of ANO since PLAN has concentrated on individual sponsors who make a monthly contribution to support a child The research was extremely helpful to the ANO in analyzing the external institutional environment and the receptivity to microfinance in general in Australia Drawing from the recommendations of the study, a strategy was developed which involves forming a team of "ANO Microfinance Ambassadors" The ANO Board of Directors approved the strategy and several ANO Board members immediately volunteered for the project Selected benefactors were also approached and an initial team of five has been established

Each Ambassador has received an orientation about microfinance and has signed a contract with a commitment to raise $20,000 (Australian dollars) for the pilot projects  They will each serve as Ambassador for a period of time and then secure the commitment of at least two additional people, expanding the network (The response has been so enthusiastic among Board members that some are already on the waiting list for the second tier ) Finally, they will work with the ANO to increase public awareness and attention to the efforts of PLAN in the area of microfinance  In January of next year the first group will visit the pilot program in the Philippines to help them learn more about how microfinance affects PLAN families

During the past year the ANO has also secured two grants for pilot sites  A grant for US $78,630 was awarded to PLAN Nepal for their partnership with NIRDHAN and another for US $141,421 to support the partnership between PLAN Philippines and CARD

*Netherlands National Office (NLNO)*  The NLNO has secured grants in the amount of US $ 98,344 to PLAN Bolivia for a partner organization, CRECER  Additionally, the NLNO has also made a commitment to work with Bolivia to secure an additional $100,000 in funds for investment in the second tier microfinance lender, FUNDAPRO

*Canadian National Office (CNO)*  The CNO has facilitated grants from CIDA for PLAN Kenya in the amount of US $250,000 to support the BIMAS partnership

As the initiative progresses the CMTT will collaborate with these and other NOs to continue to secure funds for microfinance partnerships that align with the principles of high performance programming

## VII Lessons Learned and Long-Term Project Implications

At the beginning of this report the overall program goals and objectives for the grant and the strategy for realizing them were presented The goal implies that the advances made under this program will need to be expanded and institutionalized in order to achieve long-term benefits for children The strategy involves multiple dimensions including clarifying how microfinance fits into PLAN's overall operations and what model is most suitable for the mission, creating a policy environment to support the model, successfully implementing the model in pilot countries, and capturing the learning and replicating the model in other PLAN countries

Preparation for the grant included a two-year period of planning and establishing a base to operate from The time frame for implementing the grant and reaching these objectives is five years This is a serious commitment on the part of both PLAN and USAID We have just completed year two of the implementation period (and year four in total)

At the beginning of the initiative some things were clear We learned early on that efforts to support microenterprise development through credit activities varied throughout the organization Substantial expenditures were being recorded but with no consistency in methodology, no strategy for sustainability and little accountability for outreach and impact We also knew that at least two previous institutional strengthening grants to change this had not been successful

During the past four years we have increased our knowledge of how PLAN works and our ability to facilitate the institutionalization of microfinance into overall operations and procedures This report offers information of progress made toward reaching the objectives of the grant with particular emphasis on the activities during year two In this discussion we have explained some of the learning that has been captured and how the lessons learned have been applied in program implementation The learning discussed so far has been primarily in the area of capacity building and the establishment of programs at the local level with partner organizations All progress made to date has been based on learning more about how PLAN works and how microfinance fits into the mission

In a few months a mid-term evaluation will be conducted of the program At this time there will be an opportunity to assess whether there is strong evidence that high performance microfinance programming has indeed gained acceptance in PLAN and the potential for it to be sustained and expanded after the grant period The following are the relevant lessons learned that have implications for realizing this goal

> _Impact on children_ This is the single most important element of the strategy PLAN's vision is a world where all children realize their full potential The mission involves supporting communities and families to meet the basic needs of children We have learned that by focusing on women, increasing their access to and control over resources and combining education with financial services, benefits for children can be enhanced But we must be vigilant and maintain our commitment to reaching poor women and designing programs that increase their

access to economic resources We also need to take this one step further We must be able to demonstrate the impact on children and communicate this to PLAN sponsors

*Integration with other PLAN domains* PLAN has identified five areas (called domains) of program emphasis with identified goals in each area Objectives involving microfinance are included in the domain of Livelihood The objectives of each domain are an integral part of the others For example, as long as a family is caught in the cycle of poverty, the risks of disease and death due to illness are high Yet a person must be healthy in order to engage in income generating activities that help improve the economic status of the family By adding an education component to the credit and savings methodology we can support the goals of more than one domain However, we need to continue with our efforts to identify specific education modules that will accomplish this and work with partner organizations to incorporate them

*Building the pilot programs* At the beginning of the initiative we identified six countries that would serve as pilot countries to work with the CMTT to establish and implement the program approach These pilot sites were selected pretty much on a volunteer basis and began the program on pretty much an equal footing Over time, however, circumstances and conditions changed, in some cases slowing the progress of implementation We have learned it is best to not try to force these programs if the environment is not right On the other hand, non-pilot countries have stepped forward and demonstrated initiative and commitment to the high performance model During the past year we have expanded our scope to give time, energy and other resources to these countries We believe this promotes a more efficient use of resources with higher rewards for PLAN

*Research and development is important* Conditions and circumstances are variable in each country We have had to gain an understanding of the microfinance environment in each country, learn how PLAN operates and be sensitive to the implications of importing the new program technology We have been challenged to work with a range of conditions This has forced us to be creative in overcoming obstacles and to test new methodologies

An example of this is in Kenya In one geographic area where PLAN works the conditions are less than favorable for microfinance, although PLAN communities still need financial services It is a rural area with relatively few economic opportunities PLAN Kenya approached 3 different microfinance organizations to work in this area but for a variety of reasons none could create a sustainable program with their existing methodologies In the search we found a reputable organization that has achieved success elsewhere with their methodology but also shared PLAN's interest in finding a way to serve clients who are at the lower end of the economic scale This organization has a commitment to research and development and proposed a methodology they thought suitable for working in areas with lower economic potential PLAN Kenya recognized the importance such a methodology would have for some of its other program areas By recognizing the opportunity, and investing in this program, they may contribute to research that will advance technology and increase opportunities for PLAN families to access financial services that have been denied to them in the past

*Need to strengthen our learning strategy* During the first few years we have learned a great deal about microfinance technologies and methodologies, about operations within PLAN and the implications of the new programming strategy, and many of the other things discussed in this report However, as we reach the halfway point of the initiative we recognize that we can become even more effective if we approach learning in a more systematic way Our challenge for the next year is to become focused and systematic in our approach to learning We also need to work with others to ensure that the learning is applied throughout the organization

*Full integration within the organization* There is no question that the initiative has achieved a certain amount of acceptance within the organization, and CMTT has received support from various sources The CMTT positions are part of the Program Unit of the International Headquarters, microfinance has been incorporated into the objectives of the Livelihood domain, and a new Credit and Savings Policy provides a framework for high performance microfinance

As encouraging as these developments are, microfinance is still perceived by many as only a grant activity and, therefore, remains on the 'fringe' of program operations and priorities There is still a lack of appreciation for the importance of financial services to PLAN families and how economic development integrates into a holistic development strategy that can produce benefits for children If full appreciation and integration of financial services is achieved, PLAN has the potential to extend the benefits far beyond the scope cited in the grant

# VIII. Annexes

# PLAN International

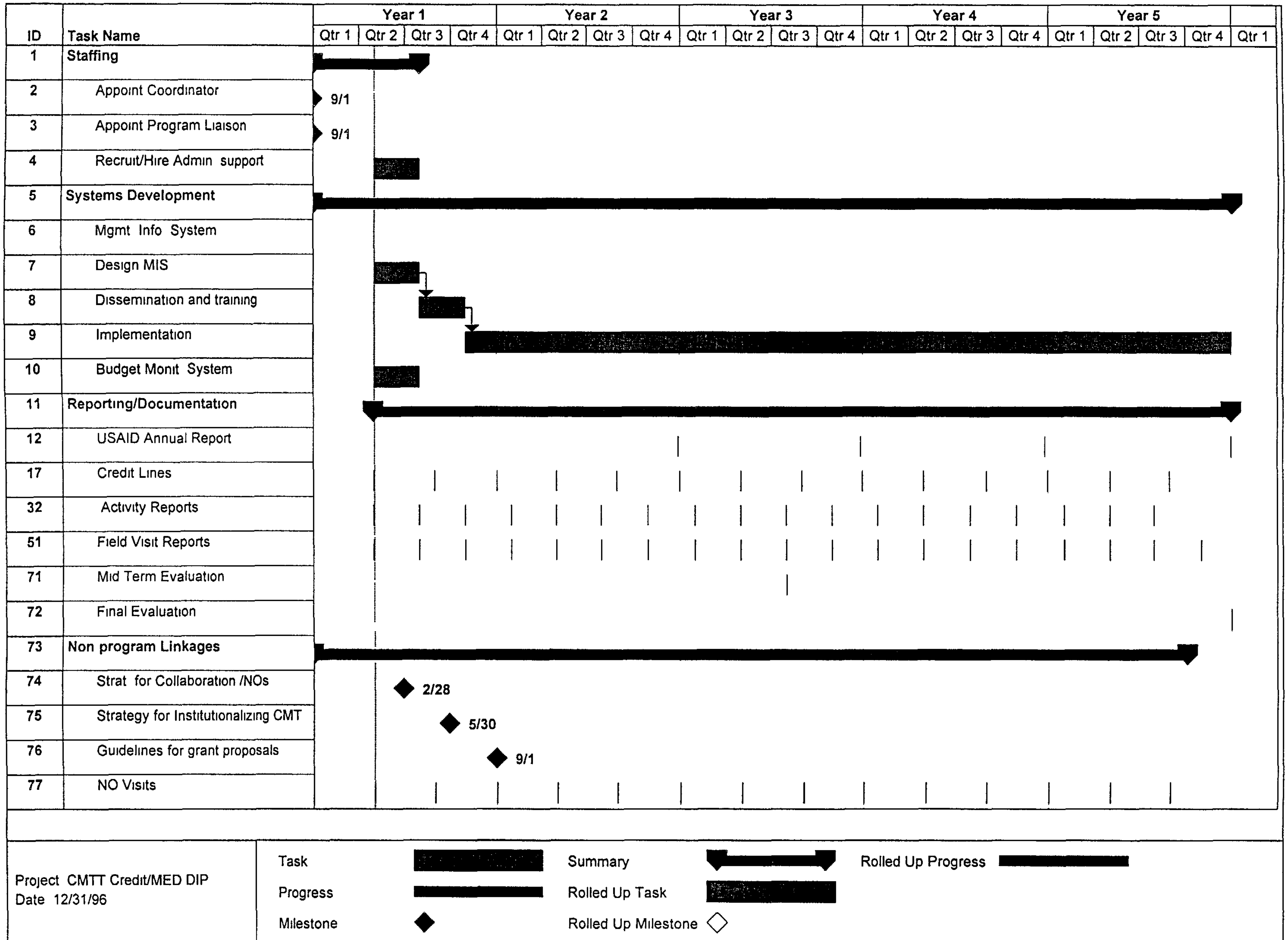
# Logical Framework
# and
# Detailed Implementation Plan
# (DIP)

# LOGICAL FRAMEWORK

| NARRATIVE SUMMARY | INDICATOR | MEANS OF VERIFICATION | ASSUMPTIONS |
|---|---|---|---|
| **GOAL** To strengthen PLAN's ability to invest its resources in developmentally effective ways in order to improve the well-being & economic security of large numbers of poor children by increasing access to credit and training for women | 1 Tested models, trained staff, management systems, and partner institutions applied for high performance economic development<br>2 Credit/MED benefits to 100,000 poor families, of which 50% are Foster Families | 1 NGO reports to PLAN<br>2 PLAN field program reports<br>3 CMTT reports<br>4 Mid-term and final evaluation | 1 Political and economic stability in pilot countries<br>2 Continued effective sponsorship fundraising to provide matching funds |
| **PURPOSE**<br>1 Introduce high performance credit/MED models linked to education and health, which have high impact on children<br>2 Build widespread understanding, capacity and commitment for incorporating modern development approaches into PLAN's program, administrative and resource systems<br>3 Establish operating models to select, partner with and develop further | **EOPS**<br>1 Goals, strategy, guidelines, indicators for high performance economic programming<br>2 PLAN structure to strengthen programs<br>3 6 country pilots and 12-14 national program replications of high impact models<br>4 Defined, evaluated, methods for "Credit +" models of high impact to children<br>5 Efficient, effective | 1 PLAN Program Directions<br>2 Technical network dedicated to Credit/MED<br>3 PLAN field program reports<br>4 Training manuals<br>5 Written procedures for sponsor communication for economic development programs<br>6 Functioning sponsorship models for economic development<br>7 Written guide for developing grant proposals for Credit/MED | 1 Leadership in PLAN will continue strong support for high performance economic development programs<br>2 Sponsors will be receptive to modern development models and new models for sponsorship and communication<br>3 Ability to weave commitment and support for modern economic |

| | | | |
|---|---|---|---|
| cost-recoverable credit/MED intermediaries | sponsor communications system for poverty lending<br>6 New models of sponsorship for econ development<br>7 Technical standards for assessing need, designing projects, assessing funds | | development programming into all levels within PLAN<br>4 National Offices will b willing to wor on and adopt common strategies |
| **OUTPUTS**<br>1 Widespread cost recovery models<br>2 A defined, tested model for credit/MED technical partnerships<br>3 Development and use of appropriate program monitoring and FMS for econ projects<br>4 Informed, widespread application of poverty lending models, especially to women and children<br>5 Training components complementary to credit to increase impact on children<br>6 PLAN sponsorship/ grant systems represent & enhance program innovations | 1 10 credit delivery institutions operationally sustainable<br>2 20 credit/MED partnerships<br>3 14 PLAN national programs analyzing data on econ project impact, sustainability<br>4 Tested training curricula to complement credit (nutrition, literacy, gender impact, business literacy, AIDS)<br>5 PLAN programs and partners assessing impact of program on women and children<br>6 New economic development marketing materials, new models for sponsorship and sponsor communication<br>7 Improved, | 1 NGO financial statements<br>2 PLAN/NGO partnership agreements<br>3 PLAN field program reports<br>4 Written training materials<br>5 Written marketing materials<br>6 Revised grant development procedures<br>7 Internal and external evaluations | 1 PLAN is able to identify compatible institutions<br>2 Other institutions realize the benefit of working with PLAN<br>3 Personnel decisions within PLAN reflect commitment to continuity in high performance economic development programming |

| | | | |
|---|---|---|---|
| | integrated mechanisms for technical design/grant proposals | | |
| <u>INPUTS</u><br><br>1 $3,245 million USAID/PVC funds<br><br>2 $4,802 million Childreach/PLAN funds<br><br>3 $15,750 million PLAN Field Office funds<br><br>(**Note** Reference Cooperative Agreement Budget for yearly breakout) | 1 24 Regional and National Coordinators<br>2 18 National Coordinating Committees<br>3 61 Feasability/ Management studies<br>4 36 Regional Conferences and Workshops<br>5 108 CMTT visits<br>6 66 Cross program visits<br>7 $15 75 million funds invested in partners | 1 Partner files and monitoring reports<br>2 Country and Regional monitoring files and reports<br>3 CMTT field monitoring files and reports<br>4 Mid-term and final evaluation reports<br>5 PLAN audit reports | 1 Amount and timing of resources takes place as projected and is able to procure quality staff and services |


ID
Task Name
Year 1
Year 2
Year 3
Year 4
Year 5
Qtr 1
Qtr 2
Qtr 3
Qtr 4
1 Staffing
2 Appoint Coordinator
9/1
3 Appoint Program Liaison
9/1
4 Recruit/Hire Admin support
5 Systems Development
6 Mgmt Info System
7 Design MIS
8 Dissemination and training
9 Implementation
10 Budget Monit System
11 Reporting/Documentation
12 USAID Annual Report
17 Credit Lines
32 Activity Reports
51 Field Visit Reports
71 Mid Term Evaluation
72 Final Evaluation
73 Non program Linkages
74 Strat for Collaboration /NOs
2/28
75 Strategy for Institutionalizing CMT
5/30
76 Guidelines for grant proposals
9/1
77 NO Visits
Project CMTT Credit/MED DIP
Date 12/31/96
Task
Progress
Milestone
Summary
Rolled Up Task
Rolled Up Milestone
Rolled Up Progress



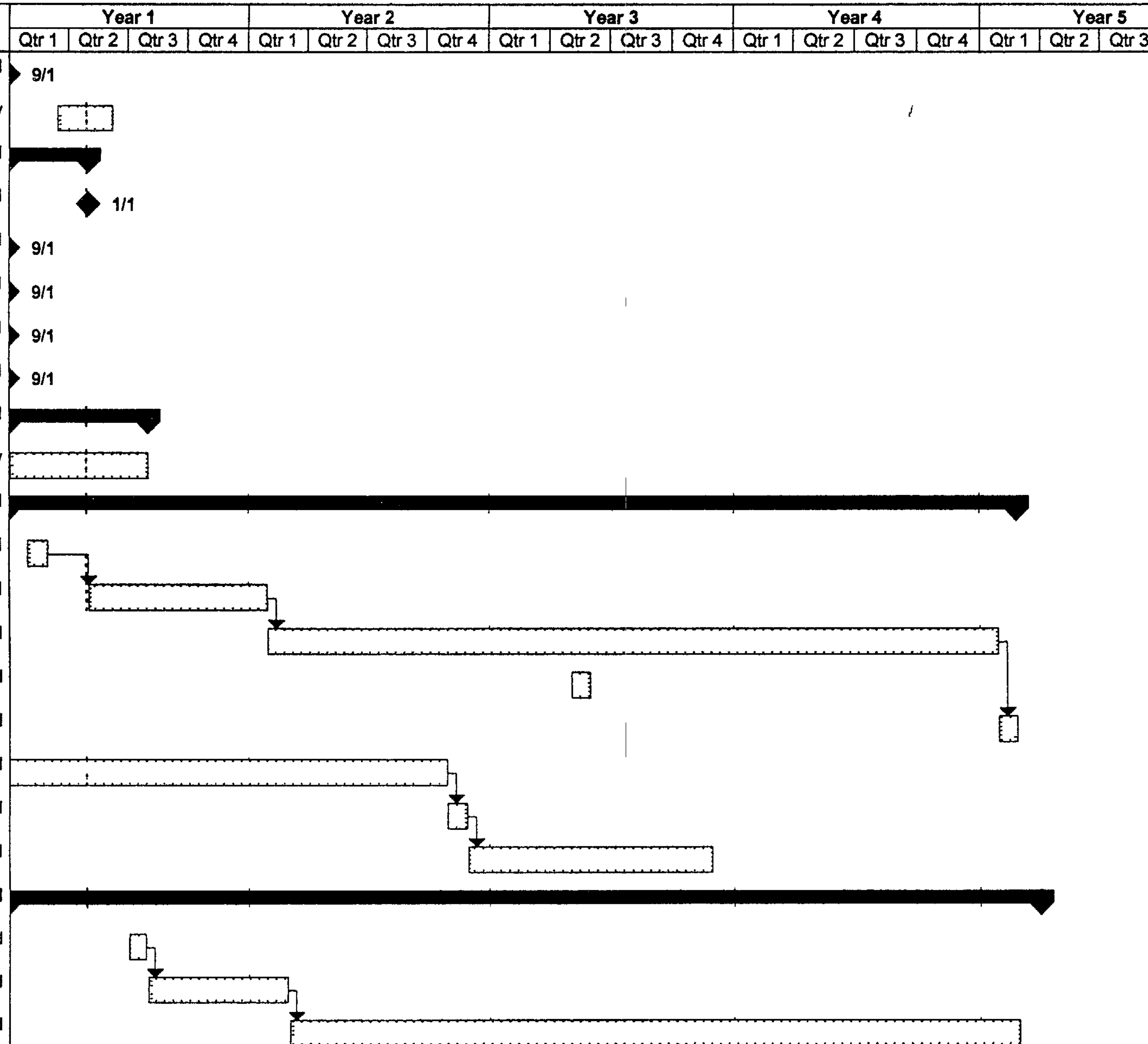
Annex A2

| | | Year 1 | | | | Year 2 | | | | Year 3 | | | | Year 4 | | | | Year 5 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ID | Task Name | Qtr 1 | Qtr 2 | Qtr 3 | Qtr 4 | Qtr 1 | Qtr 2 | Qtr 3 | Qtr 4 | Qtr 1 | Qtr 2 | Qtr 3 | Qtr 4 | Qtr 1 | Qtr 2 | Qtr 3 | Qtr 4 | Qtr 1 | Qtr 2 | Qtr 3 | Qtr 4 | Qtr 1 |
| 93 | IH Visits | | | | | | | | | | | | | | | | | | | | | |

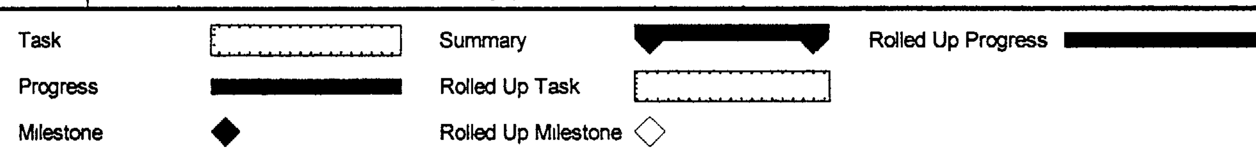
Project CMTT Credit/MED DIP
Date 12/31/96

Task
Progress
Milestone
Summary
Rolled Up Task
Rolled Up Milestone
Rolled Up Progress

| ID | Task Name | Duration |
|---|---|---|
| 1 | Implementation Phase begins | 0d |
| 2 | Finalize implemenation plan | 12w |
| 3 | **Staffing** | **88d** |
| 4 | Appoint National Coordin | 0d |
| 5 | Appoint Tarija Coordinato | 0d |
| 6 | Appoint Sucre Coordinatc | 0d |
| 7 | Appoint Sta Cruz Coordin | 0d |
| 8 | Appoint Altiplano Coordin | 0d |
| 9 | **Systems Development** | **150d** |
| 10 | Management Info System | 30w |
| 11 | **Partnerships Tarija** | **1087d** |
| 12 | Baseline survey | 23d |
| 13 | Selection NGO partners | 195d |
| 14 | Rural Credit project | 783d |
| 15 | Mid term evaluation | 21d |
| 16 | Final evaluation | 21d |
| 17 | Pro Mujer project | 478d |
| 18 | Final evaluation | 22d |
| 19 | Possible follow-on project | 261d |
| 20 | **Partnerships-Sucre** | **1111d** |
| 21 | Baseline survey | 20d |
| 22 | Selection NGO partners | 153d |
| 23 | Rural credit project | 782d |




Project PLAN Bolivia DIP 1996-2001
Date 12/27/96

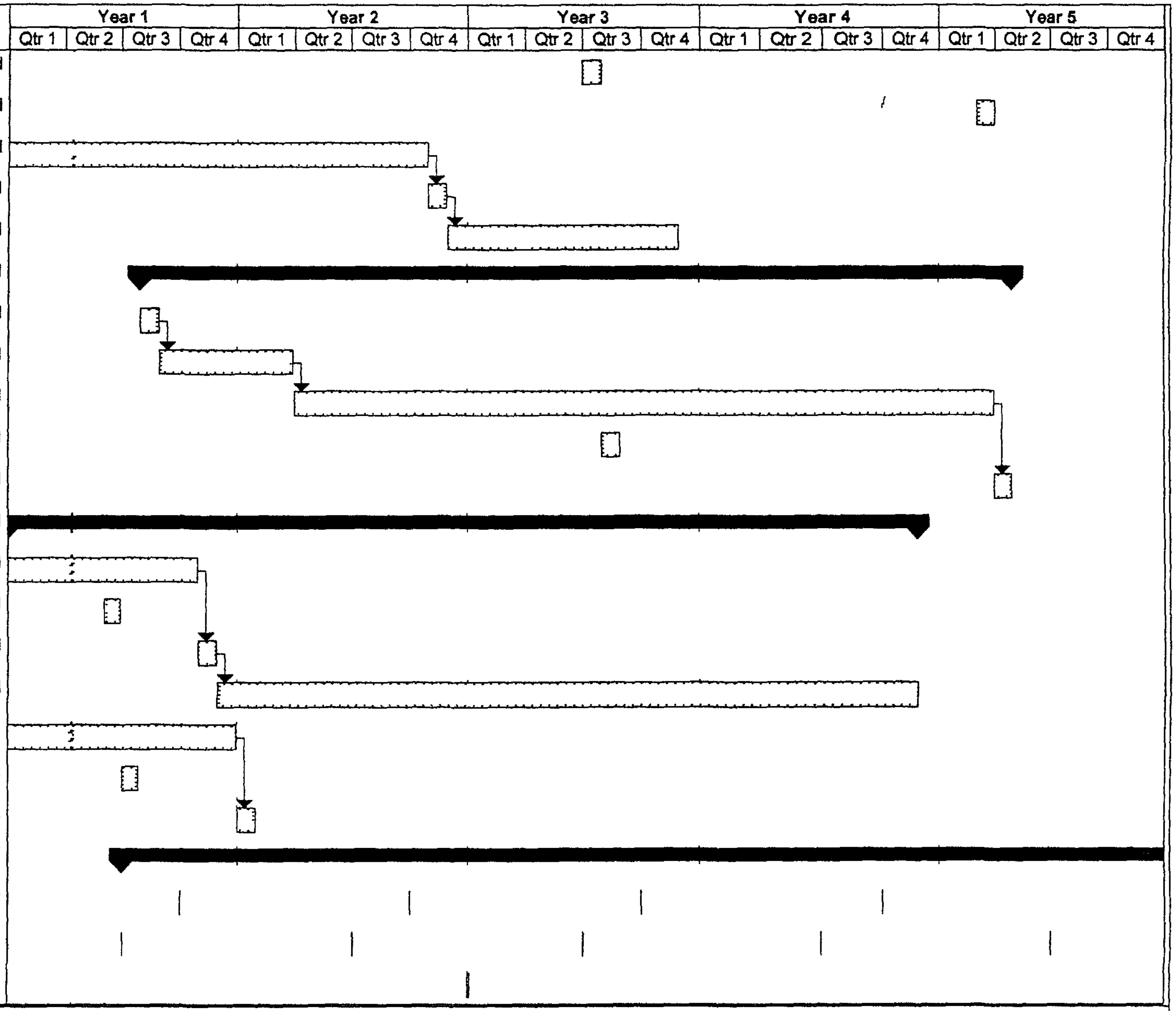



Annex A3



52

| ID | Task Name | Duration |
|---|---|---|
| 24 | Mid term evaluation | 22d |
| 25 | Final evaluation | 22d |
| 26 | Pro Mujer project | 478d |
| 27 | Final evaluation | 22d |
| 28 | Possible follow-on project | 261d |
| 29 | **Partnerships - Santa Cruz** | **980d** |
| 30 | Baseline survey | 22d |
| 31 | Selection NGO partners | 152d |
| 32 | Rural credit project | 785d |
| 33 | Mid term evaluation | 22d |
| 34 | Final evaluation | 21d |
| 35 | **Partnerships Altiplano** | **1022d** |
| 36 | Crecer project | 217d |
| 37 | Due diligence Crecer | 20d |
| 38 | Final evaluation Crecer | 22d |
| 39 | Possible follow-on project | 782d |
| 40 | Sartawi project | 261d |
| 41 | Sartawi due diligence | 20d |
| 42 | Final evaluation Sartawi | 22d |
| 43 | **Training** | **2088d** |
| 44 | **Credit trng - Nat l Coord** | **785d** |
| 49 | **National Credit Commit** | **2088d** |
| 59 | Regional Conference | 4d |



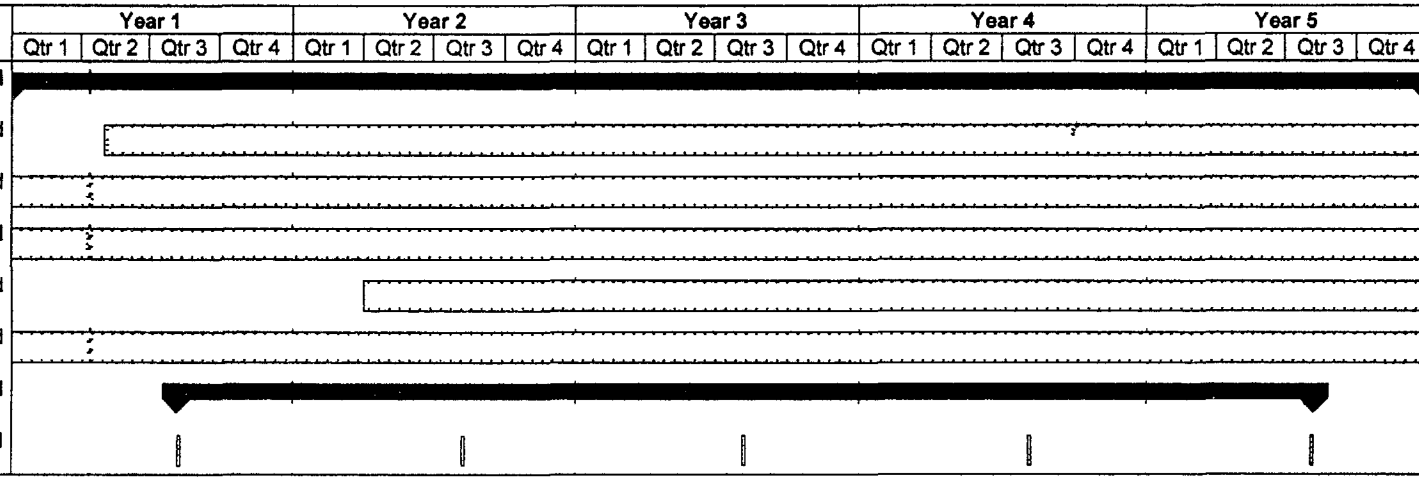

Project Credit/MED Detailed Implemen
Date 12/12/96

Task
Progress
Milestone
Summary
Rolled Up Task
Rolled Up Milestone
Rolled Up Progress



63

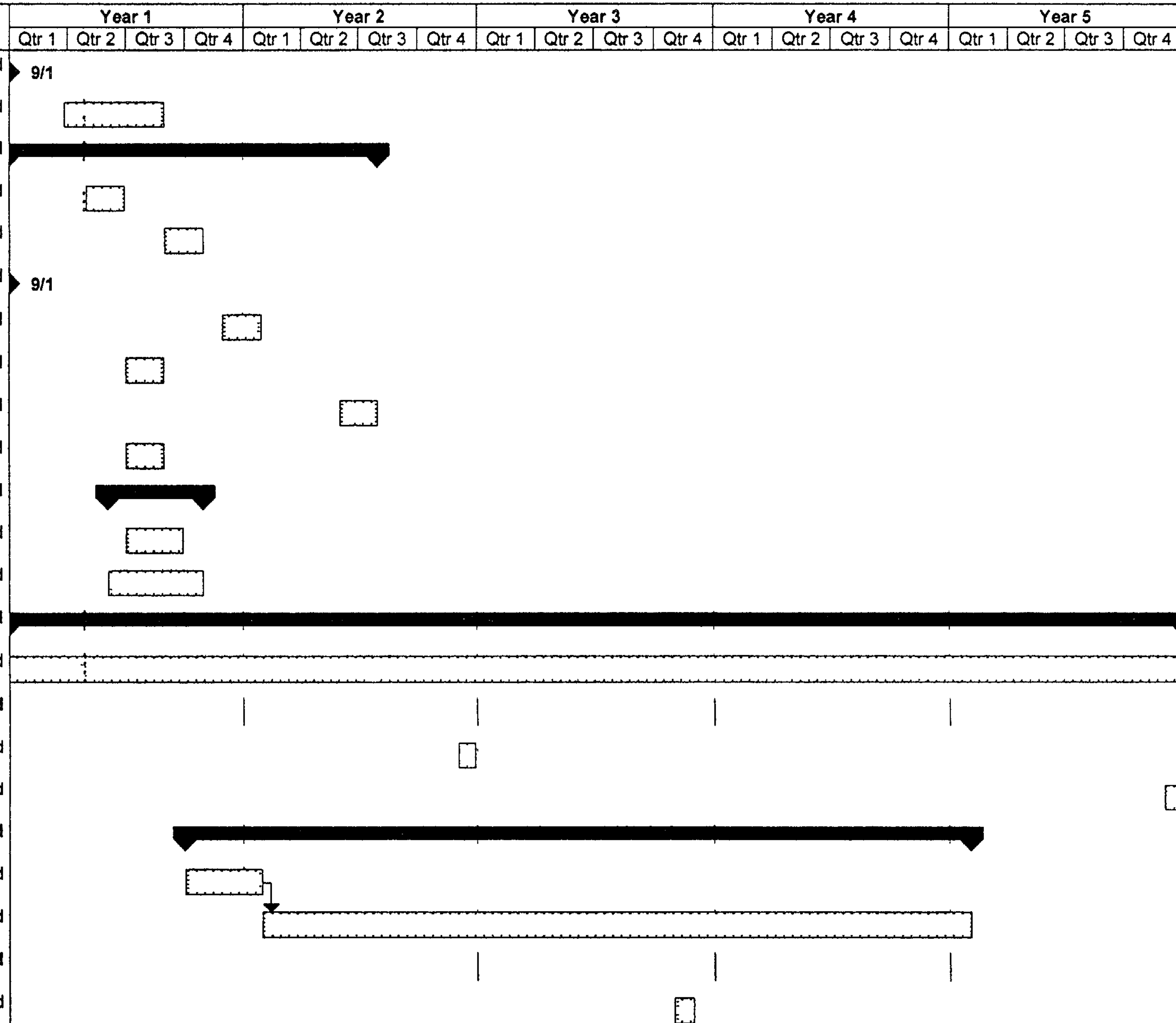
| ID | Task Name | Duration |
|---|---|---|
| 60 | **Project Monitoring** | **1306d** |
| 61 | National Coordinator | 1218d |
| 62 | Coordinator Tarija | 1306d |
| 63 | Coordinator Sucre | 1306d |
| 64 | Coordinator Santa Cruz | 980d |
| 65 | Coordinator Altiplano | 1306d |
| 66 | **Regional Assistance** | **1046d** |
| 67 | **Visits within region** | **1046d** |




Project: Credit/MED Detailed Implemen
Date: 12/12/96

Task | Summary | Rolled Up Progress
Progress | Rolled Up Task
Milestone | Rolled Up Milestone

| ID | Task Name | Duration |
|---|---|---|
| 1 | Project Implementation begins | 0d |
| 2 | Finalize implementation plan | 111d |
| 3 | **Staffing** | **414d** |
| 4 | Hire National Coordinator | 43d |
| 5 | Progresso Credit Coord | 43d |
| 6 | Progresso EJ Coord | 0d |
| 7 | Zacapa Credit Coord | 43d |
| 8 | Zacapa EJ Coord | 43d |
| 9 | Amatitlan Credit Coord | 43d |
| 10 | Amatitlan EJ Coord | 43d |
| 11 | **Systems Development** | **106d** |
| 12 | Credit/MED Survey | 65d |
| 13 | Management Info System | 106d |
| 14 | **Partnerships All FOs** | **1305d** |
| 15 | Empressarios Juveniles | 1305d |
| 16 | Yearly reviews | **785d** |
| 21 | Mid term evaluation | 20d |
| 22 | Final evaluation | 22d |
| 23 | **Partnerships Progresso** | **872d** |
| 24 | Feasibility study | 87d |
| 25 | Apropa | 785d |
| 26 | Yearly reviews | **524d** |
| 30 | Mid term evaluation | 22d |



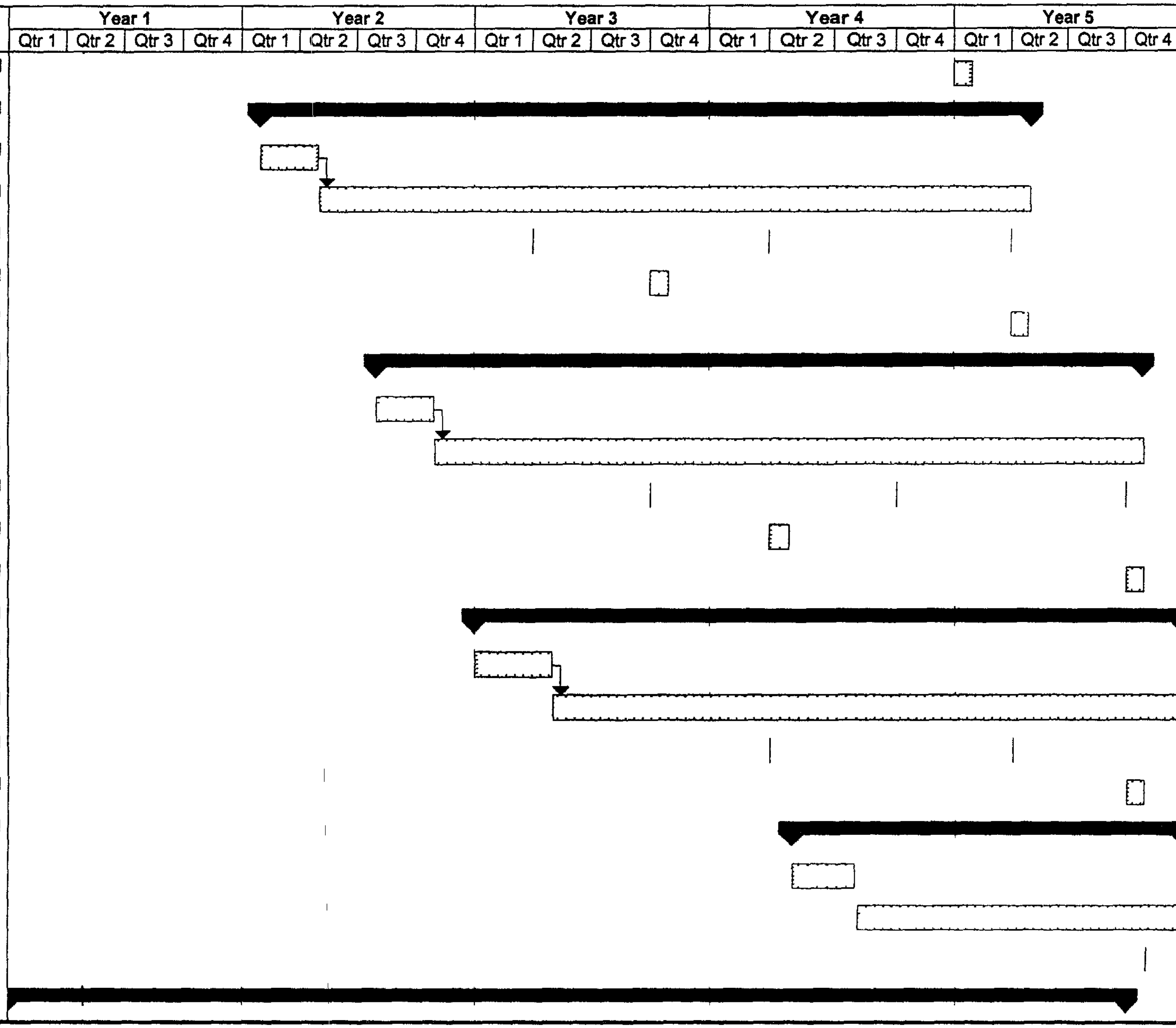

Project. PLAN Guatemala DIP
Date 12/27/96

Task
Progress
Milestone
Summary
Rolled Up Task
Rolled Up Milestone
Rolled Up Progress



Annex A4

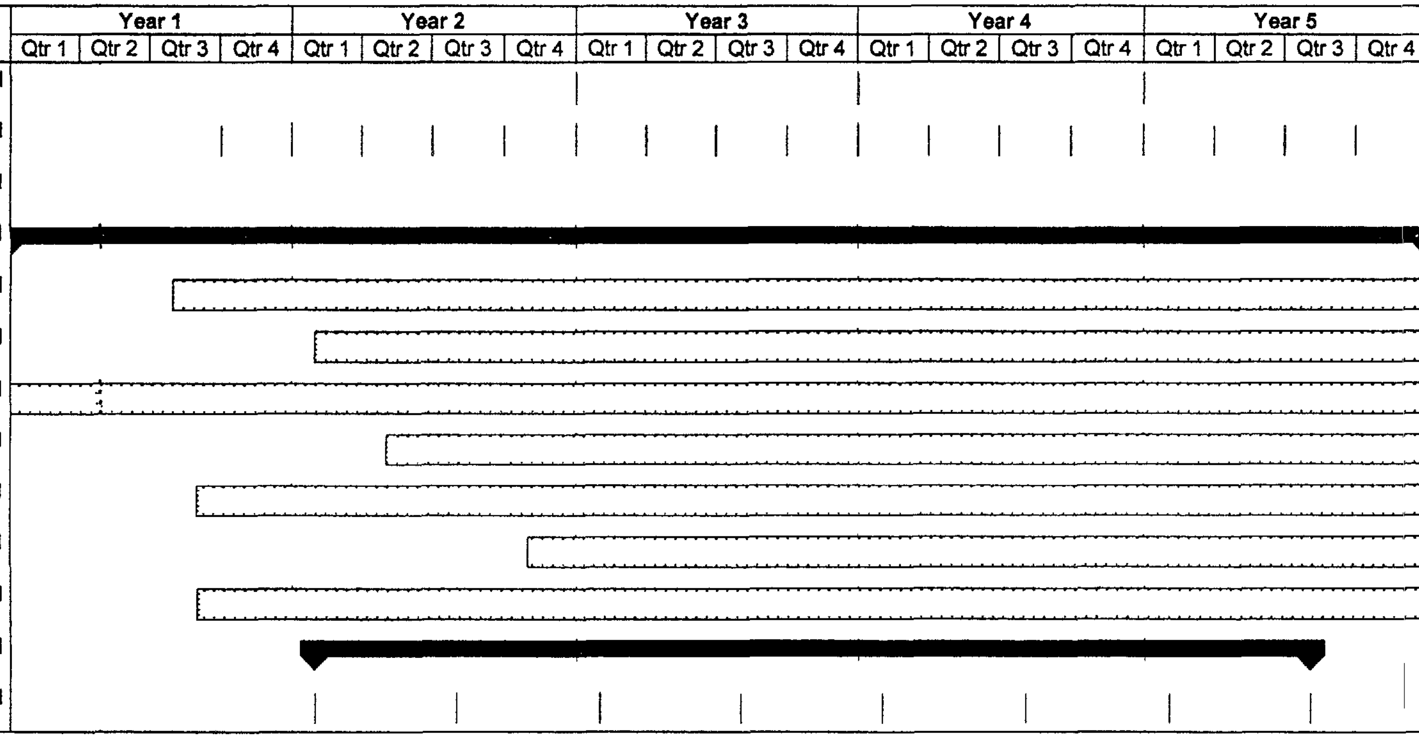
| ID | Task Name | Duration |
|---|---|---|
| 31 | Final evaluation | 21d |
| 32 | **Partnerships Zacapa** | **849d** |
| 33 | Feasibility study | 65d |
| 34 | Genesis | 783d |
| 35 | Yearly reviews | 524d |
| 39 | Mid term evaluation | 22d |
| 40 | Final evaluation | 21d |
| 41 | **Partnerships Amatitlan** | **848d** |
| 42 | Feasibility study | 65d |
| 43 | Rural credit project | 783d |
| 44 | Yearly reviews | 524d |
| 48 | Mid term evaluation | 22d |
| 49 | Final evaluation | 21d |
| 50 | **Partnerships - Baja Verapaz** | **783d** |
| 51 | Feasibility study | 87d |
| 52 | Rural credit project | 695d |
| 53 | Yearly reviews | 263d |
| 56 | Mid term evaluation | 21d |
| 57 | **Partnerships Jalapan** | **434d** |
| 58 | Feasibility study | 64d |
| 59 | Rural credit project | 369d |
| 60 | Yearly reviews | 1d |
| 62 | **Training** | **1241d** |




Project. PLAN Guatemala DIP
Date 12/27/96

Task | Summary | Rolled Up Progress
Progress | Rolled Up Task
Milestone | Rolled Up Milestone

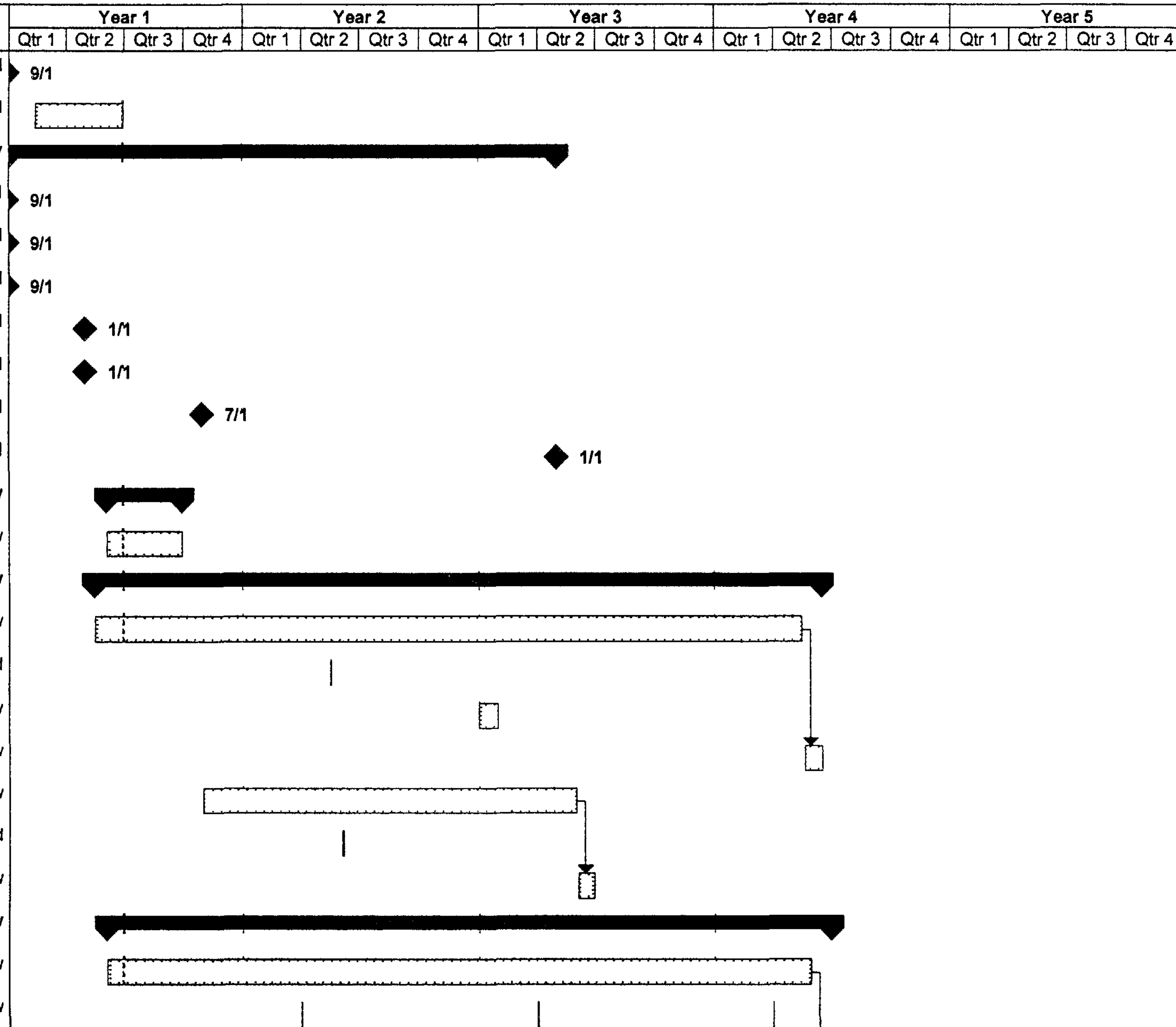
| ID | Task Name | Duration |
|---|---|---|
| 63 | Credit trng Nat Coord | 524d |
| 67 | Coordinator meetings | 1045d |
| 85 | Regional Conference | 1d |
| 86 | **Project Monitoring** | **1305d** |
| 87 | National Coordinator | 1153d |
| 88 | Credit Coord Progresso | 1022d |
| 89 | EJ Coord Progresso | 1305d |
| 90 | Credit Coord Zacapa | 956d |
| 91 | EJ Coord Zacapa | 1131d |
| 92 | Credit Coord Amatitlan | 827d |
| 93 | EJ CoordAmatitlan | 1131d |
| 94 | **Regional Assistance** | **914d** |
| 95 | Coord regional visits | 914d |




Project PLAN Guatemala DIP
Date 12/27/96

| | | | | | |
|---|---|---|---|---|---|
| Task | | Summary | | Rolled Up Progress | |
| Progress | | Rolled Up Task | | | |
| Milestone | | Rolled Up Milestone | | | |

| ID | Task Name | Duration |
|---|---|---|
| 1 | Implementation Phase begins | 0d |
| 2 | Finalize implementation plan | 99d |
| 3 | **Staffing** | 121 8w |
| 4 | Nat l Coord on board | 0d |
| 5 | Embu Coord on board | 0d |
| 6 | Meru Coord on board | 0d |
| 7 | Kiambu Coord on board | 0d |
| 8 | Taita Coord on board | 0d |
| 9 | Hire new Embu Coord | 0d |
| 10 | Kisumu Coord on board | 0d |
| 11 | **Systems development** | 17w |
| 12 | Managemento Info Syster | 17w |
| 13 | **Partnerships Embu** | 160 8w |
| 14 | **Bimas** | 156 6w |
| 15 | First year review | 2d |
| 16 | Mid term evaluation | 4 4w |
| 17 | Final evaluation | 4w |
| 18 | **Parallel Credit Project** | 82 8w |
| 19 | First year review | 3d |
| 20 | Final evaluation | 4w |
| 21 | **Partnerships Kiambu** | 160 2w |
| 22 | **Faulu** | 156w |
| 23 | Yearly reviews | 104 6w |



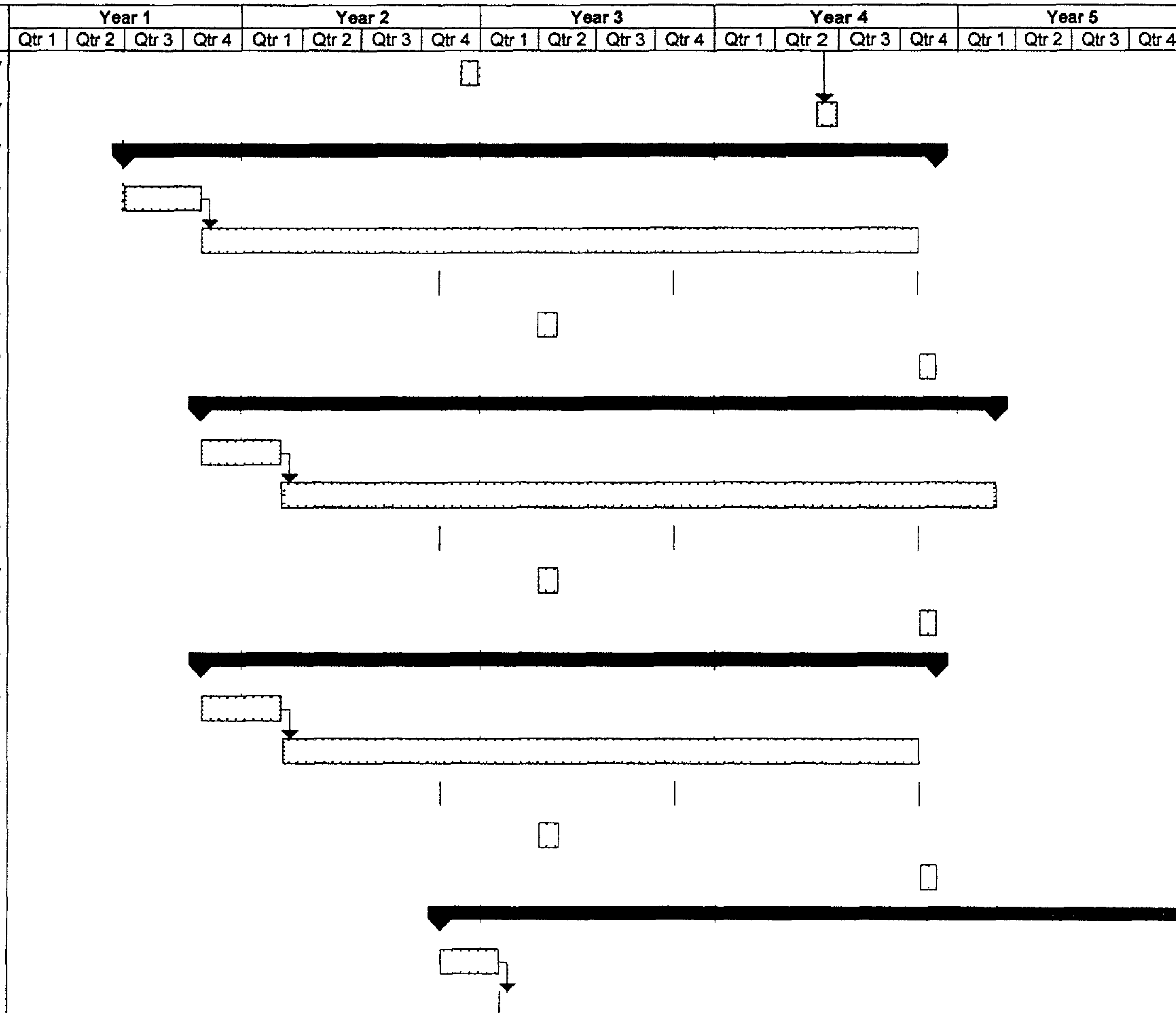

Project. PLAN Kenya Credit/MED DIP
Date 2/27/97

| | | | |
|---|---|---|---|
| Task | | Summary | |
| Progress | | Rolled Up Task | |
| Milestone | | Rolled Up Milestone | |
| Rolled Up Progress | | | |



Annex A5

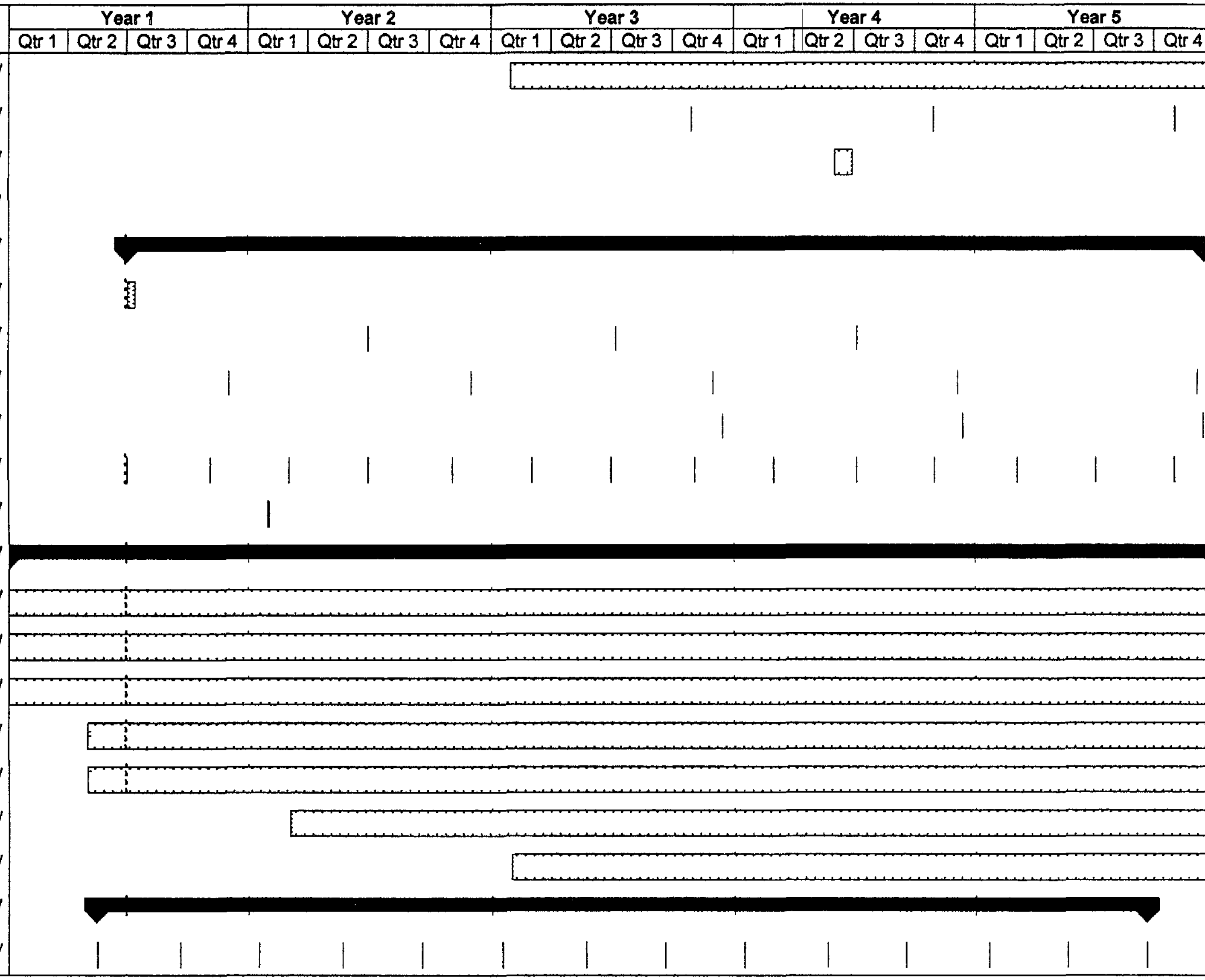
| ID | Task Name | Duration |
|---|---|---|
| 27 | Mid term evaluation | 4w |
| 28 | Final evaluation | 4 2w |
| 29 | **Partnerships Taita** | **178w** |
| 30 | Feasibility study | 17 2w |
| 31 | Rural credit project | 156 8w |
| 32 | Yearly reviews | 104 8w |
| 36 | Mid term evaluation | 4 4w |
| 37 | Final evaluation | 4w |
| 38 | **Partnerships Coast** | **174 4w** |
| 39 | Feasibility study | 17 6w |
| 40 | Rural credit project | 156 8w |
| 41 | Yearly reviews | 104 8w |
| 45 | Mid term evaluation | 4 4w |
| 46 | Final evaluation | 4w |
| 47 | **Partnerships Meru** | **160 8w** |
| 48 | Feasibility study | 17 6w |
| 49 | Rural credit project | 139w |
| 50 | Yearly reviews | 104 8w |
| 54 | Mid term evaluation | 4 4w |
| 55 | Final evaluation | 4w |
| 56 | **Partnerships Kisumu** | **166 4w** |
| 57 | Feasibility study | 13 2w |
| 58 | Rural credit project | 0 2w |




Project PLAN Kenya Credit/MED DIP
Date 2/27/97

Task
Progress
Milestone
Summary
Rolled Up Task
Rolled Up Milestone
Rolled Up Progress

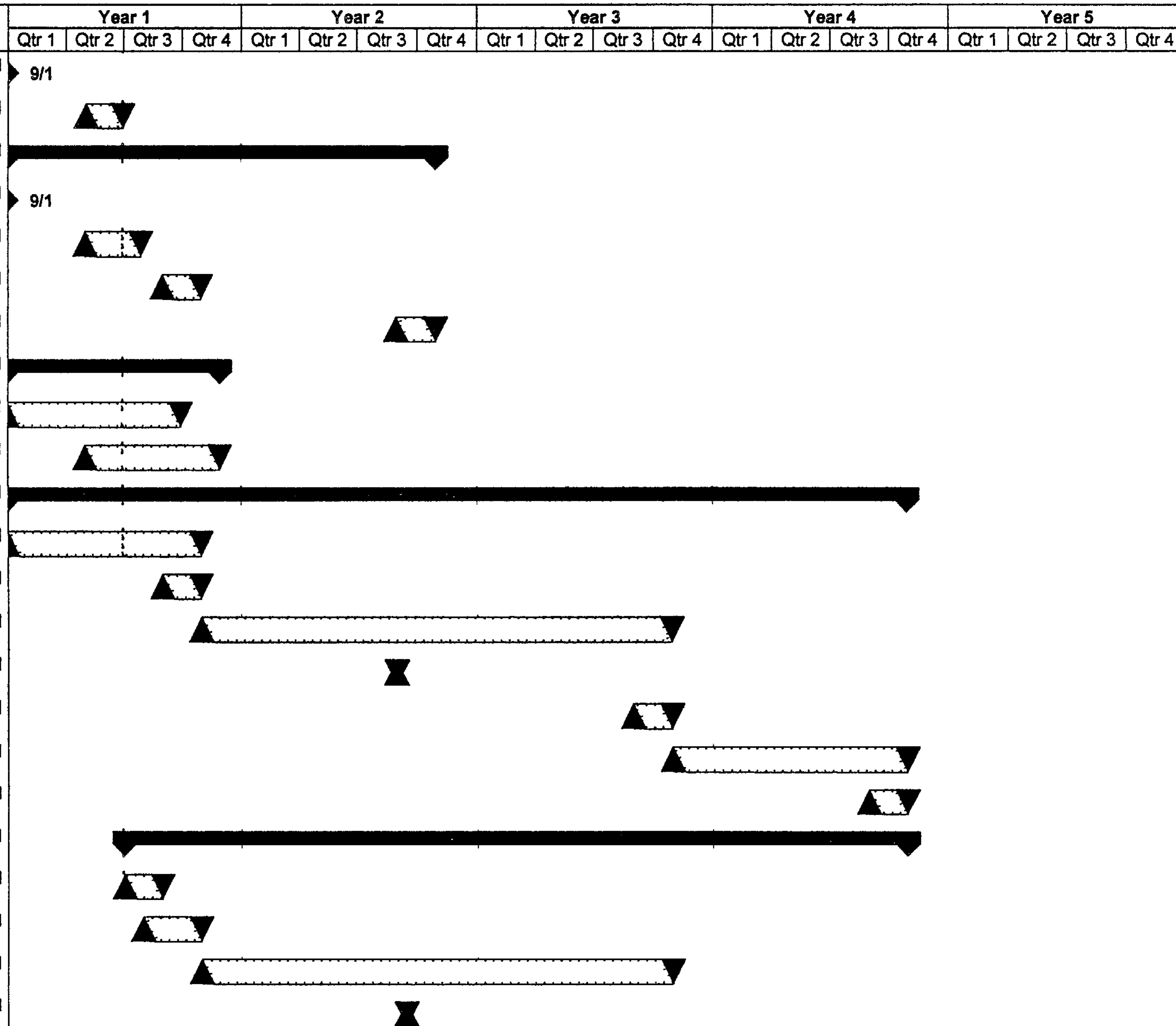
| ID | Task Name | Duration |
|---|---|---|
| 59 | Yearly reviews | 152 2w |
| 60 | Yearly reviews | 104 8w |
| 64 | Mid term evaluation | 4w |
| 65 | Final evaluation | 0 2w |
| 66 | **Training/networking** | **232 6w** |
| 67 | Nat Coord visit to Mali | 2w |
| 68 | Other cross visits | 105 2w |
| 72 | Nat coord training | 209 2w |
| 78 | Kenya staff workshops | 104 6w |
| 82 | Nat committee meetings | 226 2w |
| 97 | Regional Conference | 0 6w |
| 98 | **Project Monitoring** | **260 8w** |
| 99 | National coordinator | 260 8w |
| 100 | Embu | 260 8w |
| 101 | Meru | 260 8w |
| 102 | Kiambu | 243 4w |
| 103 | Taita | 243 4w |
| 104 | Coast | 199 8w |
| 105 | Kisumu | 152 2w |
| 106 | **Regional assistance** | **226 2w** |
| 107 | Nat coord reg visits | 226 2w |




Project: PLAN Kenya Credit/MED DIP
Date: 2/27/97

Task | Progress | Milestone | Summary | Rolled Up Task | Rolled Up Milestone | Rolled Up Progress

| ID | Task Name | Duration |
|---|---|---|
| 1 | Implementation Phase begins | 0d |
| 2 | Finalize implementation plan | 42d |
| 3 | **Staffing** | **477d** |
| 4 | Appoint national coordina | 0d |
| 5 | Hire Kangaba coordinator | 63d |
| 6 | Hire Banamba coordinato | 43d |
| 7 | Hire Kita coordinator | 43d |
| 8 | **Systems Development** | **238d** |
| 9 | Credit Institutional Survey | 195d |
| 10 | Management Info System | 151d |
| 11 | **Partnerships Kangaba** | **1001d** |
| 12 | CANEF pilot | 216d |
| 13 | Evaluation | 43d |
| 14 | CANEF Phase 2 | 522d |
| 15 | Project review | 1d |
| 16 | Final evaluation | 44d |
| 17 | CANEF Phase 3 | 262d |
| 18 | Final evalaution | 45d |
| 19 | **Partnerships Banamba** | **871d** |
| 20 | Identification partner | 43d |
| 21 | Feasibility study | 65d |
| 22 | Rural credit Phase 1 | 523d |
| 23 | Review | 1d |




Project PLAN Mali DIP 1996-2001
Date 2/27/97

| | | | | | |
|---|---|---|---|---|---|
| Task | | Summary | | Rolled Up Progress | |
| Progress | | Rolled Up Task | | | |
| Milestone | | Rolled Up Milestone | | | |



Annex A6

| ID | Task Name | Duration |
|---|---|---|
| 24 | Evaluation | 44d |
| 25 | Rural credit Phase 2 | 262d |
| 26 | Evaluation | 45d |
| 27 | **Partnerships Kita Kourou** | **1305d** |
| 28 | Identify partner | 44d |
| 29 | Feasibility study | 65d |
| 30 | Rural credit Phase 1 | 524d |
| 31 | Project review | 1d |
| 32 | Evaluation | 45d |
| 33 | Rural credit Phase 2 | 304d |
| 34 | Evalaution | 1d |
| 35 | **Training** | **1108d** |
| 36 | Nat Coord Microcredit | 6d |
| 37 | Nat coord English | 34d |
| 38 | Nat Coord credit training | 525d |
| 42 | Formation nat l credit com | 21d |
| 43 | Local staff training | 958d |
| 56 | Third party training | 786d |
| 61 | Regional conference | 4d |
| 62 | **Project Monitoring** | **1305d** |
| 63 | Kangaba | 1044d |
| 64 | Banamba | 785d |
| 65 | Kita Kourou | 828d |

Year 1 | Year 2 | Year 3 | Year 4 | Year 5 — Qtr 1 | Qtr 2 | Qtr 3 | Qtr 4

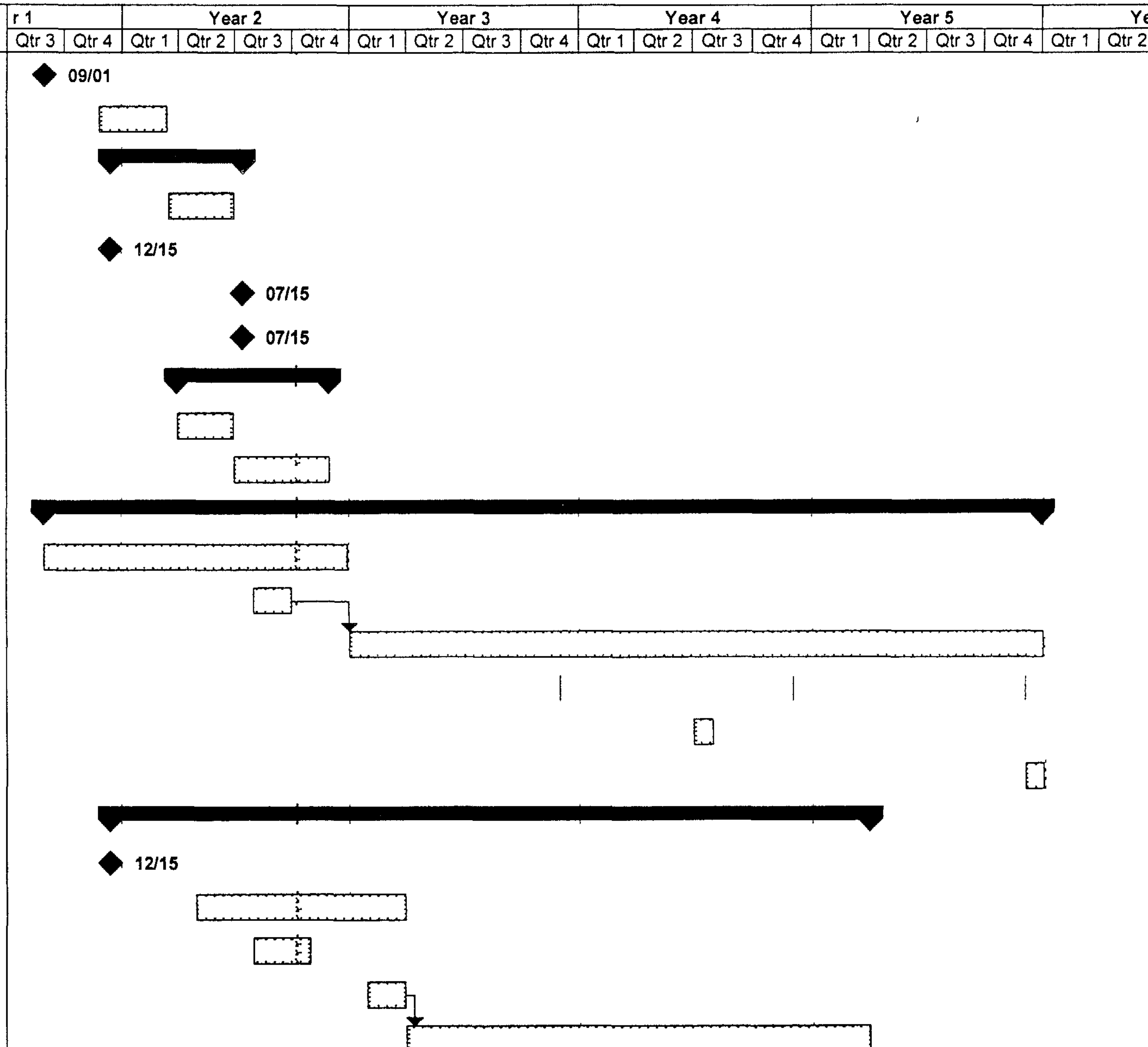
Project PLAN Mali DIP 1996-2001
Date 2/27/97

Task | Summary | Rolled Up Progress
Progress | Rolled Up Task
Milestone | Rolled Up Milestone



62

| ID | Task Name | Duration |
|---|---|---|
| 1 | Project Implementation begins | 0d |
| 2 | Finalize implementation plan | 78d |
| 3 | **Staffing** | **151d** |
| 4 | Hire National Coordinator | 76d |
| 5 | Hire Biratnagar Coordinat | 0d |
| 6 | Hire Rautahut Coordinato | 0d |
| 7 | Hire Banke Coordinator | 0d |
| 8 | **Systems Development** | **174d** |
| 9 | Credit/MED Survey | 65d |
| 10 | Management Info System | 109d |
| 11 | **Partnerships Biratnagar** | **1131d** |
| 12 | Grameen Phase I | 348d |
| 13 | Evaluation | 44d |
| 14 | Grameen Phase II | 782d |
| 15 | **Yearly reviews** | **524d** |
| 19 | Mid term evaluation | 22d |
| 20 | Final evaluation | 21d |
| 21 | **Partnerships Rautahut** | **859d** |
| 22 | Deprosc assessment | 0d |
| 23 | Deprosc Phase II | 239d |
| 24 | Sustainability planning | 65d |
| 25 | Evaluation | 42d |
| 26 | Rural Credit Phase III | 522d |




Project PLAN Nepal DIP
Date 10/08/97

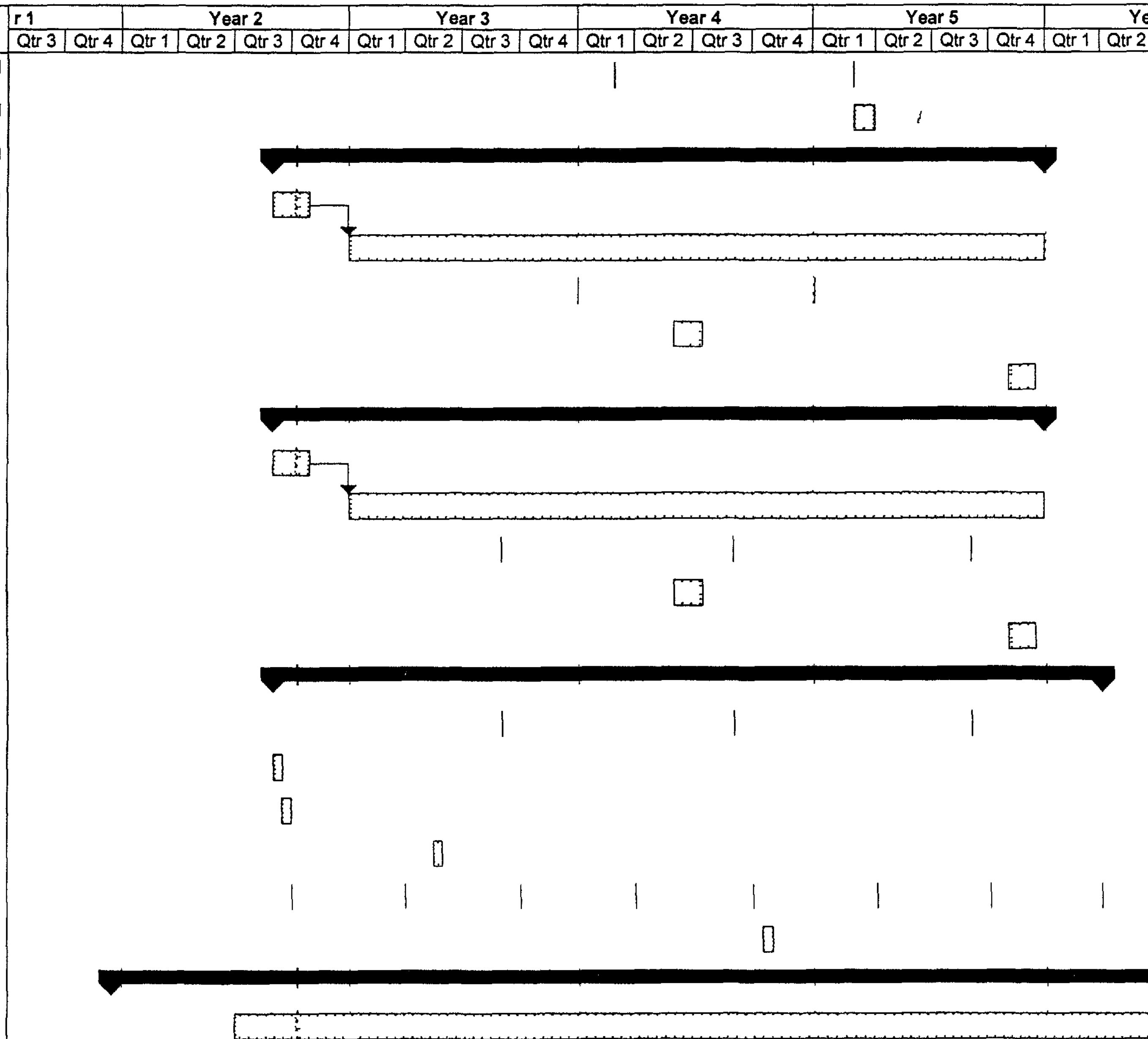
| | | | | | |
|---|---|---|---|---|---|
| Task | | Summary | | Rolled Up Progress | |
| Progress | | Rolled Up Task | | | |
| Milestone | ◆ | Rolled Up Milestone | | | |

Annex A7



63

| ID | Task Name | Duration |
|---|---|---|
| 27 | Yearly reviews | 263d |
| 30 | Final evaluation | 22d |
| 31 | **Partnerships - Banke** | **870d** |
| 32 | Feasibility study | 44d |
| 33 | Rural credit project | 782d |
| 34 | Yearly reviews | 262d |
| 37 | Mid term evaluation | 33d |
| 38 | Final evaluation | 33d |
| 39 | **Partnerships Bara** | **870d** |
| 40 | Feasibility study | 44d |
| 41 | Rural credit project | 782d |
| 42 | Yearly reviews | 524d |
| 46 | Mid term evaluation | 33d |
| 47 | Final evaluation | 33d |
| 48 | **Training** | **936d** |
| 49 | Credit trng Nat Coord | 524d |
| 53 | Credit/MED workshop | 11d |
| 54 | Form national credit comr | 12d |
| 55 | Methods for non financ s | 11d |
| 56 | Coordinator mtgs/trng | 914d |
| 65 | Regional Conference | 11d |
| 66 | **Project Monitoring** | **1229d** |
| 67 | National Coordinator | 1088d |




Project PLAN Nepal DIP
Date 10/08/97

Task
Progress
Milestone
Summary
Rolled Up Task
Rolled Up Milestone
Rolled Up Progress

| ID | Task Name | Duration |
|---|---|---|
| 68 | Biratnagar | 1229d |
| 69 | Rautahut | 1078d |
| 70 | Banke | 1078d |
| 71 | Bara | 1078d |
| 72 | **Regional Assistance** | **913d** |
| 73 | Coord regional visits | 913d |

Project PLAN Nepal DIP
Date 10/08/97

Task
Summary
Rolled Up Progress
Progress
Rolled Up Task
Milestone
Rolled Up Milestone

| r 6 | | Year 7 | | | | Year 8 | | | | Year 9 | | | | Year 10 | | | | Year 11 | | | | Year 12 | | | | Ye | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Qtr 3 | Qtr 4 | Qtr 1 | Qtr 2 | Qtr 3 | Qtr 4 | Qtr 1 | Qtr 2 | Qtr 3 | Qtr 4 | Qtr 1 | Qtr 2 | Qtr 3 | Qtr 4 | Qtr 1 | Qtr 2 | Qtr 3 | Qtr 4 | Qtr 1 | Qtr 2 | Qtr 3 | Qtr 4 | Qtr 1 | Qtr 2 | Qtr 3 | Qtr 4 | Qtr 1 | Qtr 2 |

Project PLAN Nepal DIP
Date 10/08/97

Task

Progress

Milestone

Summary

Rolled Up Task

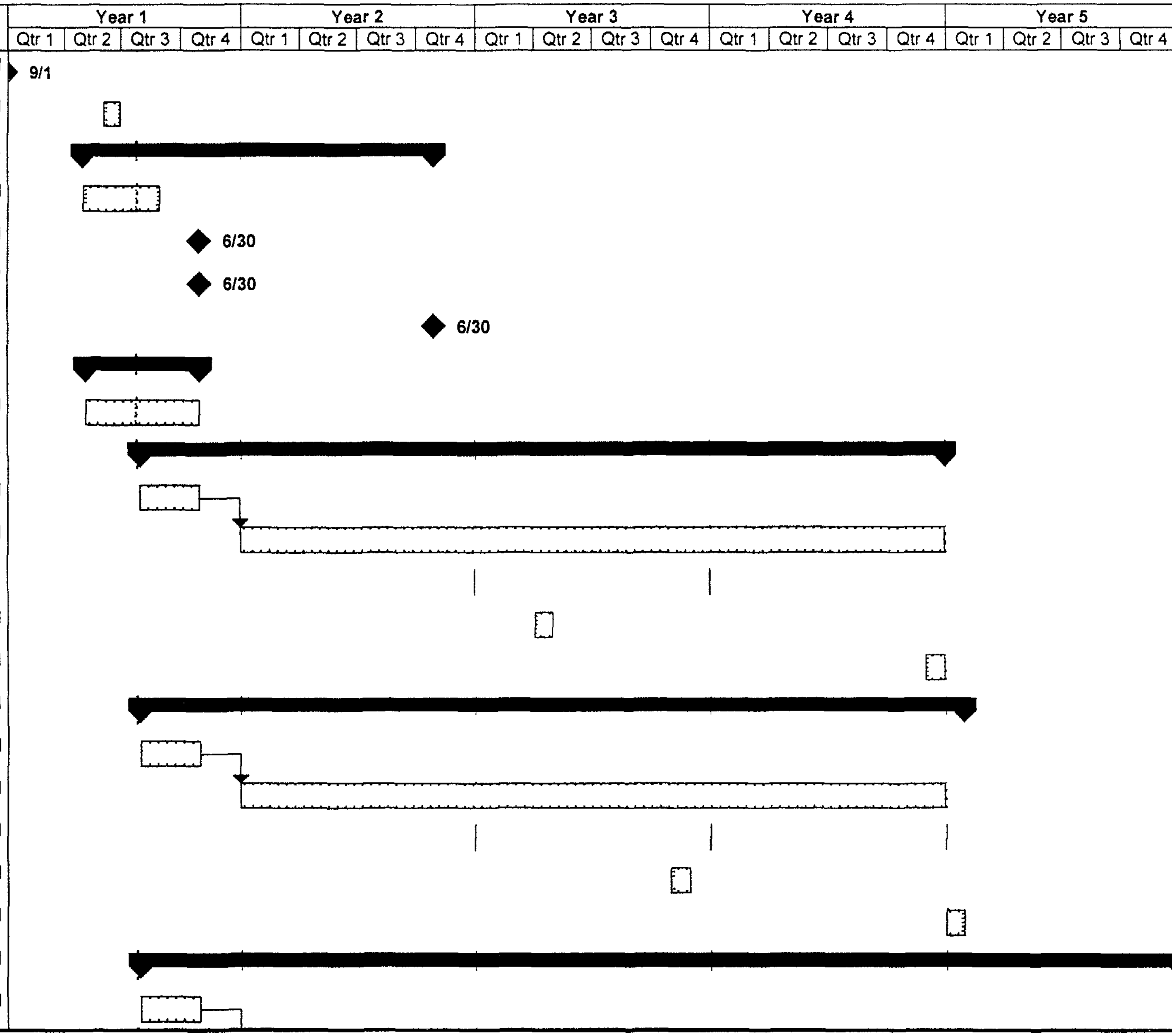
Rolled Up Milestone

Rolled Up Progress



68

| ID | Task Name | Duration |
|---|---|---|
| 1 | Project Implementation begins | 0d |
| 2 | Finalize implementation plan | 20d |
| 3 | **Staffing** | **389d** |
| 4 | Hire National Coordinator | 86d |
| 5 | Hire South Philip Coord | 0d |
| 6 | Hire South Luzon Coord | 0d |
| 7 | Hire Centr Luzon Coord | 0d |
| 8 | **Systems Development** | **126d** |
| 9 | Management Info System | 126d |
| 10 | **Partnerships Marinduque** | **892d** |
| 11 | Feasibility study | 65d |
| 12 | CARD Rural Credit | 783d |
| 13 | Yearly reviews | **262d** |
| 16 | Mid term evaluation | 20d |
| 17 | Final evaluation | 22d |
| 18 | **Partnerships Calapan** | **914d** |
| 19 | Feasibility study | 65d |
| 20 | CARD Rural Credit | 783d |
| 21 | Yearly reviews | **524d** |
| 25 | Mid term evaluation | 22d |
| 26 | Final evaluation | 21d |
| 27 | **Partnerships Bicol** | **1153d** |
| 28 | Feasibility study | 65d |

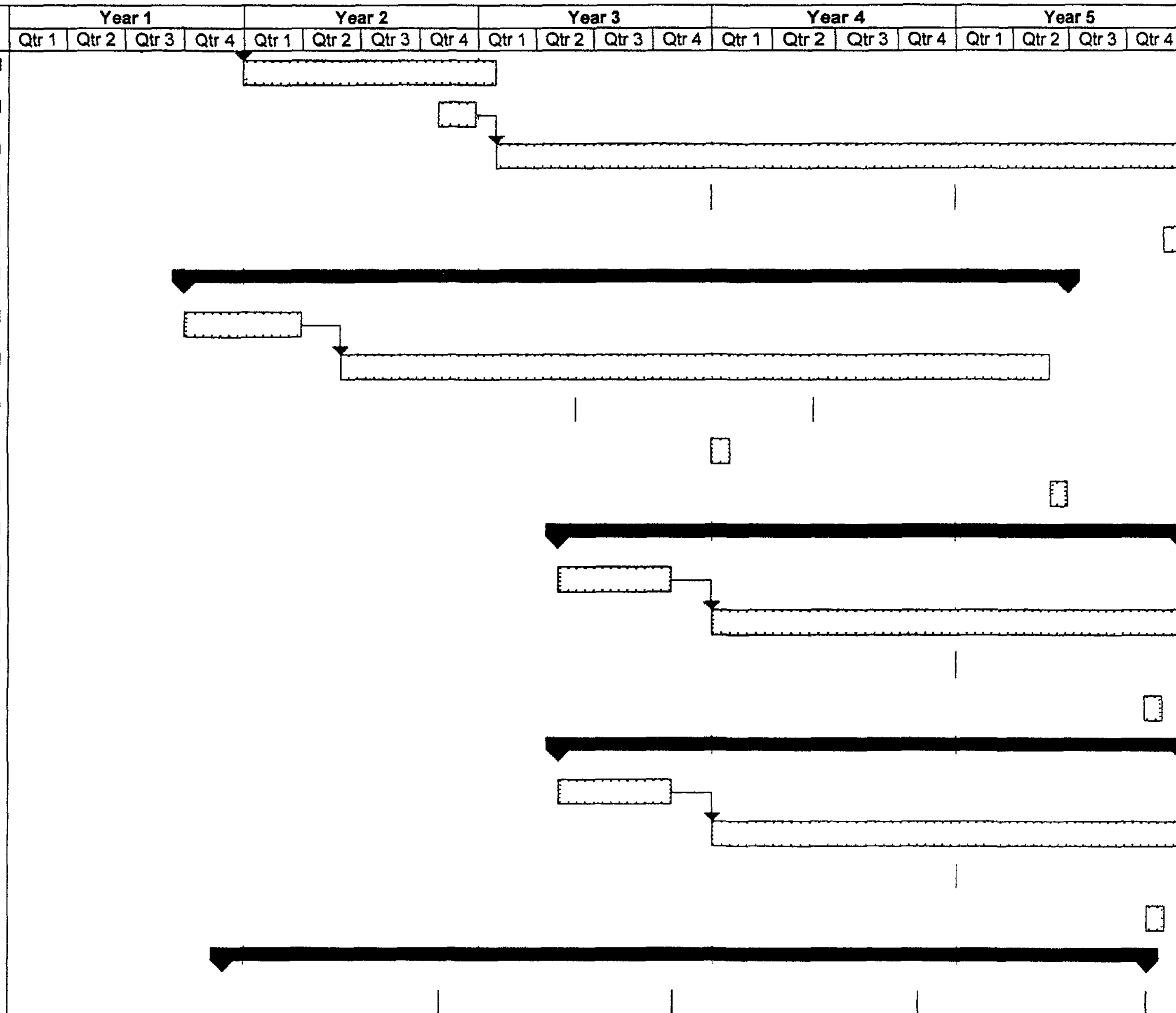



Project PLAN Philippines DIP
Date 3/25/97

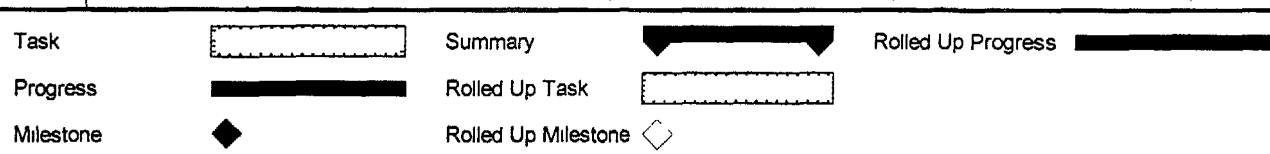
Task
Progress
Milestone
Summary
Rolled Up Task
Rolled Up Milestone
Rolled Up Progress

Annex A8

| ID | Task Name | Duration |
|---|---|---|
| 29 | BCDC Rural Credit I | 283d |
| 30 | Final evaluation | 43d |
| 31 | BCDC Phase II | 761d |
| 32 | Yearly reviews | 263d |
| 35 | Final evaluation | 22d |
| 36 | **Partnerships Urban** | **978d** |
| 37 | Feasibility study | 130d |
| 38 | Urban credit project | 782d |
| 39 | Yearly reviews | 261d |
| 42 | Mid term evaluation | 22d |
| 43 | Final evaluation | 20d |
| 44 | **Partnerships New Prog I** | **694d** |
| 45 | Feasibility study | 128d |
| 46 | Rural credit project | 522d |
| 47 | Yearly reviews | 1d |
| 49 | Mid term evaluation | 21d |
| 50 | **Partnerships New Prog II** | **694d** |
| 51 | Feasibility study | 128d |
| 52 | Rural credit project | 522d |
| 53 | Yearly reviews | 1d |
| 55 | Mid term evaluation | 21d |
| 56 | **Training** | **1022d** |
| 57 | Credit trng Nat Coord | 784d |



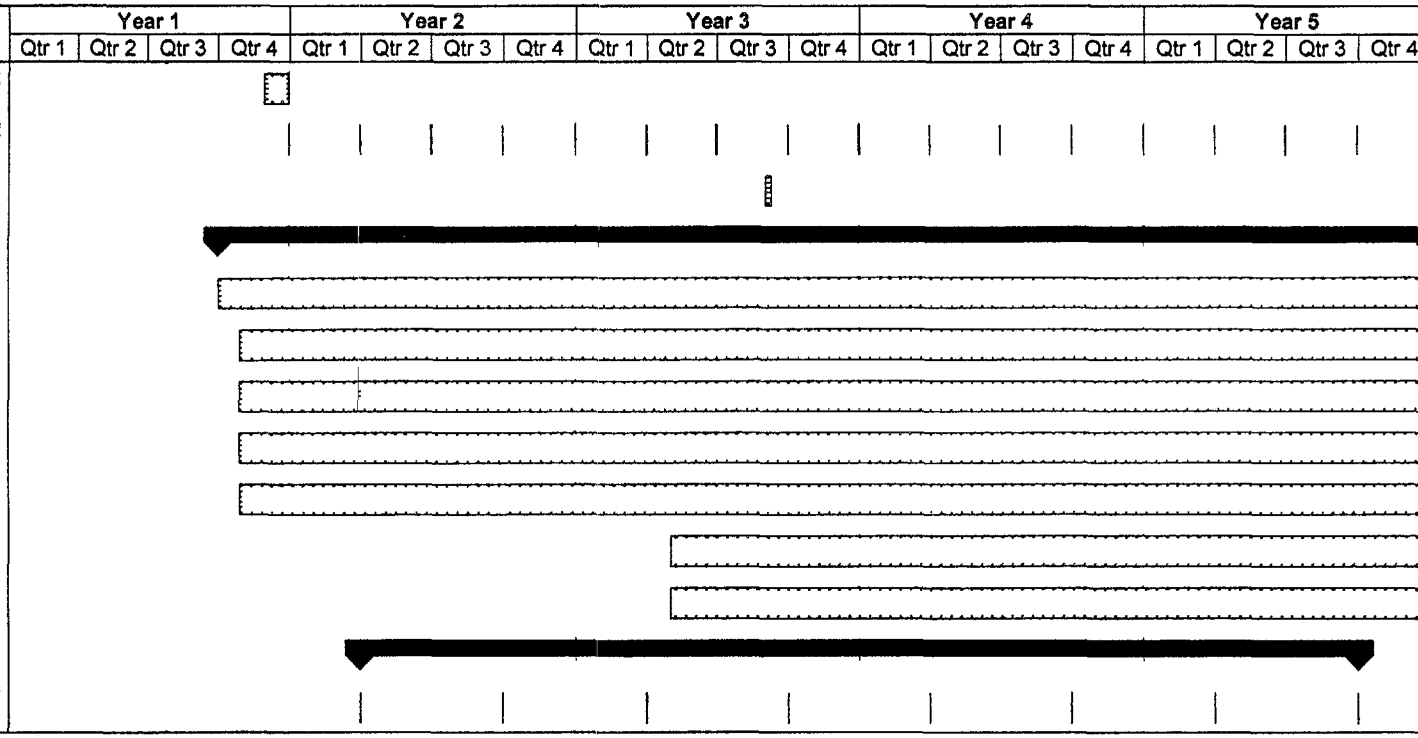

Project PLAN Philippines DIP
Date 3/25/97






58

| ID | Task Name | Duration |
|---|---|---|
| 62 | Form national credit comr | 22d |
| 63 | Coordinator mtgs/trngs | **980d** |
| 80 | Regional Conference | 6d |
| 81 | **Project Monitoring** | **1109d** |
| 82 | National Coordinator | 1109d |
| 83 | Bicol | 1089d |
| 84 | Calapan | 1089d |
| 85 | Marinduque | 1089d |
| 86 | Urban | 1089d |
| 87 | New Prog Area I | 695d |
| 88 | New Prog Area II | 695d |
| 89 | **Regional Assistance** | **915d** |
| 90 | Regional visits | 915d |




Project PLAN Philippines DIP
Date 3/25/97

| | | | |
|---|---|---|---|
| Task | | Summary | |
| Progress | | Rolled Up Task | |
| Milestone | | Rolled Up Milestone | |
| Rolled Up Progress | | | |

**Summary of Indicators Included in CMTT Monitoring System for Portfolio Management and Institutional Capacity**

| COMPONENT | VARIABLE | INDICATOR |
|---|---|---|
| FINANCIAL SERVICES | CREDIT | (All credit and savings indicators disaggregated by gender) |
| | (outreach indicator) | Number of active clients<br>• % female<br>• % of PLAN families<br>• # with loans < $300 |
| | (outreach indicator) | Average initial loan size |
| | (outreach indicator) | Average loan size/average per capita GDP |
| | | Outstanding portfolio |
| | | Average outstanding balance |
| | SAVINGS | |
| | (outreach indicator) | Average savings balance<br>• disaggregate by gender |
| | (outreach indicator) | Number of savings accounts<br>• disaggregate by gender |
| | | Total savings |
| | | % increase/decrease in total savings |

| | | |
|---|---|---|
| INSTITUTIONAL SUSTAINABILITY | | |
| | FINANCIAL SUSTAINABILITY | Financial income<br>Performing assets |
| | | Loan loss provision<br>Average performing assets |
| | | Financial income<br>Operating expenses |
| | | Financial income<br>Financial + Operating Expense |
| | OPERATING EFFICIENCY | Operating expenses<br>Amount lent |
| | | Operating Expenses<br>Number of loans |
| | | Borrowers<br>Number of credit agents |
| | | Loans outstanding<br>Number of credit agents |
| | PORTFOLIO QUALITY | Payments in arrears<br>Value of loans outstanding |
| | | Loan balances in arrears<br>Value of loans outstanding |
| | | Amount written off<br>Average loans outstanding |
| | | Loan loss reserve<br>Value of loans outstanding |

| | | |
|---|---|---|
| | GOVERNANCE & ORGANIZATIONAL STRUCTURE | Vision |
| | | Business plan |
| | | Legal capacity governance & ownership structure |
| | | Organizational chart |
| | HUMAN RESOURCES | Staff recruitment and development systems |
| | | Job descriptions performance standards evaluation system & rewards |
| | | Personnel policies |
| | | Cores staff hired trained & capable |
| | | Board and CEO capacity |
| | | Board & CEO work together |
| | MANAGEMENT SYSTEMS | Accounting & portfolio MIS |
| | | Financial cash & portfolio management systems |
| | | Audit & internal control systems |
| | | Program monitoring & evaluation system |
| | | Operating manual |
| | | Financial & program planning |
| | RESOURCES | Donations |
| | | Loans |
| | | Covering costs with revenues |
| | PRODUCT & SERVICES | Written methodology |
| | | Financial services |
| | | Training services |
| | LINKAGES | Relations with donors |
| | | Relations with financial sector |
| | | Relations with government |
| | | Relations with partners |

## Socio-Economic Indicators

Some examples of the indicators each pilot site will be choosing from

Increased resources and assets

| Outcome | Indicator |
|---|---|
| Increased access to loans and savings opportunities | Percentage of PLAN communities that have access to loans and savings services from a financial institution |
| | Percentage of PLAN families that use financial services |
| Increased access to resources | Increased amount of cash or proxy resources available for household expenses or for investment in enterprise |
| | Good credit rating and eligibility for increasingly larger loans |
| | Separation of business expenses and household expenses |
| Increased savings and assets | Increased amount of cash savings |
| | Increased amount of assets that can be liquidated |
| | Increased ability to cope with unexpected reduction in income or increase in expenditures |
| | Increased ability to survive crises or disaster |

Increase in control over resources for women

| | |
|---|---|
| Improved self-esteem and self-confidence for women<br><br>*Definitions*<br><br>*Self-esteem how one values oneself and one's contribution and feels that others value contributions*<br><br>*Self-confidence sense of capacity or ability to do something and ability to manipulate environment* | Confidence in managing enterprise<br><br>Confidence in negotiating and interacting inside household and in marketplace<br><br>Increased community participation and decision-making<br><br>Increased access to and control over resources |
| Increased control over income and resources by women | What is purchased with household revenue?<br><br>Who makes the decisions?<br><br>Example of increases of control over resources for women are when they have<br>1 ) Equal or substantial influence or ability to make decisions about operation /management of enterprise<br>2 ) Control over use of loan and allocation of loan funds,<br>3 ) Control over revenues from the enterprise,<br>4 ) Equal or substantial influence in decisions regarding household expenses,<br>5 ) Ability to feel empowered or have influence when involved in dynamics of household decision making (arguments, winning arguments, negotiation, not subject to physical abuse),<br>6 ) Ability to make, or contribute substantially to, decisions about family or household debt,<br>7 ) Control or participate substantially in decisions regarding strategies for repayment of loans,<br>8 ) Control or participates substantially in decisions regarding allocation of |

| | |
|---|---|
| | household and enterprise resources,<br>9 ) Ownership of assets and resources<br>10 ) Access to and ability to use savings<br>11 ) Empowered relationships with external kin group, community and work environment/market (e g mobility, access to markets, bargaining power with suppliers, etc ) |

Benefits for children

| | |
|---|---|
| Nutrition and health for children | Change in status of meals for family (number of meals per day, type of food eaten, no discrepancy between feeding of boys and girls)<br><br>Number of sick days for family members for previous (?) months by gender, by age<br><br>Physical change in health of children (e g , body weight and height compared to average, body fat compared to average, etc )<br><br>*Note A list of indicators for diarrhea management and prevention, breastfeeding, infant/child feeding, and immunization is available upon request |
| Increased education for children | Increase in number of days spent in school for previous (?) months, by gender, by age<br><br>Increase in amount of expenditures directed for education<br><br>Increased knowledge of educational opportunities<br><br>Appreciation of the value of education for <u>all</u> children (girls as well as boys)<br><br>Ability to capitalize on educational opportunities |

| | |
|---|---|
| Prevention of child labor | No time previously devoted to school diverted to labor to produce income for family<br><br>Participation in enterprise activity does not interfere with overall well being and development of child<br><br>Improved economic stability for families reduces the necessity for children to be involved in economic activities |
| Habitat Improvements | Improvements made to living quarters<br><br>Increase in access to water<br><br>Improvements in sanitation<br><br>Acquisition of land |

Benefits at the enterprise level

| | |
|---|---|
| Increased business literacy for women | Knowledge of supply and demand of marketplace |
| | Ability to diversify products and enterprise activities |
| | Understanding of packaging, promotion and markup (if applicable) |
| | Ability to negotiate in marketplace |
| | Ability to work with and understand financial records |
| | Ability to manage finances |
| | Information about suppliers |
| | Ability to recognize and take advantage of opportunities (if desired) |
| | Ability to overcome barriers |
| | Ability to resist exploitation |
| | Awareness of appropriate technology |
| | Awareness of and access to cooperatives and networks (if applicable) |
| | Ability to do problem solving and long term strategic thinking |
| Increased net cash flow in business | Increased volume |
| | Increased value of goods |
| Increased net worth in microenterprise | Increased inventory |

## PROGRESS TOWARD OVERALL PROGRAM TARGETS
## (END OF YEAR 2)

| | # OF PARTNERSHIPS | # OF OPERATIONALLY SUSTAINABLE PARTNERS | # OF CLIENTS[1] | % WOMEN | % FROM PLAN FAMILIES[2] |
|---|---|---|---|---|---|
| PILOTS (End of Project target = 6) | | | | | |
| 1 Bolivia | 5 | 2 | 18 145 | 74% | 31% |
| 2 Guatemala | 0 | 0 | n/a | n/a | n/a |
| 3 Kenya | 1 | 0 | 826 | 55% | 35% |
| 4 Mali | 1 | 0 | 1,282 | 100% | n/a |
| 5 Nepal | 1 | 0 | 2 279 | 59% | n/a |
| 6 Philippines | 4 | 0 | 5,098 | 99% | 20% |
| OTHER COUNTRIES (End of Project target = 12) | | | | | |
| 1 Tanzania | 1 | 0 | 1 454 | n/a | 1% |
| 2 Togo | 1 | 0 | 2,902 | 100% | n/a |
| 3 Senegal | 1 | 0 | n/a | n/a | n/a |
| 4 Bangladesh | 2 | 0 | 2 095 | n/a | n/a |
| TOTALS | 17 | 2 | 34 081 | 72% | 21% |
| END OF PROJECT TARGETS (YEAR 5) | 20 | 10 | 100,000 | 80% | 50% |

1 The figures for Bolivia and the Philippines overstate the number of clients brought into the system as a result of PLAN support

2 The figures for Bolivia and the Philippines understate participation by PLAN family members

National credit/MED coordinators and the CMTT are working to improve the accuracy of data collection Future reports will correct the above inaccuracies

# PLAN Bolivia Annexes

**Implementing Partner Outreach Report**

*Name PROMUJER Month June Year 1998*

*Plan Area (Sucre - Tarija and 8 Altiplano Assoc )*

*)*

| | | Current Month | | Change from Previous Quarter | |
|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 |
| | | **Number** | **Percentage** | **Numerical** | **Percentage** |
| | **Credit** | | | | |
| 1 | Active clients | 4 522 | | 372 | 8 86 |
| 2 | • from PLAN families | 2 350 [1] | 51 99% | - 192* | 8 89 * |
| 3 | • women | 3 889 | 86 00% | 184 | 4 43 |
| 4 | • with loans under $300 | 3 125 | 69 10% | 195 * | 4 70 * |
| 5 | • ___ at intake 2 | | | | |
| 6 | Average initial loan size (in $) | 50 | | 50 | 0 |
| 7 | Average loan size (in $) | 180 | | | - 1 26% |
| 8 | Average per capita GNP (in $) | 600 | | | |
| 9 | Average loan size/ average per capita GNP | 30% | | % | |
| 10 | Outstanding portfolio (in $) | 815 293 | | 17 050 | 2 13 |
| 11 | • value in loans under $300 | 370 708 | 45 47% | - 4 466 | - 0 56 |
| | | | | | |
| | **Savings** | | | | |
| 1 | Savings accounts | 6 354 | | 116 | 1 86 |
| 2 | • held by women | 5 273 | 83 00% | 184 | 3 61 |
| 3 | Average savings balance (in $) | 79 15 | | 60 | - 3 00 |
| 4 | Total savings (in $) | 502 982 | | 7 600 | 1 53 |
| 5 | • held by women | 402 385 | 80 00% | 6 079 | 1 53 |

[1] Sucre 1 120 Tarija 800 Altiplano 200 y Ex-Flias Plan 230 = 2 350

•

## Implementing Partner Report on Financial and Operational Performance
## IP PROMUJER, Month June, Year 1998

| | 1 | 1<br>Number/ Amount | 1<br>Ratio | 1<br>Ratio | 1<br>Number |
|---|---|---|---|---|---|
| | Financial Sustainability | | | | |
| 1 | Average Performing Assets | 2 928 825 | | | |
| 2 | Return on Performing Assets | 195 206 | 6 66% | 14 00% | - 7 34 |
| 3 | Financial Costs | 2 361 | 0 08% | 0 10% | - 0 02 |
| 4 | Loan Loss Provision | 7 234 | 0 25% | 0 20% | + 0 05 |
| 5 | Operating Costs | 186 599 | 6 37% | 12 00% | - 5 63 |
| 6 | Imputed Cost of Capital | 185 643 | 6 34% | 7 00% | - 0 66 |
| 7 | Donations and Grants | 45 957 | 1 57% | 2 00% | - 0 43 |
| | | | | | |
| 8 | Operating Self-sufficiency | | 106 00% | 109 00% | - 3 00 |
| 9 | Financial Self-sufficiency | | 78 62% | 71 00% | + 7 62 |
| | | | | | |
| | Operating Efficiency | | | | |
| 10 | # Active Clients/Credit Officer | | 1 543 | 1 518 | + 25 |
| 11 | Portfolio/Credit Officer | | 1 84 931 | 1 81 888 | +3 043 |
| 12 | Client Retention Rate | | | | |
| | | | | | |
| | Portfolio Quality | | | | |
| 13 | Portfolio in Arrears | 58 786 | 2 30% | 2 76% | - 0 46 |
| 14 | Portfolio at Risk | 154 687 | 6 07% | 2 76% | + 3 31 |
| 15 | Loan Loss Ratio | 0 | | 0 | |
| 16 | Reserve Ratio | 80 317 | 3 15 | 3 00% | - 0 15 |

**Comments**

(Please comment on reasons for positive and negative changes Based on this quarter's performance what do you feel your objectives should be for the next quarter? What ratios do you feel are not as strong as they should be? What do you think are the causes? What actions will you take to address these? What ratios are you pleased about? What are the causes?)

All the indicators of efficiency have improved, with exception of Return on Performing Assets, because in this quartely, PROMUJER reduced the average of Portafolio, mainly in Sucre and Cochabamba where they have found a corruption problem with some employees However, as you can see in the amount of Portfolio, at the end of the month of June they recovered and increased a little their covering and they have taken the necesaries actions and separate the persons that were involved in the fraud and also they hired a internal auditor to contol the operations

# Implementing Partner Outreach Report

*Name FFH/CRECER June Year 1998*

*AREA PLAN - ALTIPLANO*

| | | Current Month | | Change from Previous Quarter[1] | |
|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 |
| | | Number | Percentage | Numerical | Percentage |
| | Credit | | | | |
| 1 | Active clients | 6 552 | | | |
| 2 | • from PLAN families | 2 375 | 36 24% | | |
| 3 | • women | 6 420 | 98 00% | | |
| 4 | • with loans under $300 | 4 782 | 73 00% | | |
| 5 | • ____ at intake 2 | | | | |
| 6 | Average initial loan size (in $) | 100/200 | | | |
| 7 | Average loan size (in $) | 166 | | | |
| 8 | Average per capita GNP (in $) | 600 | | | |
| 9 | Average loan size/ average per capita GNP | 27 67% | | | |
| 10 | Outstanding portfolio (in $) | 1,086 459 | | | |
| 11 | • value in loans under $300 | 669 167 | 61 00% | | |
| | | | | | |
| | Savings | | | | |
| 1 | Savings accounts | 6 552 | | | |
| 2 | • held by women | 6 420 | 98 00% | | |
| 3 | Average savings balance (in $) | | | | |
| 4 | Total savings (in $) | 266 829 | | | |
| 5 | • held by women | 261 492 | 98 00% | | |

[1] The information for the Plan area for this quarter is not available

## Implementing Partner Report on Financial and Operational Performance
## IP FFH/CRECER, Month June, Year 1998

| | | Current Month | | Previous Month | Change in Ratio |
|---|---|---|---|---|---|
| | 1 | 1 | 1 | 1 | 1 |
| | | Number/ Amount | Ratio | Ratio | Number |
| | Financial Sustainability | | | | |
| 1 | Average Performing Assets | 1 950 542 | | | |
| 2 | Return on Performing Assets | 485 729 | 24 90% | 20 00% | 4 90 |
| 3 | Financial Costs | 14 222 | 0 73% | 0 07% | 0 66 |
| 4 | Loan Loss Provision | 0 | | | |
| 5 | Operating Costs | 564 934 | 28 96% | 24 25% | 4 81 |
| 6 | Imputed Cost of Capital | 108 618 | 5 57% | 2 75% | 2 82 (*) |
| 7 | Donations and Grants | 458 452 | 23 50% | 25 00% | - 1 50 |
| | | | | | |
| 8 | Operating Self-sufficiency | | 83 87% | 80 88% | 2 99 |
| 9 | Financial Self-sufficiency | | 70 73% | 72 62% | - 1 89 |
| | | | | | |
| | Operating Efficiency | | | | |
| 10 | # Active Clients/Credit Officer | | 1 319 | 1 207 | 112 |
| 11 | Portfolio/Credit Officer | | 1 49 320 | 1 50 038 | - 718 |
| 12 | Client Retention Rate | | 90% | | |
| | | | | | |
| | Portfolio Quality | | | | |
| 13 | Portfolio in Arrears | 11 861 | 0 65% | 0 57% | 0 08 |
| 14 | Portfolio at Risk | 11 861 | 0 65% | 0 57% | 0 08 |
| 15 | Loan Loss Ratio | 0 | 0 | 0 | 0 |
| 16 | Reserve Ratio | 0 | 0 | 0 41%(**) | - 0 41(**) |

Comments

(Please comment on reasons for positive and negative changes Based on this quarter's performance what do you feel your objectives should be for the next quarter? What ratios do you feel are not as strong as they should be? What do you think are the causes? What actions will you take to address these? What ratios are you pleased about? What are the causes?)

(*) The last quaterly the amount in imputed cost of capital have been reported with a error
(**) FFH/CRECER doesn't have a Reserve for their Portfolio, in the last quaterly they reported with error
Financial Selfsuficiency seemed to have a decrease, but is for the mistake in the imputed cost of capital in the last quaterly

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# Implementing Partner Outreach Report

*Name SARTAWI Month June Year 1998*

| | | Current Month | | Change from Previous Quarter | |
|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 |
| | | Number | Percentage | Numerical | Percentage |
| | **Credit** | | | | |
| 1 | Active clients | 7 071 | | 421 | 6 33% |
| 2 | • from PLAN families | 980 | 13 85% | 80 | 0 32 |
| 3 | • women | 3 040 | 43 00% | 174 | -0 10 |
| 4 | • with loans under $300 | 5 374 | 76 00% | 719 | 6 00 |
| 5 | • ___ at intake 1 | | | | |
| 6 | Average initial loan size (in $) | 100/200 | | 0 | 0 |
| 7 | Average loan size (in $) | 405 | | - 20 | - 4 70% |
| 8 | Average per capita GNP (in $) | 600 | | | |
| 9 | Average loan size/ average per capita GNP | 0 67 | | - 0 03 | |
| 10 | Outstanding portfolio (in $) | 2 862 254 | | 35 240 | 1 24% |
| 11 | • value in loans under $300 | 1 803 000 | 63 00% | 113 685 | 3 00 |
| | | | | | |
| | **Savings** | | | | |
| 1 | Savings accounts | N/A | | N/A | |
| 2 | • held by women | N/A | | N/A | |
| 3 | Average savings balance (in $) | N/A | | N/A | |
| 4 | Total savings (in $) | N/A | | N/A | |
| 5 | • held by women | N/A | | N/A | |

**Comments** **(reasons for achieving or not achieving specific targets, challenges behind and ahead)**

All the changes in the last quarterly are positive SARTAWI has made important efforts to control the arrears and to distribute more loans with the same funds in other words give more small loans, and the indicators shown that these changes are in place

Increase in the Reserve ratio is for the adjusts that SARTAWI made to caution their Portfolio in risk

1 In some locales a simple reliable proxy for poverty can be identified In these locales such a proxy can be used as an outreach indicator to measure the number of clients who are low income Such a proxy indicator will vary according to locale In some regions a simple reliable proxy may not exist See explanation of this indicator under *MicroStart Monitoring System Indicators Outreach*

## Implementing Partner Report on Financial and Operational Performance
## IP SARTAWI, Month June, Year 1998

| | | Current Month | | Previous Month | Change in Ratio |
|---|---|---|---|---|---|
| | 1 | 1 | 1 | 1 | 1 |
| | | Number/ Amount | Ratio | Ratio | Number |
| | Financial Sustainability | | | | |
| 1 | Average Performing Assets | 3 199 622 | | | |
| 2 | Return on Performing Assets | 285 939 | 8 93% | 7 17 | 1 76 |
| 3 | Financial Costs | 25 239 | 0 79% | 0 75 | 0 04 |
| 4 | Loan Loss Provision | 51 960 | 1 62% | 2 93 | -1 31 |
| 5 | Operating Costs | 174 807 | 5 46% | 5 40 | 0 06 |
| 6 | Imputed Cost of Capital | 172 859 | 5 40% | 5 96 | -0 55 |
| 7 | Donations and Grants | 0 | 0 90% | -0 90 | |
| | | | | | |
| 8 | Operating Self-sufficiency | | 113% | 79% | 79 |
| 9 | Financial Self-sufficiency | | 67% | 48% | 19 |
| | | | | | |
| | Operating Efficiency | | | | |
| 10 | # Active Clients/Credit Officer | | 1 642 | 1 604 | 38 |
| 11 | Portfolio/Credit Officer | | 1 260 205 | 1 257 001 | 53 204 |
| 12 | Client Retention Rate | | | | |
| | | | | | |
| | Portfolio Quality | | | | |
| 13 | Portfolio in Arrears | 240 461 | 8 40% | 9 05% | - 0 65 |
| 14 | Portfolio at Risk | | | | |
| 15 | Loan Loss Ratio | 0 | | 0 | |
| 16 | Reserve Ratio | 179 225 | 6 26% | 4 56% | 1 70 |

**Comments**

(Please comment on reasons for positive and negative changes Based on this quarter's performance what do you feel your objectives should be for the next quarter? What ratios do you feel are not as strong as they should be? What do you think are the causes? What actions will you
take to address these? What ratios are you pleased about? What are the causes?)

In this period of time SARTAWI has covered all its operative costs and increased its financial self-suficincy ratio in 19 points This was possible for the increase of its return and the control in the efficiency ratios

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PLAN Bolivia / FUNDAPRO
Microfinance Training

From March to June 1998, five courses were offered  Subjects included  Internal Control Mechanisms, MIS for microfinance organizations, Principles of Portfolio management  There were also 5 complementary events  Transformation from NGOs to FFPs, Changes in the environment  New challenges for microfinance organizations, Marketing and quality of services for microfinance entities, Commercial Banks  the challenge of microcredit and Leasing, an alternative to credit

The follow table shows the training results for these three months

| Indicators | Courses | Complementary Events |
|---|---|---|
| 1 Average of number of participants | 35 | 25 |
| 2 Number of rural microservice institutions that sent participants | 4 | 4 |
| 3 Number of urban microservice institutions that sent participants | 11 | 8 |
| 4 Number of Courses/Events | 5 | 5 |
| 5 Percentage of women per course/event | 30% | 25% |
| 6 Number of international professors that taught courses/events | 3 | 1 |
| 7 Percentage of non regulated microfinance institutions that sent participants | 38% | 20% |
| 8 Percentage of regulated microfinance institutions that sent participants | 34% | 19% |
| 10 Percentage of regulation institutions that sent participants | 2 5% | 5 5% |
| 11 Percentage of other institutions that sent participants | 25 5% | 55 5% |
| 12 Number of PLAN partners that sent participants and number of participants for each partner<br>SARTAWI<br>PROMUJER<br>FFH/CRECER<br>FADES | 3<br><br>1 entire program<br>2 entire program<br><br>1 entire program | 4<br><br>1 person, 3 events<br>2 persons,3 events<br>1 person, 2 events<br>2 persons,3 events |
| 13 Number of PLAN personnel that attend courses/events<br>• National Credit MED Coordinator<br>• Altiplano CM Local Coordinator | <br>1 Course<br>All the Diplo | <br>2 Events<br>2 Events |

# Implementing Partner Outreach Report

*Name*__BIMAS__________________, *Month*_AUGUST__ *Year*_1998__

| | | Current Month | | Change from Previous Month | |
|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 |
| | | Number | Percentage | Numerical | Percentage |
| | **Credit** | | | | |
| 1 | Active clients | 826 | | 45 | +5 8 |
| 2 | • from PLAN families | 290 | 35% | 50 | +4 4 |
| 3 | • women | 458 | 55% | 5 | -2 6 |
| 4 | • with loans under $300 | 474 | 57% | 41 | +2 |
| 5 | • ___ at intake 1 | | | | |
| 6 | Average initial loan size (in $) | 221 | | 8 | +3 8 |
| 7 | Average loan size (in $) | 244 | | 4 | -1 6 |
| 8 | Average per capita GNP (in $) | 256 | | | |
| 9 | Average loan size/ average per capita GNP | 95% | | -1 6 | |
| 10 | Outstanding portfolio (in $) | 201 712 | | 7972 | +4 1 |
| 11 | • value in loans under $300 | 108 322 | 54% | 10390 | +3 2 |
| | | | | | |
| | **Savings** | | | | |
| 1 | Savings accounts | 1361 | | 71 | +5 5 |
| 2 | • held by women | 782 | 58% | 40 | +5 4 |
| 3 | Average savings balance (in $) | 143 4 | | 2 5 | -1 7 |
| 4 | Total savings (in $) | 195 229 | | 6982 | +3 7 |
| 5 | • held by women | 108 457 | 56% | 3979 | + 1 |

**Comments** **(reasons for achieving or not achieving specific targets, challenges behind and ahead)**

We generally recorded some improvement during this period The challenge now is to increase the number of active clients to at least 80% of the total clientele

1 In some locales a simple reliable proxy for poverty can be identified In these locales such a proxy can be used as an outreach indicator to measure the number of clients who are low income Such a proxy indicator will vary according to locale In some regions a simple reliable proxy may not exist See explanation of this indicator under *MicroStart Monitoring System Indicators Outreach*

## Implementing Partner Report on Financial and Operational Performance

*Name*__BIMAS________________, *Month*_AUGUST__ *Year*_1998__

| | | Current Month | | Previous Month | Change in Ratio |
|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 |
| | | Number/ Amount | Ratio | Ratio | Number |
| | <u>Financial Sustainability</u> | | | | |
| 1 | Average Performing Assets | 23101421 | | | |
| 2 | Return on Performing Assets | 325989 | 1 5 | 1 4 | + 1 |
| 3 | Financial Costs | | | | |
| 4 | Loan Loss Provision | 43025 | 2 | 3 | + 1 |
| 5 | Operating Costs | 398829 | 1 8 | 1 7 | - 1 |
| 6 | Imputed Cost of Capital | | | | |
| 7 | Donations and Grants | 34749085 | 150 | 149 | 1 |
| | | | | | |
| 8 | Operating Self-sufficiency | | 74% | 72% | +2 |
| 9 | Financial Self-sufficiency | | | | |
| | | | | | |
| | <u>Operating Efficiency</u> | | | | |
| 10 | # Active Clients/Credit Officer | | 165 | 156 | +9 |
| 11 | Portfolio/Credit Officer | | $43936 | 2692115 | -55981 |
| 12 | Client Retention Rate | | 98 | 97 | +1 |
| | | | | | |
| | <u>Portfolio Quality</u> | | | | |
| 13 | Portfolio in Arrears | 733843 | 5 6 | 5 3 | - 3 |
| 14 | Portfolio at Risk | 989155 | 7 6 | 8 8 | +1 2 |
| 15 | Loan Loss Ratio | | | | |
| 16 | Reserve Ratio | | | | |

60 Kenya schillings = US$1

<u>Comments</u>

(Please comment on reasons for positive and negative changes Based on this quarter's performance what do you feel your objectives should be for the next quarter? What ratios do you feel are not as strong as they should be? What do you think are the causes? What actions will you take to address these? What ratios are you pleased about? What are the causes?)

2 Positive change due to reduction in the level of average performing assets

4 Positive change due to fall in the loan loss provision figure attributable to reduced disbursement figure in August 1998

5 Negative change due to increase in the level of operating costs in the month

8 Positive change due to higher figure of costs in July 1998 resulting from higher provision for loan loss

10 Positive change due to disbursement to clients who had no loans in July 1998

14 Positive change due to improved collection of arrears balances

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# PLAN MALI
## CANEF Partnership

| | Projections | Actual Results |
|---|---|---|
| Number of communitiy banks | 50 | 44 |
| Number of active clients | 1250 | 1282 |
| Number of loans disbursed | 2300 | 2570 |
| Amount of loans disbursed | $68,182 | $68,182 |
| Average loan size | $55 | $27 |

An evaluation and audit of the pilot program have been done During the evaluation, inquiries showed that 52% of beneficiaries said that they derive benefit from the program, in terms of income and improvement of household living conditions Training in microenterprise help them to undertake and/or to develop income-generating activities such as gardening, livestock, restoration, sale and marketing

Profits from activities were used to
- Take better care of children health care and school fees, alimentation
- Improve food security and habitat of the household
- Finance marriage trousseau of girls
- Undertake livestock of small animals, and
- Improve agricultural production

The following sessions were conducted in microenterprise management and health and nutrition
- Invest money in income-generated activities
- Manage activity as enterprise
- Save money regularly for emergency and reinvestment
- Breast-feeding of children up to two years
- Nutrition of children

It is difficult to assess the qualitative changes in only one year, but below are some illustrative changes
- Savings mobilization 92% of sample of beneficiaries understood the need for saving and started to do so
- 98% said that training in health/nutrition were of benefit to them
- 82% of a sample understood the benefits of breast-feeding, including reduction of childhood diseases
- 93% of clients gained information and are capable to choose sustainable income-generating activity
- 52% of a sample used part of their income for their families well being

# Implementing Partner Outreach Report

*Name*______FUCEC___________, *Month*_JULY___, *Year*__1998___

| | | Current Month | | Change from Previous Month | |
|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 |
| | | Number | Percentage | Numerical | Percentage |
| | **Credit** | | | | |
| 1 | Active clients | 2902 | | | |
| 2 | • from PLAN families | n/a | | | |
| 3 | • women | 2902 | 100% | | |
| 4 | • with loans under $300 | n/a | | | |
| 5 | • ___ at intake 1 | | | | |
| 6 | Average initial loan size (in $) | 49 | | | |
| 7 | Average loan size (in $) | 70 | | | |
| 8 | Average per capita GNP (in $) | 330 | | | |
| 9 | Average loan size/ average per capita GNP | 21% | | | |
| 10 | Outstanding portfolio (in $) | 114,509 | | | |
| 11 | • value in loans under $300 | n/a | | | |
| | | | | | |
| | **Savings** | | | | |
| 1 | Savings accounts | 2936 | | | |
| 2 | • held by women | 2936 | 100% | | |
| 3 | Average savings balance (in $) | 10 | | | |
| 4 | Total savings (in $) | 28,232 | | | |
| 5 | • held by women | 28,232 | 100% | | |

**Comments** **(reasons for achieving or not achieving specific targets, challenges behind and ahead)**

1 In some locales a simple reliable proxy for poverty can be identified In these locales such a proxy can be used as an outreach indicator to measure the number of clients who are low income Such a proxy indicator will vary according to locale In some regions a simple reliable proxy may not exist See explanation of this indicator under *MicroStart Monitoring System Indicators Outreach*

## Implementing Partner Report on Financial and Operational Performance

*Name*______FUCEC__________, *Month*_JULY___, *Year*__1998___

| | | Current Month | | Previous Month | Change in Ratio |
|---|---|---|---|---|---|
| | 1 | 1 | 1 | 1 | 1 |
| | | Number/ Amount | Ratio | Ratio | Number |
| | <u>Financial Sustainability</u> | | | | |
| 1 | Average Performing Assets | | | | |
| 2 | Return on Performing Assets | | | | |
| 3 | Financial Costs | | | | |
| 4 | Loan Loss Provision | | | | |
| 5 | Operating Costs | | | | |
| 6 | Imputed Cost of Capital | | | | |
| 7 | Donations and Grants | | | | |
| | | | | | |
| 8 | Operating Self-sufficiency | | 26% | | |
| 9 | Financial Self-sufficiency | | 26% | | |
| | | | | | |
| | <u>Operating Efficiency</u> | | | | |
| 10 | # Active Clients/Credit Officer | | 291 | | |
| 11 | Portfolio/Credit Officer | | 11,451 | | |
| 12 | Client Retention Rate | | n/a | | |
| | | | | | |
| | <u>Portfolio Quality</u> | | | | |
| 13 | Portfolio in Arrears | | | | |
| 14 | Portfolio at Risk | | n/a | | |
| 15 | Loan Loss Ratio | | n/a | | |
| 16 | Reserve Ratio | | | | |

**<u>Comments</u>**

**(Please comment on reasons for positive and negative changes Based on this quarter's performance what do you feel your objectives should be for the next quarter? What ratios do you feel are not as strong as they should be? What do you think are the causes? What actions will you take to address these? What ratios are you pleased about? What are the causes?)**

# PLAN Nepal Annexes

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DEPROSC-Nepal

Monthly Outreach Report Of Field Office Morang

Month August Year 1998

| S N | Particulars | Unit | Current Month (August) | | Change from previous month (May) | |
|---|---|---|---|---|---|---|
| | | | Number | Percentage | Numerical | Percentage |
| | **Credit** | | 2 | 3 | 4 | 5 |
| 1 | Active clients | No | 575 | | | |
| 2 | Women | No | | | | |
| 3 | With loan under Rs *12000/- | No | | | | |
| 4 | ------at intake 6 | No | | | | |
| 5 | Average initial loan size | $ | | | | |
| 6 | Average loan size | $ | | | | |
| 7 | Average per capita GNP | $ | | | | |
| 8 | Avg loan size/avg per capita GNP | | | | | |
| 9 | Outstanding portfolio | $ | $ 17 593 | | | |
| 10 | Value in loans under Rs 12000/- | $ | $ 17 593 | 100 | | |
| | **Savings** | | | | | |
| 11 | Savings accounts | No | 553 | | | |
| 12 | Held by women | No | | | | |
| 13 | Average savings balance | $ | | | | |
| 14 | Total savings | $ | $ 3 201 | | | |
| 15 | Held by women | $ | | | | |

65 Rs = One $

DEPROSC-Nepal
Monthly Outreach Report Of Field Office Garuda Rautahat

Month August | Year 1998

| S N | Particulars | Unit | Current Month (August) | | Change from previous month (May) | |
|---|---|---|---|---|---|---|
| | | | Number | Percentage | Numerical | Percentage |
| | **Credit** | | 2 | 3 | 4 | 5 |
| 1 | Active clients | No | 1704 | | 573 | 55 74 |
| 2 | Women | No | 843 | 49% | 233 | 44 55 |
| 3 | With loan under Rs *12000/- | No | 1704 | 100 | 0 | 0 |
| 4 | ------at intake 6 | No | 1704 | 100 | 0 | 0 |
| 5 | Average initial loan size | $ | $ 46 | | 0 | 0 |
| 6 | Average loan size | $ | $ 49 | | | 0 00 |
| 7 | Average per capita GNP | $ | $ 185 | | 0 | 0 |
| 8 | Avg loan size/avg per capita GNP | | 26% | | -1% | |
| 9 | Outstanding portfolio | $ | $ 82,914 | | | 0 00 |
| 10 | Value in loans under Rs 12000/- | $ | $ 82 914 | 100 | | 0 00 |
| | **Savings** | | | | | |
| 11 | Savings accounts | No | 2614 | | 381 | 17 78 |
| 12 | Held by women | No | 1311 | 50 | 161 | 14 09 |
| 13 | Average savings balance | $ | 7 | | | 0 00 |
| 14 | Total savings | $ | $ 18 424 | | | 0 00 |
| 15 | Held by women | $ | $ 9 157 | 50 | | 0 00 |

65 Rs = One $

DEPROSC-Nepal
Monthly Financial and Operational Performance of Field office Garuda Rautahat

Month August | Year 1998

| S N | Particulars | Unit | Current Month | | Previous Month | Change in Ratio |
|---|---|---|---|---|---|---|
| | | | Number/Amount | Ratio | | |
| | | | 2 | 3 | 4 | 5 |
| | **Financial Sustainability** | | | | | |
| 1 | Average Performing Assets | $ | 86698 | | | |
| 2 | Return On Performing Assets* | $ | 532 | 0 61% | 1 31% | -0 70% |
| 3 | Financial Costs | | 46 | 0 05% | 0 07% | -0 02% |
| 4 | Loan Loss Provision | | 229 | 0 26% | 0 26% | 0 00% |
| 5 | Operating Costs | | 1876 | 2 16% | 2 95% | -0 79% |
| 6 | Imputed Cost Of Capital | | 14 | 0 02% | 0 02% | 0 00% |
| 7 | Donation And Grants | | 1380 | 1 59% | 1 65% | -0 06% |
| 8 | Operating Self-Suffiency | | | 24 71% | 39 95% | -15 24% |
| 9 | Financial Self-Sufficiency | | | 24 56% | 39 72% | -15 16% |
| | **Operating Efficiency** | | | | | |
| 10 | Credit officer | No | 8 | | | |
| 11 | # Active Clients/Credit Officer | | | 213 | 141 | 72 |
| 12 | Portfolio/Credit officer | $ | | $ 10 364 | 454,850 | (444,486) |
| 13 | Client Retention Rate | | | 150 66 | 112 76 | 38 |
| | **Portfolio Quality** | | | | | |
| 14 | Portfolio in Arrears | $ | $ 1 824 | 2 20% | 2 06% | 0 14% |
| 15 | Portfolio in Risk | $ | $ 4 343 | 5 24% | 5 02% | 0 22% |
| 16 | Loan Loss ratio | | | | | |
| 17 | Reserve Ratio | $ | $ 3,275 | 3 95% | 2 63% | 1 32% |

* Rs 5000 income from bonds

Country Nepal
Region South-Asia
Location Rautahat and Bara districts of the Central Development Region
Village Development Committees to be covered 35 (18 in Rautahat and 17 in Bara)

Partner NGO NIRDHAN

The development objective of this program is to ensure sustainable financial services to PLAN families of the Rautahat/Bara districts to increase their income so that this could be utilized for the overall development of the children

During the project period (first year) 5,280 new members will be enrolled, with 3696 receiving loans The program will benefit at least 80 percent of the PLAN families of the Rautahat/Bara Program Unit The program will also cover families of the area that meet the similar socio-economic criteria as PLAN families but are not enrolled as PLAN families due to technical reasons This is a women focused program targeted to landless or marginal land holders, tenants, daily wage earners, agricultural laborers and other whoever fall below the poverty level in the program area

The following specific outputs will be achieved within the four years period

| Indicators | Years | | | |
|---|---|---|---|---|
| | 1 | 2 | 3 | 4 |
| No of groups to be formed (cumulative) | 1056 | 2112 | 2160 | 2160 |
| No of Nirdhan Credit centers (cum ) | 35 | 60 | 60 | 60 |
| No of Nirdhan branch offices to be opened and maintained | 6 | 6 | 6 | 6 |
| No of members to be enrolled (cum ) | 5280 | 10560 | 10800 | 10800 |
| No of Nirdhan borrowers (cum ) | 3696 | 7920 | 9144 | 9696 |
| No of PLAN families as members (cum ) | 4224 | 8448 | 8640 | 8640 |
| No of PLAN families as borrowers (cum ) | 2957 | 6758 | 7776 | 7776 |
| Loan size per borrower (RS) | 5000 | 10000 | 15000 | 20000 |
| Operational sustainability of operation (%) | 8 | 40 | 74 | 100 |

conversion rate 64 67 70 and 73 RS per US $ from year 1 4

# PLAN Bangladesh Annexes

Annex J1

# The Latest Updates

Updates for August 1998

*(US 1$ = Bangladesh Taka 47)*

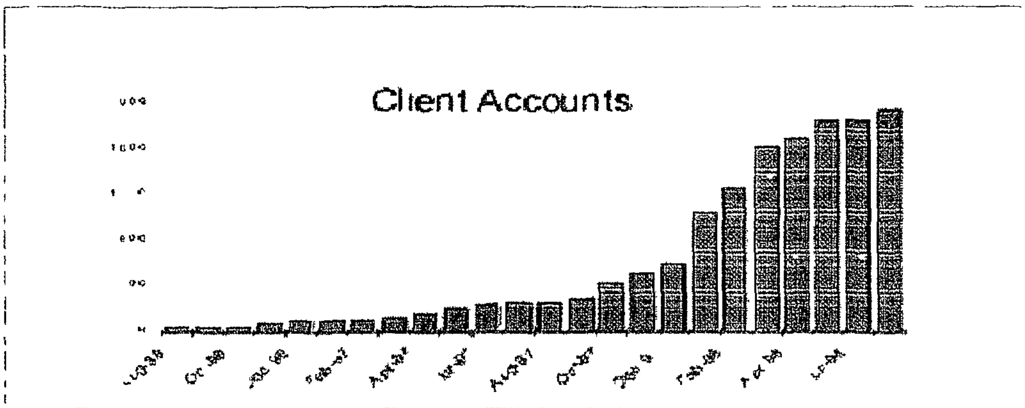
**update part one balance sheet and income and expenditure table**

| **Summary Balance Sheet August 31st, 1998** | Taka | | Taka |
|---|---|---|---|
| Liabilities | | Assets | |
| Client Savings | 20,38,206 | Loans Outstanding | 28,92,482 |
| Borrowings (i e loans taken by SafeSave to run the programme) | 17,23,635 | Cash in Hand / at Bank | 6,71,211 |
| | | Debtors | 44,000 |
| Income and Expenditure Account c/f | -63,868 | Fixed Assets | 90,280 |
| | 36,97,973 | | 36,97,973 |

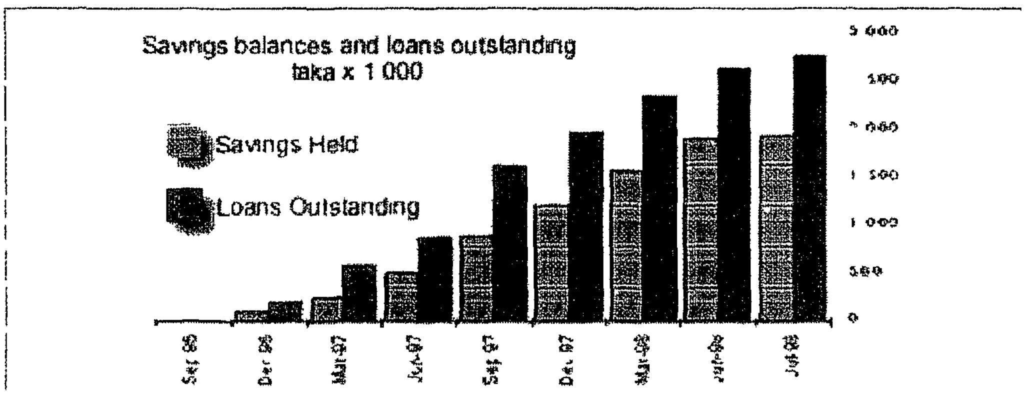
| **Income and Expenditure, September 1997 to August 1998 inclusive** | | | Taka |
|---|---|---|---|
| Interest Earned from Loans | 4,01,758 | | |
| Consultancy & Other Fees | 81,880 | | |
| Running Costs | | 5,25,419 | |
| Depreciation on Equipment | | 28,361 | |
| Previous Income and Expenditure Account b/f | 6,274 | | |
| Income and Expenditure Account | | | -63,868 |



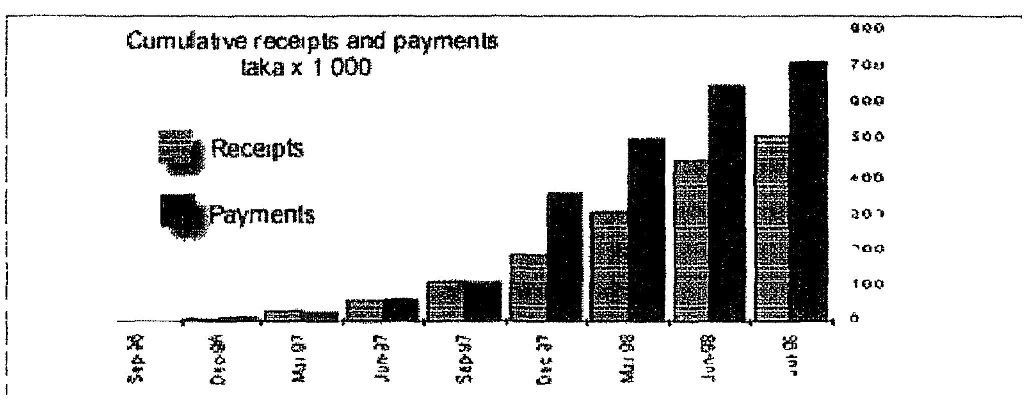
96




*Safe*Save began in August 1996 as an experiment It obtained registration in April 1997 and began to expand In December 1997 it obtained a long-term loan from an international NGO and a fresh round of expansion began You can read the rules for the two products by clicking on the heading SafeSave product rules Clients are drawn only from six bostees (slums) that are identified as very poor



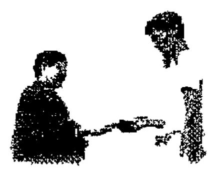

Clients may take a loan after as little as one month in the scheme Loan sizes are related to their savings stock (their balances)
The largest loans have been for 20,000 taka (about $450) and used for the many small-business opportunities that are available in a dense slum environment Loans as small as 1,000 taka have been taken for general household purposes






99

Income consists of interest earnings on loans and began with the first loans in November 1996 Costs have to date been largely wages, rents (a two-year advance in October) and equipment (computers in December) This chart shows income and outgoings on a simple cash-paid basis (compare with the Income and Expenditure Table above)

| | | |
|---|---|---|
|  *full description* |  *product rules* |  *home* |

## Implementing Partner Outreach Report

*Name*____Come to Save_______, *Month*__August__, *Year*__1998___

| | | Current Month | | Change from Previous Month | |
|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 |
| | | **Number** | **Percentage** | **Numerical** | **Percentage** |
| | **Credit** | | | | |
| 1 | Active clients | 160 | | | |
| 2 | • from PLAN families | | | | |
| 3 | • women | | | | |
| 4 | • with loans under $300 | | | | |
| 5 | • ___ at intake 1 | | | | |
| 6 | Average initial loan size (in $) | | | | |
| 7 | Average loan size (in $) | 32 | | | |
| 8 | Average per capita GNP (in $) | | | | |
| 9 | Average loan size/ average per capita GNP | | | | |
| 10 | Outstanding portfolio (in $) | 776 | | | |
| 11 | • value in loans under $300 | | | | |
| | **Savings** | | | | |
| 1 | Savings accounts | 160 | | | |
| 2 | • held by women | | | | |
| 3 | Average savings balance (in $) | 11 | | | |
| 4 | Total savings (in $) | 1797 | | | |
| 5 | • held by women | | | | |

1 In some locales a simple reliable proxy for poverty can be identified In these locales such a proxy can be used as an outreach indicator to measure the number of clients who are low income Such a proxy indicator will vary according to locale In some regions a simple reliable proxy may not exist See explanation of this indicator under *MicroStart Monitoring System Indicators Outreach*

# PLAN Philippines Annexes

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# Implementing Partner Outreach Report

*Name*_____CARD Marinduque______, *Month*__June__, *Year*_1998_

| | | Current Month | | Change from Previous Month | |
|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 |
| | | Number | Percentage | Numerical | Percentage |
| | **Credit** | | | | |
| 1 | Active clients | 2703 | | 359 | |
| 2 | • from PLAN families | | 27 2% | | |
| 3 | • women | | 98 7% | | |
| 4 | • with loans under $300 | | 85 5% | | |
| 5 | • ___ at intake 1 | | | | |
| 6 | Average initial loan size (in $) | 49 5 | | (1 5) | |
| 7 | Average loan size (in $) | 130 | | 9 | |
| 8 | Average per capita GNP (in $) | | | | |
| 9 | Average loan size/ average per capita GNP | 11% | | | |
| 10 | Outstanding portfolio (in $) | 351,700 | | 68,000 | |
| 11 | • value in loans under $300 | | 79 5% | | |
| | | | | | |
| | **Savings** | | | | |
| 1 | Savings accounts | 2703 | | 359 | |
| 2 | • held by women | | 98 7% | | |
| 3 | Average savings balance (in $) | 30 21 | | ( 8) | |
| 4 | Total savings (in $) | 81,666 | | 9007 | |
| 5 | • held by women | | 97 1% | | |

**Comments** **(reasons for achieving or not achieving specific targets, challenges behind and ahead)**

1 In some locales a simple reliable proxy for poverty can be identified In these locales such a proxy can be used as an outreach indicator to measure the number of clients who are low income Such a proxy indicator will vary according to locale In some regions a simple reliable proxy may not exist See explanation of this indicator under *MicroStart Monitoring System Indicators Outreach*

10!

## Implementing Partner Report on Financial and Operational Performance

*Name*_____CARD Marinduque______, *Month*__June__, *Year*_1998_

| | | Current | Month | Previous Month | Change in Ratio |
|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 |
| | | Number/ Amount | Ratio | Ratio | Number |
| | Financial Sustainability | | | | |
| 1 | Average Performing Assets | | | | |
| 2 | Return on Performing Assets | | | | |
| 3 | Financial Costs | | | | |
| 4 | Loan Loss Provision | | | | |
| 5 | Operating Costs | | 8 1% | | |
| 6 | Imputed Cost of Capital | | | | |
| 7 | Donations and Grants | | | | |
| | | | | | |
| 8 | Operating Self-sufficiency | | n/a | | |
| 9 | Financial Self-sufficiency | | n/a | | |
| | | | | | |
| | Operating Efficiency | | | | |
| 10 | # Active Clients/Credit Officer | | 100 | | |
| 11 | Portfolio/Credit Officer | | 13 025 | | |
| 12 | Client Retention Rate | | 107% | | |
| | | | | | |
| | Portfolio Quality | | | | |
| 13 | Portfolio in Arrears | | | | |
| 14 | Portfolio at Risk | | 6% | | |
| 15 | Loan Loss Ratio | | 0% | | |
| 16 | Reserve Ratio | | | | |

**Comments**

**(Please comment on reasons for positive and negative changes Based on this quarter's performance what do you feel your objectives should be for the next quarter? What ratios do you feel are not as strong as they should be? What do you think are the causes? What actions will you take to address these? What ratios are you pleased about? What are the causes?)**

# Implementing Partner Outreach Report

*Name*_____CARD Mindoro______, *Month*__June__, *Year*_1998_

| | | Current Month | | Change from Previous Month | |
|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 |
| | | **Number** | **Percentage** | **Numerical** | **Percentage** |
| | **Credit** | | | | |
| 1 | Active clients | 2044 | | 310 | |
| 2 | • from PLAN families | | 10 6% | | |
| 3 | • women | 2044 | 100% | | |
| 4 | • with loans under $300 | | 99 7% | | |
| 5 | • ____ at intake 1 | | | | |
| 6 | Average initial loan size (in $) | 49 5 | | (1 5) | |
| 7 | Average loan size (in $) | 78 9 | | 18 9 | |
| 8 | Average per capita GNP (in $) | | | | |
| 9 | Average loan size/ average per capita GNP | 6 7% | | | |
| 10 | Outstanding portfolio (in $) | 161 200 | | 56,600 | |
| 11 | • value in loans under $300 | | 86 8% | | |
| | | | | | |
| | **Savings** | | | | |
| 1 | Savings accounts | 2044 | | 310 | |
| 2 | • held by women | | 100% | 0 | |
| 3 | Average savings balance (in $) | 28 | | 1 | |
| 4 | Total savings (in $) | 57 024 | | 10,146 | |
| 5 | • held by women | 100% | | 0 | |

**Comments** (reasons for achieving or not achieving specific targets, challenges behind and ahead)

1 In some locales a simple reliable proxy for poverty can be identified In these locales such a proxy can be used as an outreach indicator to measure the number of clients who are low income Such a proxy indicator will vary according to locale In some regions a simple reliable proxy may not exist See explanation of this indicator under *MicroStart Monitoring System Indicators Outreach*

## Implementing Partner Report on Financial and Operational Performance

*Name*_____CARD Mindoro______, *Month*__June__, *Year*_1998_

| | | Current Month | | Previous Month | Change in Ratio |
|---|---|---|---|---|---|
| | 1 | 1 | 1 | 1 | 1 |
| | | Number/ Amount | Ratio | Ratio | Number |
| | <u>Financial Sustainability</u> | | | | |
| 1 | Average Performing Assets | | | | |
| 2 | Return on Performing Assets | | | | |
| 3 | Financial Costs | | | | |
| 4 | Loan Loss Provision | | | | |
| 5 | Operating Costs | | 15 1% | | |
| 6 | Imputed Cost of Capital | | | | |
| 7 | Donations and Grants | | | | |
| | | | | | |
| 8 | Operating Self-sufficiency | | n/a | | |
| 9 | Financial Self-sufficiency | | n/a | | |
| | | | | | |
| | <u>Operating Efficiency</u> | | | | |
| 10 | # Active Clients/Credit Officer | | 120 | | |
| 11 | Portfolio/Credit Officer | | 13 433 | | |
| 12 | Client Retention Rate | | n/a | | |
| | | | | | |
| | <u>Portfolio Quality</u> | | | | |
| 13 | Portfolio in Arrears | | | | |
| 14 | Portfolio at Risk | | 0 | | |
| 15 | Loan Loss Ratio | | 0 | | |
| 16 | Reserve Ratio | | | | |

**<u>Comments</u>**

**(Please comment on reasons for positive and negative changes Based on this quarter's performance what do you feel your objectives should be for the next quarter? What ratios do you feel are not as strong as they should be? What do you think are the causes? What actions will you take to address these? What ratios are you pleased about? What are the causes?)**

# Implementing Partner Outreach Report

*Name*_____BCDC______, *Month*__June__, *Year*_1998_

| | | Current Month | | Change from Previous Month | |
|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 |
| | | Number | Percentage | Numerical | Percentage |
| | **Credit** | | | | |
| 1 | Active clients | 351 | | 5 | |
| 2 | • from PLAN families | n/a | | | |
| 3 | • women | 351 | 100% | 0 | |
| 4 | • with loans under $300 | n/a | | | |
| 5 | • ____ at intake 1 | | | | |
| 6 | Average initial loan size (in $) | 91 | | (17) | |
| 7 | Average loan size (in $) | 135 | | 42 | |
| 8 | Average per capita GNP (in $) | | | | |
| 9 | Average loan size/ average per capita GNP | 11 4% | | 3 6 | |
| 10 | Outstanding portfolio (in $) | 47 500 | | 15 200 | |
| 11 | • value in loans under $300 | n/a | | | |
| | | | | | |
| | **Savings** | | | | |
| 1 | Savings accounts | 351 | | 5 | |
| 2 | • held by women | 351 | 100% | 0 | |
| 3 | Average savings balance (in $) | 12 | | 2 5 | |
| 4 | Total savings (in $) | 4 214 | | 934 | |
| 5 | • held by women | 4 214 | 100% | 0 | |

**Comments** (reasons for achieving or not achieving specific targets, challenges behind and ahead)

1 In some locales a simple reliable proxy for poverty can be identified In these locales such a proxy can be used as an outreach indicator to measure the number of clients who are low income Such a proxy indicator will vary according to locale In some regions a simple reliable proxy may not exist See explanation of this indicator under *MicroStart Monitoring System Indicators Outreach*

## Implementing Partner Report on Financial and Operational Performance

*Name*_____BCDC______, *Month*__June__, *Year*_1998_

| | | | | | |
|---|---|---|---|---|---|
| | | Current | Month | Previous Month | Change in Ratio |
| | 1 | 2 | 3 | 4 | 5 |
| | | Number/ Amount | Ratio | Ratio | Number |
| | <u>Financial Sustainability</u> | | | | |
| 1 | Average Performing Assets | | | | |
| 2 | Return on Performing Assets | | | | |
| 3 | Financial Costs | | | | |
| 4 | Loan Loss Provision | | | | |
| 5 | Operating Costs | | 24 8% | | |
| 6 | Imputed Cost of Capital | | | | |
| 7 | Donations and Grants | | | | |
| | | | | | |
| 8 | Operating Self-sufficiency | | 83 7% | | |
| 9 | Financial Self-sufficiency | | 73 4% | | |
| | | | | | |
| | <u>Operating Efficiency</u> | | | | |
| 10 | # Active Clients/Credit Officer | | 88 | | |
| 11 | Portfolio/Credit Officer | | 11,873 | | |
| 12 | Client Retention Rate | | n/a | | |
| | | | | | |
| | <u>Portfolio Quality</u> | | | | |
| 13 | Portfolio in Arrears | | | | |
| 14 | Portfolio at Risk | | n/a | | |
| 15 | Loan Loss Ratio | | 0% | | |
| 16 | Reserve Ratio | | | | |

**<u>Comments</u>**

**(Please comment on reasons for positive and negative changes Based on this quarter's performance what do you feel your objectives should be for the next quarter? What ratios do you feel are not as strong as they should be? What do you think are the causes? What actions will you take to address these? What ratios are you pleased about? What are the causes?)**

# Credit and Savings

INTRODUCTION

## THE POLICY

Given that

- Children's well-being can be addressed through increasing family income

- Credit and Savings Programmes for poor women have been shown to be amongst the most effective and efficient ways of increasing family income

- Credit and Savings Programmes linked with programmes in other domains are likely to result in an increase in the investment in children's health, education and habitat

PLAN will enhance children's development by supporting **high performance poverty lending (HPPL) programmes** that provide credit and savings services and basic business skill training, primarily to women This support may consist of loans or donations provided to Third Party organisations which are experienced in HPPL programmes

PLAN will ensure that programme investments made in this area are technically sound, recorded properly, and done in a transparent way The end result of these programmes will be **increased income** used to **improve children's welfare**

### Background

**"When a poor mother starts making some income, her dreams invariably centre around her children Credit creates hope and kindles ambitions for change"**

*Muhammed Yunus*
*Managing Director*
*Grameen Bank,*
*Bangladesh*

# Credit and Savings

## INTRODUCTION

The problem of providing sustainable financial services to poor people is one that has challenged development professionals for years Fortunately there have been significant advances in this field – now known as microfinance – during the past twenty years with the result that millions of poor economically active individuals have been brought into the mainstream of formal savings and credit services

Two innovations have made this possible the discovery of methods to insure high repayment rates among poor people with no collateral, and realisation that programs can be managed in such a way as to make them financially self-sustaining The Grameen Bank and its replications in Asia and the village banking and solidarity group movements in Latin America and Africa have succeeded in creating a growing number of microfinance institutions that put these principles into practice

Equally interesting to PLAN is the discovery that microfinance programs focused primarily on women and integrated with health and education programs can produce measurable improvements in children's well-being Known as "credit with education" this methodology is also implemented by a growing number of microfinance practitioners

The Credit and Savings Policy has been conceived to help PLAN programmes benefit from these development innovations It offers guidance to assist progam managers to invest Livelihood resources more effectively and efficiently in Third Party microfinance organisations so that such investments result in sustainable credit and savings systems for PLAN communities

## Scope

This Policy statement refers **only** to money-based Credit and Savings Programs and associated business training This Policy statement does **not** cover subsidised, in-kind, material support operations such as buffalo banks and assisted savings to skills training students for tool-kits **or** Credit and Savings for Shelter and Habitat

## Definitions

***High Performance Poverty Lending (HPPL)*** credit and savings scheme programs

- target the very poor
- can benefit thousands of families
- are cost-effective
- provide viable financial services and institutions community level and beyond
- recover costs and so become financially self-sustaining

Schemes that use the "village banking" methodology, and which replicate the Grameen Bank approach, fall into the poverty-lending category

***Sustainability*** For Credit and Savings Programs, sustainability is financial self-sufficiency in which the program itself generates enough local resources to support the steady continuation of services or the growth of services, without further need for external support

***Third Party*** A party to an agreement with PLAN that may include

- development organisations
- governmental organisations
- non-governmental organisations

***Business plan*** A business plan is a written proposal which sets out the strategy and steps for achieving the expansion of an enterprise or an organisation It contains detailed financial projections that quantitatively demonstrate how the final objectives are achieved

***Due diligence*** A "due diligence" exercise is an exhaustive examination and evaluation of an organisation In the context of PLAN and a "Third Party" organisation which is a potential partner, it means that each organisation takes a critical look at the other organisation's purpose, financial soundness, reliability, credibility and history, to see whether a partnership would be viable

## General Principles

1 Credit and Savings programs promoted or financed by PLAN must target women At least 50% of PLAN funds used for loans must go as loans to **women**

2 Credit and Savings programs need to be implemented by specialist Third Party financial services intermediaries PLAN should not implement these programs itself

**PLAN savings and credit programs should be implemented through Third Party organisations which have experience in these types of programs If no such organisation exists, PLAN should not attempt to implement credit and savings programs on its own If no appropriate partner organisation exists, PLAN can ask a PLAN designated credit specialist to provide suggestions on how to proceed or to review a proposal for alternative models (for more details see Annex 2)**

3 Every Credit and Savings program must have a **Business Plan** showing **sustainability** in three to five years To achieve this the program should generate income to offset the loss in value of the funds over time (i e , loss of its purchasing power due to inflation), as well to cover operating and financial costs

4 Credit and Savings programs should charge **"real" rates of interest** that contribute to the sustainability of the lending organisation These interest rates will be at least as high as the local free market interest rate, and may be higher

**"Real" rates of interest eventually allow credit and savings schemes to survive and develop, without further external help They therefore become a permanent resource for their members and communities**

**Remember - many poor people *already* borrow money from neighbours and moneylenders at far higher effective rates than are charged by the credit and savings schemes**

5 Since savings accumulation is as important as obtaining credit, Third Party organisations working with PLAN must oblige members to **save** as well as borrow Savings may be held and managed by the Third Party itself or by a separate banking institution (In some countries, local legislation restricts the establishment of savings schemes by non-government organisations )

**Promotion of savings is just as important as promotion of credit Savings help families, groups, and institutions to build up a solid capital base**

6 The amount of each loan given by a Third Party organisation to a beneficiary individual, family or group must be determined and limited by the **repayment** capacity of the beneficiary This should be established before the loan is approved, to avoid the risk of harming the beneficiary's standard of living by giving them an inappropriate loan Selection of clients for credit and policies for loan procedures/repayments should be done through the Third Party organisation's own mechanisms

7 All Credit and Savings programs must be **regularly monitored** by PLAN staff with **formal evaluations** taking place at least every two years Monitoring of progress against the Business Plan is particularly important Two yearly evaluations must review the fulfilment of PLAN's Mission, as well as the criteria outlined in this document

8 Funding from PLAN to a Third Party organisation should be provided in tranches, and payment of each successive tranche should be contingent upon satisfactory performance against the Business Plan by the Third Party organisation

9 PLAN should seek to integrate Credit and Savings programs with programs in other domains

10 All **new** Credit and Savings programs should be designed in line with this policy, unless alternative approaches can be justified and be deemed viable by a PLAN designated credit specialist (see Annex 2)

11 Existing Credit and Savings projects should be reviewed by the Program Unit or Country Office management If these projects do not comply with the "HPPL" model, the Program Unit or Country Office management should develop plans either to phase them out or to transform them into "HPPL" operations Projects which do not comply with the "HPPL" model may only be continued if they can be justified and are deemed viable by a PLAN designated credit specialist (see Annex 2)

## What type of Third Party organisation costs can PLAN meet?

PLAN can help a Third Party credit and savings organisation to meet one, some or all the following types of cost

- start-up costs
- administrative costs for a certain period
- creation of a loan funds for the Third Party to lend to beneficiaries in turn



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## How to examine whether a potential Third Party organisation is a suitable partner

A 'due diligence' analysis of the potential partner organisation should be carried out with specialist assistance Experts who can complete a due diligence report may be identified with the help of the CMTT or other MED co-ordinators in PLAN programs participating in MED activities **Guidance for the "due diligence" exercise is given in Annex 1**

If the "due diligence" analysis indicates that the Third Party does not comply with the "HPPL" model, then an alternative approach as set out in Annex 2 can be considered

## Special provisions in Agreements for Credit and Savings programs

- The Business Plan must clearly be an integral part of the Agreement
- All agreements should include a clause which allows PLAN auditors access to the Third Party's records and staff
- If PLAN support for the Third Party is in the form of a loan, the Agreement must include a **plan for the loan's recovery**
- If PLAN is providing support in the form of a loan, but with the intention that this should be retrospectively converted to a grant provided the Third Party organisation's performance is satisfactory, the Agreement may mention this possibility, but it should state very clearly that any loan "forgiveness" will be at PLAN s sole discretion
- The Agreement should specify that payments from PLAN to the Third Party organisation, whether of loans or of grants, will be made in tranches, and payment of each tranche will be contingent on satisfactory progress on the Business Plan
- To the fullest extent possible, the Agreement must give priority to community (or PLAN) recuperation of funding that was originally provided (given or lent) by PLAN in the event of liquidation of the Third Party Organisation
- The Agreement should note that PLAN support is given to the Third Party organisation in order to ensure HPPL services for poor people in PLAN area(s), and these areas should be named

- The Agreement should make provision for a full refund to PLAN or a PLAN designate if the Third Party withdraws either from poverty focused lending or from the identified PLAN areas

**Section 22 "How to Enter into Agreements With Other Development Organisations" gives guidelines on the content of formal agreements with Third Party organisations (A further, more detailed, FOB section on Guidelines for Legal Agreements will be issued shortly )**

**See Section 27 "Authorisations" for guidelines on which agreements and projects or programs need to be referred to the RD or IED for approval**

## Monitoring and Evaluation

The Country Office or Program Unit must ensure regular monitoring and periodic evaluation of each Agreement and the Third Party operations which it supports

As a *minimum* basis for monitoring the Third Party organisation should provide to PLAN

- Monthly Financial Reports which reflect the performance of the loan fund and measure progress toward sustainability

- Quarterly Program Reports which demonstrate progress toward program objectives and record project outputs

Yearly joint reviews should be carried out to measure progress toward objectives, assess the effectiveness of methodology, and make modifications in program design as necessary

Periodic independent *evaluations* should be carried out *at least* every two years Evaluations should they should cover at least these three key areas

- establishment of an effective system of financial services among the target population

- progress realised by the Third Party in moving towards self-sufficiency

- evidence of socio-economic benefits accruing to women and children as a result of the program

## Methods of PLAN funding support for Third party organisations

PLAN can decide whether to give funding support to the Third Party organisation in the form of a **grant**, a **loan** or a **combination** of the two (The Agreement must make it very clear how PLAN is structuring this support )

*Grants*

PLAN may decide to fund some start-up and/or administrative costs in addition to providing funds for the Third Party's loan portfolio PLAN and the Third Party organisation 's Agreement states that this is a grant The Third Party organisation spends the money and PLAN monitors and evaluates to ensure that the Third Party organisation carries out the program in line with the Agreement

***Grants given as "loans"***

At times it is wise to structure PLAN support for the Third Party organisation as an interest-free **loan** This has two advantages

- By structuring its support as a loan, PLAN has more power to influence the Third Party organisation to operate properly
- If serious doubts arise about the effectiveness or honesty of the Third Party organisation PLAN can seek repayment of the loan

*If the Third Party organisation performs honestly and effectively for a lengthy period in line with its business plan, PLAN can "forgive" part or all of the loan, converting the loan to a grant retrospectively Such forgiveness is always at PLAN's sole discretion, and must be justified by evidence of satisfactory performance*

**The Country Director should inform the Regional Director or International Executive Director before the Agreement is signed if a loan is likely to be converted to a grant at a later date on the basis of satisfactory performance by the Third Party organisation**

***"Real" loans***

Some more advanced credit and savings organisations are on the road to full self-sufficiency, A few organisations are approaching the stage where they can finance future growth through normal loans from the commercial sector

PLAN should not undermine the self-sufficiency of such organisations by giving "hand-out" grants In these cases PLAN should support the Third Party through a loan, **for which repayment is expected**

In exceptional circumstances a Third Party may be unable to repay a loan as expected through no fault of its own In such circumstances PLAN can *at its sole discretion* 'forgive part or all of the loan

**When PLAN forgives a loan to a Third Party organisation, it is actually making a grant to it You should consult the FOB Section on Authorisations before making a grant by forgiving a loan**

## Funding and administrative arrangements for funding Third Party credit and savings organisations

### Administration of the Agreement on Credit and Savings with a Third Party Organisation

The Country Office or Program Unit Finance Department must establish a dossier for each Agreement This dossier contains documents for adequate control and serves as a record for each Agreement This dossier consists of

- A copy of the Agreement
- Copies of all transaction vouchers that relate to the Third Party (Disbursement vouchers show payments to the Third Party made on a periodic basis, based on budget projections, and contingent on the program's performance Transaction vouchers can also show loan repayment from the Third Party )
- Copies of Monthly financial reports from the Third Party
- A summary chart of transactions for easy, concise viewing
- Copies of Pertinent documents regarding the Agreement (e g , Loan Pardon Letter from CD)

### Accounting for payments to and from Third Party organisations

***Grants*** Payments of **grants** to Third Party organisations are treated just like any other type of payment in FS2 and the Field accounting procedures

***Loans*** Even if the Agreement states that funding given to the Third party organisation is given as a **loan**, if it is not possible to register such payments as "loans" on FS2 As far a FS2 is concerned any money paid to the Third Party is simply an expense **The Country Office or Program Unit must keep a separate record of such payments**

***Receipt of loan repayments from Third party organisations***
Repayments from a Third Party organisation are recorded as a **negative expense** to the account line to which it was originally charged A BMR (Budget Modification Request) can be made which will increase the account line's overall budget (See Section 27 "Authorisations" and Section 28 "Budgeting" for further advice on BMRs )

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*Record keeping* The Accounting Dept will **maintain a separate record (a ledger)** in local currency relating to any loan to a Third Party organisation to include the following information

- Organisation name
- Total loan which PLAN will make to the Third Party organisation according to its Agreement with PLAN
- Date and amount of loan tranche(s)
- Repayment terms
- Date and amount of repayments
- Running balance due to PLAN after each transaction

***Reporting*** The person within the PLAN office responsible for recording loans must prepare a monthly status report showing the above information ***Note*** ***The monthly report must be countersigned by the person responsible for loans***

***Year-End Schedule*** Any loan to a Third Party organisation, *including loans which are likely to be forgiven,* must be reported in the Year-End Schedule VIII-C with the following details

- date of loan
- details of Third party organisation which received loan
- original amount of loan in local currency
- repayment schedule
- balance unpaid at June 30th in local currency and US dollars
- account number charged
- a note of explanation if the loan is likely to be forgiven subject to satisfactory adherence to the business plan by the Third Party organisation

## Transitional funding and administrative arrangements for credit and savings schemes directly managed by PLAN

As noted above, credit and savings schemes which do not conform to the High Performance Poverty Lending model and which are directly managed by PLAN should be phased out or transformed into an HPPL model This section outlines the arrangements for the administration of credit and savings schemes which are directly managed by PLAN during this transitional or phase-out period It applies where PLAN funds are

- used to support credit actions which do not follow the above credit and savings guidelines

- controlled by PLAN via authorised signatures

***FS2*** The Program Unit or Country Office needs to ensure that the funds are recorded in FS2 As opposed to the RLF (Revolving Loan Funds) of the



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past, there is no separate bank account to be opened All transactions are recorded in FS2 using PLAN's current bank account

***Bank*** Each loan payment is drawn from the PLAN checking account ***No other bank account is to be opened***

Program Units or Country Offices which currently manage credit schemes with bank accounts *outside* the normal FS2-linked Program Unit or Country Office system should transfer the whole balance of the account(s) to their normal PLAN bank account with the effect from the last day on a particular month They should confirm to the RO/CO and to IH/Finance when this has been done Recording and reporting loans (e g , using a loans register) should have been occurring largely as above before this transfer, so there should be no significant additional recording from this change

***When money is lent*** The recording of each loan payment by PLAN should be made in the appropriate account line For example, loans that support home improvements should be booked to 11 33 General loans might be 15 30

***When money is repaid*** Each loan repayment received must be booked to the same account line that the payment was booked to This may have the effect of creating a credit on an expense line if receipts exceed payments This is perfectly acceptable and must be budgeted as normal, with budget modifications as normal

***Record keeping*** The Accounting Dept will **maintain a separate record** (a ledger) in local currency on each client's loan that will include the following information, in addition to the client s name, any FC reference number (if applicable) and repayment terms

- Date
- Amount of loan
- Amount of repayments
- Balance due after each transaction

***Reporting*** The PLAN staff member responsible for recording the loans must prepare monthly status reports showing

- the total balance of loans outstanding at the beginning of the month to include capital and interest
- *plus*, itemised loans given during the month
- *less*, itemised loans repaid during the month
- total interest charged during the month
- the total balance of loans outstanding at the end of the month
- a copy of the list of loans outstanding at the end of the month
- annotation of the above list showing any loans that are overdue for repayment

*Note* *The monthly report must be countersigned by the person responsible for loans*

***At the end of the FY*** each Program Unit or Country Office must summarise any loans outstanding on Schedule VIII-C of the year-end report

***Internal Follow-up*** Each month the Accounting Dept will prepare a list for the CD of all outstanding loans for which no scheduled payment was received during this month The CD will determine appropriate action to be taken

## Good Practices for PLAN and Credit

**Loans to clients are approved based on the client's capacity to pay**

**Processes for loan application and approval are clear, consistent, and transparent**

**Technical oversight is provided to ensure proper investment and efficient use of resources**

**The purpose of PLAN's support for credit is to help children Benefit to children must be a fundamental element in all evaluations**

**Loans are offered at interest rates that are sufficient to cover the costs of operation and administration of the program and to maintain the value of the portfolio in real terms**

**Portfolios are managed in order to keep levels of arrears lower than 5% of outstanding loans**

## ANNEX 1 "Due Diligence" Analysis Guidelines

As a generalist organisation, PLAN cannot realistically develop the specialist skills needed for high-performance poverty lending It should therefore seek partnerships with local organisations that are specialised and experienced in this area

This guide is intended to help PLAN program staff analyse the effectiveness and suitability of intermediary organisations that provide financial services and training in micro-enterprise development

The goal is to identify Third Party organisations which are potential partners for PLAN - compatible organisations that share PLAN's vision of women and child-focused economic development, deliver high quality services, and that are managed in a way that results in sustainability over time

The purpose of a "due diligence" analysis is

- to identify an potential partner organisation's present strengths and weaknesses as a financial services intermediary

- to assess its willingness and capacity to improve (with PLAN's help) in the areas where it is less strong

- to assess its suitability and openness for partnership with PLAN

To this end, the guide looks at four aspects of institutional capability, which are in turn broken into sub-categories that include measurable or describable indicators The four aspects are as follows

A High performance programming

B Organisational culture

C Management and reporting systems

D Governance

The guide is not a questionnaire Rather, it is an outline for information-gathering which should ideally take place over time through interviews, field visits, the study of documents, informal encounters with staff and board members, and discussions with other development professionals who know the organisation Although PLAN staff may help gather the information needed, technical consultants with expertise in financial analysis will be needed to collect and analyse much of the information

## First, the basics

The following data should be collected as the beginning for an analysis of a potential partner Third Party organisation

- Organisational Name
- Address
- Executive Director
- Number of staff
- Key staff (names and functions)
- Years in operation (minimum of three years in the management of Credit and Savings programs)
- Annual budget
- Sources of income and percentage of total budget by category
- Legal recognition and authorisation to carry out each of the financial activities they execute
- Details of other external donors/funders

## A HIGH PERFORMANCE PROGRAM MODEL

High performance models typically have approaches very focused on one or a few benefits with a well-defined process for achieving them Support systems (training, monitoring and evaluation, information, financial management) are also well-defined and support the benefit delivery approach effectively Cost recovery, affordability of services (often achieved by focus and minimalism) and cost management are characteristics of such approaches In the best cases these characteristics lead to profitability

The following issues should be examined

### Financial Services

***Scope of services and focus on the poor***

Are services provided on a wide scale to thousands or tens of thousands of clients?

Is there evidence of service to low-income clients, women and men, especially clients lacking access to other financial institutions?

How many clients are served?

What is the average loan outstanding?

What is the average loan outstanding as percentage of per capita GDP?

What percentage of loans go to women?

*Client-appropriate lending*

Is the Third Party organisation providing quick, simple, and convenient access to small, short-term loans that are renewed or increased based on excellent repayments?

Is the organisation using collateral substitutes (e g , peer guarantees or repayment incentives) or alternative forms of collateral to motivate repayment?

Does the organisation emphasise character-based lending for small loans with simple cash flow and project appraisal for larger loans?

What credit and savings model does the organisation use? *Look at*

- how are groups organised what is the lending process?
- loan size, terms purpose
- interest rate fees and how are they calculated

*Appropriate pricing policies*

Does, or can, the organisation offer loans at rates sufficient to cover the full costs of efficient lending on a sustainable basis (after a start-up period) recognising that poor entrepreneurs are able and willing to pay what it costs an efficient lender to provide sustainable financial services?

Does, or can, the organisation set interest charges to cover the costs of mobilising funds, inflation administration, and loan losses? *Look at*

- the effective interest rate
- the rates of other financial institutions and micro-enterprise lenders

*Portfolio quality*

Does, or can, the organisation maintain a portfolio with arrears low enough that late payments and defaults do not threaten the ongoing viability of the organisation For example organisations with loans in arrears over 30 days below 10 % of loans outstanding (i e , portfolio at risk below 10 %) and annual loan losses under 4 % satisfy this condition *Look at*

- the current volume of lending and effectiveness
- the number value of loans outstanding
- the number value of arrears, ageing of arrears

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*Savings services*

Does, or could, the organisation offer savings mobilisation services, where legally possible and economically feasible that facilitate small deposits, convenient collections, safety and ready access to funds This can be done independently or with another institution *Look at*

- Obligatory vs voluntary savings
- Uses of savings by the institution
- Interest paid on savings

*Growth of outreach*

Is the organisation making significant progress in expanding client reach and market penetration? Is it demonstrating both strong client response to services offered and competence in service delivery management? *Look at*

Growth in number of clients since
- previous month
- previous quarter
- previous 180 days
- previous year

Projected growth for
- next quarter
- next 180 days
- next year

*Non-financial services*

Is the organisation offering, or could it offer, training and other non-financial services to enhance impact? *Look at*

- Content of training (business, health literacy etc )
- Delivery system, integration with financial services
- Capacity to develop training materials
- Monitoring and assessment of impact

What progress is the organisation making towards developing self-sufficiency in non-financial services? *Look at*

Cost recovery mechanisms
Percentages of services covered by
- income
- subsidy

## B ORGANISATIONAL CULTURE

Management must have a commitment to deliver high-quality services to the poor -- especially poor women -- in sustainable ways This includes the following

- commitment to scale up and cover costs locally
- the personnel organisational structure and institutional values to support high productivity cost management and competitive services
- the skill and strategy to acquire a steady and sufficient amount of income to provide benefits to large numbers on a continuing basis

***Self sufficiency***

Can the organisation steadily reducing dependence on subsidies?

Can the organisation achieve operational efficiency (i e , cover all administrative costs with client revenues) in three to seven years, and full self-sufficiency (i e , covering all financing costs at non-subsidised rates) within five to ten years?
*Look at*

- Effective interest rate
- Sources of income
- Percentage of financial self-sufficiency reached

***Movement toward financial independence***

Can the organisation build a solid and growing funding base with **clear business plans**, backed by operational capacities, that lead to mobilisation of commercial funds from depositors and the financial system and eventually to full independence from donor support? *Look at*

- Business plan and financial projections
- Financial statements

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## C MANAGEMENT AND REPORTING SYSTEMS

Does the organisation have, or can it develop effective financial planning management, and information systems that gather information in a timely way This information is analysed and used to make decisions to improve program effectiveness productivity and profitability *Look for*

1 *A profit-oriented accounting system*

2 *High productivity* operations that manage large numbers of small transactions efficiently with high productivity *Look at*

- Loans per staff member
- Operating costs as a percentage of average portfolio

3 *Accurate management information systems* that are used to make decisions, motivate performance, and provide accountability for funds *Look for*

- Production of regular financial and program reports
- Evidence that MIS is used to solve problems
- Incentive system for employees

4 *High reporting standards* Evidence of regular audits and transparent financial reporting that conforms to international standards and allows prospective funders to evaluate performance adequately *At a minimum, financial statements should allow the following indicators to be computed*

- number and amount of loans outstanding
- number of small saver deposit accounts and total amount deposited
- gender breakdown of clients
- number of employees and managers working on savings and credit
- effective interest rate paid by clients (incorporating all required fees, and calculated on a declining balance basis), both nominal and real
- arrears (on a loans outstanding basis) - unpaid balance of loans with payments overdue more than 30 days divided by the amount of loans outstanding - there should also be an ageing of arrears report available
- loan losses - amounts of loans written off during a period, divided by average loans outstanding during the same period - all loans over a one year in arrears should be written off
- actual client revenues - sum of all interest and fee income collected from clients on a cash basis (not accrual)
- non-interest expenses - includes administration depreciation of fixed assets and loan losses
- actual interest expenses (cost of funds)
- local inter-bank lending rate and inflation rate

## D GOVERNANCE

This includes institutional culture structures, capacities and operating systems that can support sustained service delivery to a significant and growing number of low income clients

Requirements include a sound governing structure, freedom from political interference, competent and stable staff, a **strong business plan for expansion and sustainability**, and mission and vision which create a sense of purpose, ownership, and mutual accountability among staff and clients

*Look for or at*

- existence of a governing Board of Directors
- relationship between the Board and management
- strengths weaknesses, and overall effectiveness of the Board
- strengths and weaknesses of Executive Director, participatory nature and transparency of management style
- motivation and sense of mission of staff
- existence of **business plan**, evidence of utilisation, projected attainment of sustainability
- evidence that the organisational culture accepts change and evolves to adapt to changing circumstances, evidence of problem-solving ability
- evidence that the organisation shares PLAN's vision of women and child-focused sustainable economic development
- evidence that the organisation defines and measures impact in terms of positive effects on the well-being of women and children

## ANNEX 2 Alternative Approaches To Credit and Savings Programs

### *Introduction*

PLAN's new credit and savings policy is designed to increase the likelihood of PLAN funds being invested in programs that result in sustainable credit and savings systems for PLAN communities As such, it clearly defines three basic principles to guide programmers

(a) PLAN should not manage credit and savings programs itself
(b) PLAN will no longer make donations or loans to community groups for the purpose of creating revolving credit funds
(c) PLAN will work through professional, third party institutions that have a proven track record in managing credit and savings programs

There is some concern that the third principle is too restrictive, that there may be situations where no professional third party is available and where PLAN communities would be excluded from an important service as a result For this reason, the policy also allows programmers to adopt an "alternative approach"

More detail is given below about what these approaches might be and how they should be implemented It is important to emphasise that points (a) and (b) above are not subject to alternative approaches - they cannot be altered Alternative approaches only apply to (c) above

### *Alternative approaches*

In the absence of a professional credit and savings organization there are several options to help communities meet their economic development needs

1 One option is to decide *not* to focus on credit and savings at all This may be an appropriate decision in sparsely populated or very remote regions, in communities where the monetary economy is seriously underdeveloped or where there is a significant lack of economic opportunity In such situations it is unlikely that credit can be used productively It is probably more appropriate to direct a livelihood strategy towards infrastructure development (roads bridges, irrigation, markets), stimulating local production through low cost means and strengthening the links between producers and markets

2 A second option would be in cases where a third party existed that did not quite satisfy PLAN's expectations of "high performance programming' as defined in the "due diligence" guidelines of the Credit and Savings Policy, but was perceived by PLAN as having the *potential* for efficient delivery of financial services through the

adoption of an appropriate microfinance methodology or through other institutional strengthening In such a case, PLAN may pursue a *pilot program* with the organisation with the objective of strengthening it and bringing it up to the "high performance" level

3 A third possibility in situations where credit is appropriate would be to work with a small local organisation (credit union co-operative) that does not yet meet the high standards of a professional financial services organisation In this case PLAN would help the organisation professionals its management, expand its outreach to PLAN communities and establish links to higher level financial institutions which could serve as a source of loan capital and technical assistance A credit union/co-operative is typically part of a larger network or federation which has legal recognition and national standing It operates according to bylaws common to all members of the network It receives regular audits

4 A fourth option is to design a program based entirely on savings mobilisation For example, this could take the form of a revolving savings and credit association (ROSCA) where members regularly save, and on a predetermined, rotating basis, distribute all the savings to one member

5 A final possibility is to pursue a longer term strategy combining some or all of the above options to create a more favourable environment for formal credit and savings services At this point it might be possible to convince a professional organisation to establish itself and begin a program of financial services in the region in question

### *Review and Approval Process*

The approval process for such alternative programs (including pilot programs as in 2 above) should include the following steps

1 A Credit Needs Analysis undertaken by the appropriate program unit This should include a comprehensive overview of the local economy and a determination of whether credit and savings services are an important missing element in the locality The analysis should focus on the target group who will benefit from the project It should also attempt to quantify the demand for credit

2 An Institutional Analysis (also undertaken by the program unit) that includes an examination of traditional credit and savings systems as well as an inventory of formal organisations These organisations should be described and rated using the "due diligence" criteria found annexed to the credit and savings policy

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3 A Project Proposal prepared by the program unit that includes a rationale for the project, goals and objectives, a description of the methodology, an implementation plan, an assessment of the feasibility of the credit and savings scheme and a budget

4 These documents should be reviewed and signed by the program support manager who should check them for completeness and internal consistency and verify that they comply with the country strategic plan

5 The documents should also be reviewed and signed by a credit and savings specialist who will verify that they are technically sound

6 Favourable reviews by the program support manager and the credit and savings specialist will constitute technical approval for the project

**All projects will continue to be subject to the approval requirements set out in section 27 "Authorisations" of the FOB**

**Once a project has been approved in this way, then all the requirements of the Credit & Savings chapter of the FOB (to which this is an annex) apply to the project, except where noted**

*Designating Credit and Savings Specialists*

Since most PLAN programs do not have credit and savings specialists on their staff, it will be necessary to identify individuals (preferably local) who can perform the review function and work from time to time on a consultancy basis In many countries such people are not easy to identify since the field of microfinance is relatively new and many of the best people are busy implementing their own programs Criteria for selecting specialists include

- Experience in microfinance, either as practitioners or consultants (people with training or experience in economics and business do not meet the qualification unless they have also had microfinance experience)

- In-depth knowledge of the strengths and weaknesses of different credit and savings methodologies (solidarity groups, Grameen Bank, village banking, credit unions, etc )

- Good financial analysis skills, ability to determine the accuracy of financial projections

- Appreciation of the role and importance of savings

- Membership in a microfinance network and well acquainted with the growing body of microfinance literature

- The individual should have a good understanding of PLAN's mission and program directions so as to be able to evaluate programs in the correct context

Such individuals can often be identified though national microfinance networks The program support manager in each country should become familiar with such networks and begin the search for promising candidates A list of approved experts should be compiled at a regional level This list should be approved by the RD and updated at least annually Only experts on this list should be used, unless RD approval is obtained for others

It is not advisable to attempt to identify credit and savings specialists through the tendering process, which is the custom in some PLAN programs

Under the Credit/MED Initiative, national credit/MED co-ordinators in each of the pilot program countries have begun working with locally-based consultants most of whom fit the above criteria Program support managers could make contact with the credit/MED co-ordinator in their region and ask for assistance Names of the co-ordinators and their countries are as follows

Bolivia – Vivianne Romero
Guatemala – Anabella Cerezo
Kenya – Ngugi Chege
Mali – Aminata Thiam
Nepal – Hem Raj Poudyal
Philippines – Paul Lobo

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Annex M


# PLAN INTERNATIONAL

**Credit/MED Technical Team**


# memo


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Date February 27, 1998

To All Credit/MED Coordinators

From John Schiller & Delores McLaughlin

Subj Visit to Bangladesh

Dear Colleagues,

After leaving all of you at the close of our meeting at Villa Escudero, and accompanied by Hem Poudyal, we spent a very interesting week with Mac Abbey and his team at PLAN Bangladesh There were three objectives to the visit

- Gain firsthand exposure to microfinance in Bangladesh, specifically to learn about methodologies, sustainability and the impact of microfinance programs,
- Establish closer microfinance ties between PLAN Nepal and PLAN Bangladesh,
- Determine how the Credit/MED Initiative might have more of a regional impact in ROSA

We spent an extremely stimulating week visiting different microfinance organizations and speaking with people who are strongly committed to delivering financial services in more effective and efficient ways to larger numbers of people further down the poverty ladder What is immediately evident in Bangladesh is that microfinance and poverty alleviation are <u>major</u> concerns of the local development community One feels a certain sense of urgency on the part of development practitioners to attack Bangladesh's enormous problem of poverty This is manifest in the scale of operations from Grameen's 2 million plus clients, to BRAC's 51,000 employees (and their $102 million annual budget) and to the many other NGOs that think in terms of hundreds of thousands if not millions of clients It is also revealed in the energy, creativity and entrepreneurship that characterize the way practitioners go about delivering microfinance services Absolutely no one we talked with is satisfied with the standards the Grameen Bank has set All believe they can deliver better and more varied financial services to a poorer clientele in a more sustainable way It is this strong desire to push the frontier of microfinance forward that captured our imaginations and made this visit so rewarding We thought you would be interested in reading some of our impressions

**Association for Social Advancement (ASA)**
We spent a day with ASA visiting two of their credit groups, a regional office and speaking with their director of programs in the Dhaka headquarters

ASA is a Bangladeshi NGO born in the wake of the war for independence in the early 1970s and has undergone many changes (an interesting history is contained in ASA, The Biography of an NGO by Stuart Rutherford, 1995) Originally a vehicle for social mobilization and political action for the lowest classes, ASA became a minimalist credit organization in 1991-92 Today it has over 800,000 clients and along with Grameen, BRAC and Proshika, is one of the four leading microfinance organizations in Bangladesh (An ASA fact sheet is attached )

ASA has a basic Grameen-style structure and credit methodology, but has made some interesting modifications These changes have enable ASA to be both more efficient in delivering services and more flexible in their relations with clients Below are the innovations that we observed during our visit

- ASA works with village credit groups of 25-30 members like Grameen, but does not require members to form smaller solidarity groups It considers these unnecessary Not having the solidarity groups has not had a negative effect on repayment
- ASA has created a second category of group member called an "associate" Associate members are only interested in saving and do not receive loans (although the group can decide to admit them to full membership) In questioning two groups we found out that many of the associate members are in fact the children of the members, and that their mothers regularly deposit savings in their accounts In one group of 27, for example, there were 33 associate members (17 girls, 15 boys) ASA has a flexible savings policy, allowing members to withdraw all but 10% of the account at any time
- In creating the associate category, ASA has devised a way to meet a strong need for savings services and has greatly increased membership (see fact sheet for the number of present associate members) It has also increased its access to loanable funds For while NGO's are not legally permitted to use members savings for loan capital without a banking license, they have the de facto right to do so in Bangladesh This has meant that ASA no longer depends on donors for loan capital (See the attached article "On a Voluntary Savings Program")
- ASA has broadened its loan product base In addition to small, group-guaranteed loans, it has other products "individual loans" ($500-$700, granted to individual members) and "microenterprise loans" of about $1,000 which are also granted to individuals
- In response to members' complaints that attendance at weekly meetings is too burdensome, ASA allows more long-established members with good payment records to skip the meetings, although they still must send their repayments to the group
- ASA has a very "flat" organizational chart that keeps management overhead to a minimum They are very focused on achieving the most efficient delivery of services possible The main administrative body is the "unit" Like other microfinance organizations, four to five community organizers (credit agents) work in the unit, and each one oversees up to18 credit associations each comprised of 25-30 members There is a unit manager, but no accounting staff, community organizers do their own accounts and pass them up the chain of command to the "region" In fact, the region is nothing more than a regional manager who occupies a desk (he doesn't even have a separate office) in one of his eight units He exercises supervisory responsibility, performs inspections and troubleshoots, but like the unit manager, has no accountant either This is done on a consolidated basis at headquarters
- ASA has found that it can lower field costs by training community organizers in a maximum of six days In this process it depends heavily on experienced community organizers to provide on-the-job training

- To cover remote or sparsely populated areas, ASA creates "sub-units" containing as few as one or two community organizers  This very "light" administrative structure keeps overhead costs to a minimum

These were our observations at the end of a day  Obviously, a longer visit to ASA would have brought out other interesting points  Our overall impression was of a very innovative organization, committed to advancing the practice of financial services delivery to the poor

**Bangladesh Rural Advancement Committee (BRAC)**
To refer to BRAC as an NGO is somewhat misleading  With a $102 million budget, 51,000 employees and a twenty story office building as its headquarters, BRAC has more the feel of a corporation  It also has a very different vision of development than the minimalist credit organizations  BRAC believes that in order to alleviate poverty, an all-out assault that covers education, health, income generation and social awareness is needed  BRAC is unwilling to specialize in one of these domains  It has decided instead to do everything  Its program, consequently, is a very complete version of an "integrated rural development' approach

The attached fact sheet gives a good picture of the variety of BRAC's services  Broadly, they are organized into three program divisions  Rural Development, Health and Population and Non-Formal Primary Education  Since our interest was economic development, we focused on the Rural Development division  We passed a day visiting two village credit groups, observed a training session on legal education and human rights for women, visited a rural development administrative office, visited a BRAC dairy and spoke at headquarters with their director of program and head of public relations  We ended the day with a visit to BRAC's handicraft outlet which reached almost $800,000 in sales the previous year

With respect to credit, BRAC, like ASA follows a Grameen-style approach  But also like ASA, they have made important modifications

- BRAC strongly believes that credit alone will not bring people out of poverty  They see training as a necessary element that will enable poor borrowers to expand and diversify their activities  Consequently, their branch offices contain, in addition to credit officers, specialists in livestock, fisheries, horticulture, bio gas production, legal aid and health  Borrowers who want loans for poultry, livestock or fisheries projects, must undergo preliminary training
- Also, all borrowers must attend a compulsory 28 day training on legal aid and human rights  Borrowers are counseled on their rights and responsibilities with respect to marriage and divorce, detention and trial, inheritance, contract leases and sharecropping, among other subjects  Follow up workshops are conducted by BRAC with community leaders on the same subjects  Women are encouraged to discuss what they learn with their husbands and other family members  BRAC organizes monthly meeting among men and women to discuss these issues
- BRAC also believes they must intervene in the local economy in order to increase opportunity for its poor clients  An example is a modern dairy built with help from DANIDA  The dairy is designed to provide a steady market and good price for the many BRAC borrowers who invest in milk cows  BRAC intends to run the dairy at a profit
- Like most microfinance NGOs, BRAC recognizes that it does not work with the "poorest of-the poor"  In an effort to bring poorer people into its system it has devised the "viable group development" program  Candidates are provided food subsidies over a two year period along with technical training in poultry and fisheries  When they complete the program they are eligible for membership in BRAC groups

- BRAC is working to make its financial services sustainable and has the goal of turning this part of the program into a bank But it is still heavily donor-dependent for founds for training, health and education It is able to cover some of these costs by charging user fees and through profits from its enterprises (handicrafts, printing, dairy, etc) However, BRAC's major challenge is similar to that facing our partners who practice "credit with education" to develop and implement a business plan that leads to financial self-sufficiency

Two other notes of interest regarding BRAC First, they offer a number of training opportunities both on-site at their headquarters and in the field at various program locations At the headquarters they offer courses specific to microfinance technology and management courses in areas such as program evaluation and gender planning and analysis They have entered into a collaborative agreement with World Learning, School for International Training and some of the courses are part of a degree program curriculum We were told they could also design a training program to meet specific requests if necessary (Our visit was on the eve of a holiday so we were not able to secure a list of training programs However, we hope to get this in the near future and will share it at that time ) At field locations they offer opportunities for internships and exposure visits

Second, it is an interesting phenomenon in Bangladesh that of the organizations we visited, all identified a serious shortage of female staff There are several reasons for this including cultural barriers BRAC has initiated a serious gender equity initiative that extends beyond the design and delivery of program services to include an effort to increase the number of females on staff At the time of the visit, 14% of BRAC staff are women, a percentage that is higher than the other organizations we visited (but far from a desirable balance)

**SafeSave**

In order to understand SafeSave, it is necessary to know something about its founder, Stuart Rutherford Stuart is a British expatriate who came to Bangladesh in 1984 as director of Action Aid He developed a strong interest in financial services for the poor and pursued that interest by doing research His research led him to the conclusion that ***saving*** (and the ability to occasionally transform savings into credit) is the service most sought by poor people (A very simple explanation of his theory is contained in the two attachments, "Basic Personal Financial Intermediation, sound Practices and Innovation" and "Financial Services for the Poor") He later created SafeSave to demonstrate the truth of his theory

SafeSave is directed at extremely poor people living in very precarious circumstances in the densely populated slums of Dhaka The clients we visited were clearly at a lower stage of poverty than any who participate in our credit/MED pilot programs For example, we saw large numbers of brick breakers – men and women who do nothing but smash bricks with hammers in order to make small chips that later are mixed with cement to make concrete A full day of this brings them less than $1 00

SafeSave's system is simple their collectors make daily visits to clients who give them small sums to save Clients can save any amount and have free access to their savings Once they have built up savings they can take out a loan (equal to their savings plus interest earned on the first loan – larger sums are available on subsequent loans) The system is described more fully in the attachment "Our Product Rules"

SafeSave has managed to keep costs to a minimum It has one very small (and inexpensive) office Collectors are from the communities and work for very low wages (this of course is relative to someone coming out of a slum existence) The one area where SafeSave has invested is in computer technology The have a very well performing management information system that allows them to produce daily updates of client records and daily balance sheets Their latest financial and program information is in the attachment "the Latest Updates"

The attachment "Prospects and Overview" gives a more comprehensive account of their first year of operation and lessons learned (Note these documents were taken from SafeSave's Web site at http //www1 drik net/savesave)

One interesting offshoot of this project is that Stuart was able to convince the director of a local cooperative bank to adopt this methodology The bank, Federal Savings, has been operating a "safesave" program for over two years in Dhaka's slums It has built the client base to over 70,000, has a good repayment rate and is covering the costs of the program with interest earned on the loans

PLAN Bangladesh has signed an agreement with SafeSave and has provided it a loan to expand its activities in Dhaka It is also working to bring SafeSave together with other NGOs in a rural PLAN program area in order to see if Safesave's methodology can be transferred and applied successfully

We will continue to follow this new and still small, but nevertheless very interesting experience and provide you additional information We hope to be able to include information from SafeSave in upcoming credit/MED program reports

**Grameen Bank**

It's hard to believe we visited Bangladesh to learn more about microfinance and didn't see the Grameen Bank Perhaps next time We did, however, obtain information on written materials and training opportunities offered by Grameen These are attached for your information

**Next Steps in ROSA**

Since Bangladesh contains so many rich microfinance examples, it makes sense to use it as a resource Mac Abbey will be organizing a three day microfinance workshop for representatives of other countries in the region Stuart Rutherford will be a key resource and will introduce participants to his program PLAN Nepal has also invited the executive director of it hoped-to-be partner Nirdhan, who will speak on his experience in creating a Grameen replication in Nepal And we will be there to represent the CMTT to bring particpants up-to-date on what we have learned about the "art of partnership"

Plan International USA, Inc 15-Oct-98
Agreement #FAO-0158-A-00-6047-00 (old numbering system)
Agreement #FAO-A-00-96-00047 (new numbering system)

# PIPELINE ANALYSIS

| | | EXPENDITURES YRS 1 & 2 (09/01/96 - 08/31/98) | | | AGREEMENT BUDGET - YRS 1 & 2 (09/01/96 - 08/31/98) | | | VARIANCE (09/01/96 - 08/31/98) | | |
|---|---|---|---|---|---|---|---|---|---|---|
| I DIRECT COSTS | | USAID | MATCH | TOTAL | USAID | MATCH | TOTAL | USAID | MATCH | TOTAL |
| A PERSONNEL - SALARIES & FRINGE BENEFITS | 1 Headquarters - wages/salaries | 223 531 | 66 025 | 289 556 | 246 312 | 71 439 | 317 751 | 22 781 | 5 414 | 28 195 |
| | 2 Field wages/salaries | 67 827 | 160 889 | 228 716 | 92 250 | 30 750 | 123 000 | 24 423 | (130 139) | (105 716) |
| | 3 Fringes Headquarters & Field | 57 310 | 41 017 | 98 327 | 67 713 | 20 438 | 88 151 | 10 403 | (20 579) | (10 176) |
| | SUBTOTAL - PERSONNEL | 348 668 | 267 931 | 616 599 | 406 275 | 122 627 | 528 902 | 57 607 | (145 304) | (87 697) |
| B TRAVEL TRANSPORTATION PER DIEM | 1 Headquarters - Domestic (US) | 40 943 | 19 349 | 60 292 | 36 800 | 0 | 36 800 | (4 143) | (19 349) | (23 492) |
| | 2 Headquarters - International | 0 | 166 957 | 166 957 | 0 | 418 000 | 418 000 | 0 | 251 043 | 251 043 |
| | 3 Field - In country | 0 | 96 158 | 96 158 | 0 | 147 200 | 147 200 | 0 | 51 042 | 51 042 |
| | 4 Field International | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | SUBTOTAL - TRAVEL | 40,943 | 282 464 | 323 407 | 36 800 | 565 200 | 602 000 | (4 143) | 282 736 | 278 593 |
| C SUBCONTRACTS | 1 Headquarters | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2 Field | 0 | 1 756 981 | 1,756,981 | 0 | 2,700 000 | 2 700 000 | 0 | 943 019 | 943 019 |
| | SUBTOTAL SUBCONTRACTS | 0 | 1,756,981 | 1 756 981 | 0 | 2,700 000 | 2 700 000 | 0 | 943 019 | 943 019 |
| D PROCUREMENT | 1 Headquarters | 69,983 | 24,829 | 94 812 | 167 600 | 0 | 167,600 | 97 617 | (24 829) | 72,788 |
| | 2 Field | 6,690 | 128 611 | 135 301 | 0 | 132 800 | 132,800 | (6 690) | 4 189 | (2 501) |
| | SUBTOTAL - PROCUREMENT | 76 673 | 153 440 | 230,113 | 167 600 | 132 800 | 300 400 | 90 927 | (20,640) | 70 287 |
| E OTHER DIRECT COSTS | 1 Headquarters | 137,006 | 1,072 | 138 078 | 84,000 | 30 000 | 114,000 | (53,006) | 28 928 | (24 078) |
| | 2 Field | 33 138 | 70 499 | 103,637 | 72 000 | 24 000 | 96 000 | 38 862 | (46 499) | (7 637) |
| | SUBTOTAL - OTHER DIRECT | 170 144 | 71,571 | 241 715 | 156 000 | 54 000 | 210 000 | (14 144) | (17 571) | (31 715) |
| TOTAL - DIRECT COSTS | | 636 428 | 2 532 387 | 3,168,815 | 766 675 | 3 574 627 | 4 341 302 | 130 247 | 1,042 240 | 1 172 487 |
| II INDIRECT COSTS (17 7% excluding subcontracts) | | 112 648 | 137 247 | 249 895 | 135 701 | 154 809 | 290 510 | 23 053 | 17 562 | 40 615 |
| GRAND TOTAL (DIRECT AND INDIRECT COSTS) | | 749 076 | 2 669,634 | 3,418,710 | 902 376 | 3 729,436 | 4 631 812 | 153,300 | 1 059 802 | 1 213 102 |

Annex N

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# PLAN International

# Form 1550

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Country Information for A I D -supported PVO Projects

Organization PLAN International
Project/Grant No Cooperative Agreement No FAO-A-00-96-00-047 (new)
FAO-0158-A-00-6047-00 (old)
Grant Dates 9/1/96 – 8/30/01
Funding Mechanism MG

Country Name or Headquarters
Headquarters Credit/MED Technical Team (CMTT), USA

Project Purpose
1 Introduce high performance credit/MED models linked to education and health, which have high impact on children
2 Build widespread understanding, capacity and commitment for incorporating modern development approaches into PLAN's program, administrative and resource systems
3 Establish operating models to select, partner with and develop further cost-recoverable credit/MED intermediaries

Project Implementation
Start date 9/1/96 Estimated Completion Date 8/31/01
Status The CMTT has made substantial progress in the areas of systems development, capacity building among PLAN staff, institutional learning and collaboration with PLAN's National Offices

Project funding

| Year | FY97 | FY98 | FY99 | FY00 | FY01 | TOTAL |
|---|---|---|---|---|---|---|
| AID$ | 206447 | 312475 | 218179 | 218179 | 218179 | 1173459 |
| PVO$ | 108381 | 183820 | 357278 | 500189 | 571644 | 1721312 |
| Total | 314828 | 496295 | 575457 | 718368 | 789823 | 2894771 |

Table does not include indirect costs

Location in country PLAN International, 3260 Wilson, #21, Arlington, VA 22201

PVO Representative in Country or Program Manager for Headquarters
John Schiller
PLAN International
3260 Wilson, #21
Arlington, VA 22201
703-807-0190

Local Counterpart/Host Country Agency n/a

# Country Information for A I D -supported PVO Projects

Organization PLAN International
Project/Grant No Cooperative Agreement No FAO-A-00-96-00-047 (new)
FAO-0158-A-00-6047-00 (old)

Grant Dates 9/1/96 – 8/30/01
Funding Mechanism MG

Country Name or Headquarters Bolivia

Project Purpose

1 Introduce high performance credit/MED models linked to education and health, which have high impact on children
2 Build widespread understanding, capacity and commitment for incorporating modern development approaches into PLAN's program, administrative and resource systems
3 Establish operating models to select, partner with and develop further cost-recoverable credit/MED intermediaries

Project Implementation

Start date 9/1/96 Estimated Completion Date 8/31/01

Status As the senior credit/MED pilot, PLAN Bolivia has successfully completed a first phase of operations where it made substantial financial investments in 3 partners, PROMUJER, CRECER, and SARTAWI It has also contributed to the institutional development of microfinance institutions approaching viability

Project funding

| Year | FY97 | FY98 | FY99 | FY00 | FY01 | TOTAL |
|---|---|---|---|---|---|---|
| AID$ | 5412 | 36711 | 68964 | 68964 | 68964 | 249015 |
| PVO$ | 441105 | 376064 | 863790 | 1209306 | 1382063 | 4272328 |
| Total | 446517 | 412775 | 932754 | 1278270 | 1451027 | 4521343 |

Table does not include indirect costs

Location in country Tarija, Sucre, Altiplano

PVO Representative in Country or Program Manager for Headquarters

Vivianne Romero
PLAN International La Paz
Casilla 6181 – Correo Central
La Paz, BOLIVIA
phone 591-2-372-616

Local Counterpart/Host Country Agency n/a

# Country Information for A I D -supported PVO Projects

Organization PLAN International
Project/Grant No Cooperative Agreement No FAO-A-00-96-00-047 (new)
FAO-0158-A-00-6047-00 (old)

Grant Dates 9/1/96 – 8/30/01
Funding Mechanism MG

Country Name or Headquarters Guatemala

Project Purpose

1 Introduce high performance credit/MED models linked to education and health, which have high impact on children
2 Build widespread understanding, capacity and commitment for incorporating modern development approaches into PLAN's program, administrative and resource systems
3 Establish operating models to select, partner with and develop further cost-recoverable credit/MED intermediaries

Project Implementation
Start date 9/1/96 Estimated Completion Date 8/31/01
Status PLAN Guatemala begins the 3rd year of the grant with high performance microfinance as part of its Livelihood approach and on the verge of signing an important partnership agreement with one of the leading Guatemalan microfinance institutions

Project funding

| Year | FY97 | FY98 | FY99 | FY00 | FY01 | TOTAL |
|---|---|---|---|---|---|---|
| AID$ | 0 | 0 | 0 | 0 | 0 | 0 |
| PVO$ | 2127 | 39710 | 431895 | 604653 | 691032 | 1769417 |
| Total | 2127 | 39710 | 431895 | 604653 | 691032 | 1769417 |

Table does not include indirect costs

Location in country to be determined

PVO Representative in Country or Program Manager for Headquarters
Anabella Cerezo
PLAN International
Avenida Reforma 6-64, Zona 9
Plaza Corporativa, 6 nivel
Guatemala City, GUATEMALA phone 502-339-1462

Local Counterpart/Host Country Agency n/a

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Country Information for A I D -supported PVO Projects

Organization PLAN International
Project/Grant No Cooperative Agreement No FAO-A-00-96-00-047 (new)
FAO-0158-A-00-6047-00 (old)

Grant Dates 9/1/96 – 8/30/01
Funding Mechanism MG

Country Name or Headquarters Kenya

Project Purpose

1 Introduce high performance credit/MED models linked to education and health, which have high impact on children
2 Build widespread understanding, capacity and commitment for incorporating modern development approaches into PLAN's program, administrative and resource systems
3 Establish operating models to select partner with and develop further cost-recoverable credit/MED intermediaries

Project Implementation
Start date 9/1/96 Estimated Completion Date 8/31/01
Status PLAN Kenya's former microcredit program is being transformed into a separate microfinance institution, BIMAS, and a second partnership is under development with K-REP based on the new financial services association methodology

Project funding

| Year | FY97 | FY98 | FY99 | FY00 | FY01 | TOTAL |
|---|---|---|---|---|---|---|
| AID$ | 0 | 0 | 0 | 0 | 0 | 0 |
| PVO$ | 447020 | 461050 | 431895 | 604653 | 691032 | 2635650 |
| Total | 447020 | 461050 | 431895 | 604653 | 691032 | 2635650 |

Table does not include indirect costs

Location in country Embu, Kisumu, Taita, Coastal, Meru

PVO Representative in Country or Program Manager for Headquarters
Ngugi Chege
PLAN International
House Number 28
Kirichwa Lane, Off Ngong Road
Nairobi, KENYA
phone 254-2-562-593

Local Counterpart/Host Country Agency n/a

# Country Information for A I D -supported PVO Projects

Organization PLAN International
Project/Grant No Cooperative Agreement No FAO-A-00-96-00-047 (new)
FAO-0158-A-00-6047-00 (old)
Grant Dates 9/1/96 – 8/30/01
Funding Mechanism MG

Country Name or Headquarters Mali

Project Purpose
1 Introduce high performance credit/MED models linked to education and health, which have high impact on children
2 Build widespread understanding, capacity and commitment for incorporating modern development approaches into PLAN's program, administrative and resource systems
3 Establish operating models to select, partner with and develop further cost-recoverable credit/MED intermediaries

Project Implementation
Start date 9/1/96 Estimated Completion Date 8/31/01
Status PLAN Mali ended a one year "pilot" partnership with the microfinance institution CANEF It has since identified a potential new partner that could lead to programs in 2 new areas

Project funding

| Year | FY97 | FY98 | FY99 | FY00 | FY01 | TOTAL |
|---|---|---|---|---|---|---|
| AID$ | 24791 | 21360 | 68964 | 68964 | 68964 | 253043 |
| PVO$ | 185616 | 31983 | 431895 | 604653 | 691032 | 1945179 |
| Total | 210407 | 53343 | 500859 | 673617 | 759996 | 2198222 |

Table does not include indirect costs

Location in country Kangaba, Banamba

PVO Representative in Country or Program Manager for Headquarters
Nene Sow Thiam
PLAN de Parrainage Kati
Badalabougou Est, Rue17, Porte305
(vers l'Ambassade du Nigeria)
Bamako, MALI, West Africa
phone 223-22-71-55

Local Counterpart/Host Country Agency n/a

Form 1550

# Country Information for A I D -supported PVO Projects

Organization PLAN International
Project/Grant No Cooperative Agreement No FAO-A-00-96-00-047 (new)
FAO-0158-A-00-6047-00 (old)
Grant Dates 9/1/96 – 8/30/01
Funding Mechanism MG

Country Name or Headquarters Nepal

Project Purpose

1. Introduce high performance credit/MED models linked to education and health, which have high impact on children
2. Build widespread understanding, capacity and commitment for incorporating modern development approaches into PLAN's program, administrative and resource systems
3. Establish operating models to select, partner with and develop further cost-recoverable credit/MED intermediaries

Project Implementation
Start date 9/1/96 Estimated Completion Date 8/31/01
Status PLAN Nepal is working with a traditional Nepalese NGO to transform it into a microfinance institution (MFI) committed to sustainability and has just recently signed an agreement with a more established MFI, NIRDHAN

Project funding

| Year | FY97 | FY98 | FY99 | FY00 | FY01 | TOTAL |
|---|---|---|---|---|---|---|
| AID$ | 0 | 0 | 0 | 0 | 0 | 0 |
| PVO$ | 1723 | 30582 | 431895 | 604653 | 691032 | 1759885 |
| Total | 1723 | 30582 | 431895 | 604653 | 691032 | 1759885 |

Table does not include indirect costs

Location in country Morang, Rautahat, Bara and Banke

PVO Representative in Country or Program Manager for Headquarters
Hem Poudyal
PLAN Nepal CO
P O Box 8980
Kathmandu, NEPAL
phone 977-1-529-971

Local Counterpart/Host Country Agency n/a

# Country Information for A I D -supported PVO Projects

Organization PLAN International
Project/Grant No Cooperative Agreement No FAO-A-00-96-00-047 (new)
FAO-0158-A-00-6047-00 (old)

Grant Dates 9/1/96 – 8/30/01
Funding Mechanism MG

Country Name or Headquarters Philippines

Project Purpose

1 Introduce high performance credit/MED models linked to education and health, which have high impact on children
2 Build widespread understanding, capacity and commitment for incorporating modern development approaches into PLAN's program, administrative and resource systems
3 Establish operating models to select, partner with and develop further cost-recoverable credit/MED intermediaries

Project Implementation
Start date 9/1/96 Estimated Completion Date 8/31/01
Status PLAN Philippines has 2 partnerships with CARD as well as partnerships with BCDC, CAVALCO, and the Cooperative Bank of Benguet In addition, PLAN Philippines is part of a joint effort with PLAN's Australia National Office to develop a microfinance marketing strategy

Project funding

| Year | FY97 | FY98 | FY99 | FY00 | FY01 | TOTAL |
|---|---|---|---|---|---|---|
| AID$ | 4578 | 18699 | 68964 | 68964 | 68964 | 230169 |
| PVO$ | 94960 | 133627 | 431895 | 604653 | 691032 | 1956167 |
| Total | 99538 | 152326 | 500859 | 673617 | 759996 | 2186336 |

Table does not include indirect costs

Location in country Marinduque, Calapan, Bicol, Cavite

PVO Representative in Country or Program Manager for Headquarters
Paul Lobo
PLAN International Philippines
MC Post Office Box 1875
Makati City – 1258
PHILIPPINES
phone 63-2-897-1656

Local Counterpart/Host Country Agency n/a

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