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PRISMS

Quarterly Report June 30, 2006

31 July 2006

Promoting Improved Sustainable Micro, Small and Medium Enterprise Financial Services
USAID Contract Number # 620-C-00-04-00037-00

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

USAID/Nigeria QUARTERLY REPORT

April – June 2006 Quarterly Progress Report

<i>ACTIVITY SUMMARY</i>
<p>Implementing Partner:</p> <p>Chemonics International Inc.</p>
<p>Activity Name:</p> <p>Promoting Improved Sustainable Micro, Small and Medium Enterprise Financial Services (PRISMS)</p>
<p>Activity Objective:</p> <p>Increased flow of sustainable financial services to support growth of the MSME sector.</p>
<p>USAID/Nigeria SO:</p> <p>Improved Livelihood in Selected Areas</p>
<p>Life of Activity (start and end dates):</p> <p>Start Date: August 13th, 2004 End Date: January 4th, 2008.</p>
<p>Total Estimated Contract/Agreement Amount: \$5,090,000</p>
<p>Obligations to date: \$5,090,000</p>
<p>Current Pipeline Amount: \$1,686,828.38</p>
<p>Accrued Expenditures this Quarter: \$227,100.02 (Without a merger)</p>
<p>Activity Cumulative Accrued Expenditures to Date: \$3,403,171.62</p>
<p>Estimated Expenditures Next Quarter: \$119,647</p>
<p>Report Submitted by: Chemonics International, Inc. Submission Date: July 31, 2006</p> <p>Name and Title: Miguel A. Rivarola – Chief of Party</p>

Narrative Section

I. *Background*

As stated in our previous quarterly report, PRISMS is an assess-design-implement project, financed by USAID and managed by Chemonics International Inc. The duration of the implementation phase is 41 months, which began 13 August 2004 and runs through 4 January 2008. This is the second quarter PRISMS is operating under the new Performance Monitoring Plan and new Work Plan approved during the Recovery process.

During the quarter, based on discussions with our CTO, the Senior Strategic Analysis Advisor and USAID's MEMS, some PMP indicators were redefined and six additional ones were included to capture information requested by the Mission. Changes include four context indicators to more directly support PRISMS' overall project goal: increased flow of financial services to support growth of the MSME sector. These changes, included in the PMP of May 30, 2006 submitted to USAID, continue to support our objective to refocus and concentrate project energies on the "key result areas" identified in the 9 November 2005 "Notice of Performance Delinquency and Required Remedy." During this reporting period, the focus has been to complete the quarterly activities as set out in the approved Recovery Plan and Work Plan targeting three PIRs:

- 1) *PIR 3.1.1: Increased commercial bank loans to NBFIs and MSMEs.* PRISMS aims to increase commercial bank loans to non-bank financial institutions (NBFIs), particularly through wholesale lending to microfinance institutions (MFIs). The project continued to work on expanding direct retail lending by banks to micro, small and medium enterprises (MSMEs) by assisting to develop new or adapt existing products as well as appropriate guarantee structures to meet the needs of this market.
- 2) *PIR 3.1.2: Increased capacity of NBFIs to serve MSMEs.* PRISMS works to increase the capacity of NBFIs to serve MSMEs, by facilitating increased access to commercial capital from banks and specialized microfinance funds. The project assists the introduction of new financial products that will expand services to MSMEs.
- 3) *PIR 4.1.3: Improved enabling environment to support SME finance.* PRISMS is working to remove policy constraints to MSME access to finance, in particular working with commercial banks in the use of creative strategies for establishing collateral to secure both wholesale and retail MSME loans. PRISMS continues to work also with the Central Bank of Nigeria (CBN) on the implementation of the Micro Finance Regulatory Policy to encourage MFIs, community banks and commercial banks to apply for Micro Finance Banking (MFB) licenses so they can better serve the growing MSME market.

Details on the activities and accomplishments during the reporting period are provided in the following section on Quarter Progress. We then discuss Problems and Opportunities identified during the quarter, followed by a brief summary of Activity Changes. We have

included one Success Story relating to PRISMS activities on access to credit by an entrepreneur in Kano.

II. Quarter Progress

Included below, the table summarizes targets for quarters ending in June and September, 2006 and for the Life of the Project. It also includes the actual results achieved as of June, 2006. As can be noted, all of our targets were met and passed as in the previous quarter. The first line for each indicator is the quarterly value, while the second line is the cumulative value.

Table No. 1

Annex # 12

QUARTER & CUMMULATIVE TARGETS

Revised as per PMP of May 30, 2006

#	Project Indicators	30-Jun-06 Targets	30-Jun-06 Actuals	30-Sep-06 Targets	31-Dec-07 LOP Targets
1	Value of Loans Disbursed to MSMEs (Million) - Includes Repeat Loans Cum. Value of Loans Disbursed to MSMEs (Million) - Includes Repeat Loans	NGN 20.0 NGN 65.0	NGN 79.7 NGN 223.7	NGN 25.0 NGN 90.0	NGN 200.0
2	Number of Loans Disbursed to MSMEs - Includes Repeat Loans Cum. Number of Loans Disbursed to MSMEs - Includes Repeat Loans	2,000 6,500	4,514 12,933	2,500 9,000	20,000
3	Value of Wholesale Loans to NBFIs & Retail Loans to MSMEs Disbursed (Million) Cum. Value of Wholesale Loans to NBFIs & Retail Loans to MSMEs Disbursed (Million)	NGN 20.0 NGN 65.0	NGN 80.0 NGN 179.1	NGN 25.0 NGN 90.0	NGN 200.0
4	Number of Wholesale Loans to NBFIs & Retail Loans to MSMEs Disbursed Cum. Number of Wholesale Loans to NBFIs & Retail Loans to MSMEs Disbursed	1 2	1 3	1 3	6
5	Number of New/Existing Financial Products/Guarantees Introduced Cum. Number of New/Existing Financial Products/Guarantees Introduced	1 1	1 3	1 2	5
6	Value of Retail Loans to MSMEs by NBFIS (Million) - Includes Repeat Loans Cum. Value of Retail Loans to MSMEs by NBFIS (Million) - Includes Repeat Loans	NGN 20.0 NGN 65.0	NGN 79.7 NGN 223.7	NGN 25.0 NGN 90.0	NGN 200.0
7	Number of Retail Loans to MSMEs by NBFIS - Includes Repeat Loans Cum. Number of Retail Loans to MSMEs by NBFIS - Includes Repeat Loans	2,000 6,500	4,514 12,933	2,500 9,000	20,000
8	Value of Retail Loans made to new clients by NBFIS (Baseline: March 06) (Million) * Cum. Value of Retail Loans made to new clients by NBFIS (Baseline: March 06) (Million)	NGN 6,282.25 NGN 131,927.25	NGN 300,208.0 NGN 300,208.0	NGN 6,596.4 NGN 138,523.6	NGN 7,272.5 NGN 152,722.3
9	Number of New Clients served by NBFIS (Baseline: March 06) (5% increase) * Cum. Number of New Clients served by NBFIS (Baseline: March 06) (5% increase)	316 6,641	14,606 14,606	332 6,973	404 8,476
10	Number of new supervisory or planning tools/techniques introduced Number of new supervisory or planning tools/techniques introduced	1	1	1	2
11	Number of Policies Approved/Revised to Support MSME Finance Number of Policies Approved/Revised to Support MSME Finance	1	2 3	1 2	3

* Note: Figures are estimates based on information provided by LAPO. LAPO's MIS does not capture this information directly. Our base is the total Number of new clients in previous month provided by LAPO MIS. LAPO then estimate that 85% of new clients in previous month qualify for loans in current month. Target assumes a 5% increase in value every quarter

The next sections describe in greater detail the activities performed and the progress achieved during the quarter.

PIR 3.1.1: Increased Commercial Bank Loans to NBFIs and MSMEs

As reported in the last quarterly report, to increase the supply of wholesale loans for microfinance institutions and retail loans for small and medium enterprises, DCOP Mr. Kurawa and COP Mr. Rivarola worked with banks to consider providing new products and services for NBFIs and MSMEs. This initiative has been pursued vigorously and reported in Annex No. 1 which summarizes year-to-date and quarterly progress.

Activities and Milestones under PIR 3.1.1: January 2006 – March 2006

Conduct updated survey of all consolidated commercial banks. Further follow up on our partner commercial banks was made as well as on new banks showing interest in partnering with PRISMS on MSME funding initiatives. Spring Bank and Oceanic Bank were also interviewed and both expressed their interest in a partnership with PRISMS.

PRISMS Commercial Bank Partners

- AfriBank
- SKYE Bank
- UBA
- Union Bank
- Zenith Bank

Bank profiles developed. In continuation of the bank profiling, Spring Bank, SKYE Bank and Oceanic Bank were interviewed and they showed interest in partnering with PRISMS. One additional letter of Expression of Interest was obtained from SKYE bank (Annex # 2). PRISMS met all the milestones of all five EOI letters.

PRISMS continued to visit both our existing and potential commercial bank partners to expand existing relationships as well as develop new ones. Banks visited were Zenith Bank, Skye Bank, Union Bank of Nigeria, Union Bank of Africa, Oceanic Bank, First Bank of Nigeria and Afribank, most of them in Lagos. We take every opportunity to present partner banks with emerging opportunities for collaboration on financing mechanisms serving the MSME retail market and providing wholesale facilities to MFIs. A number of such initiatives moved forward during the period.

PIR 1 FY 2006 Milestones

30 June

- Expressions of interest (EOIs) letters signed during the quarter:
 - Skye Bank

Specialized microfinance investment and lending funds interested in working with viable MFIs in Nigeria identified. As demonstrated by PRISMS experience working with the Lift Above Poverty Organization (LAPO), these hard currency loans and guarantees are important in the short-term as they provide a bridge to secure local commercial wholesale bank loans to MFIs. (See Annex # 13 for a list and brief descriptions of capital investment funds identified)

PRISMS was instrumental during the quarter in securing N80.0 million in international loans and guarantees to leverage local currency for MSME lending in Nigeria.

As the table below summarizes, a total of five loan packages were negotiated for LAPO in the last three quarters as a result of PRISMS interventions (Novib, Incofin, Zenith (2), Cordaid) amounting to N219.1 million. Of the four packages, two loans were disbursed during the last two quarters. A N80million loan was approved and disbursed by Zenith Bank this quarter out of which LAPO already disbursed N41.3 million to its clients. The balance of N38.7 million will be disbursed next quarter. Over 8,000 microentrepreneurs have benefited from the first round of new microloans made possible through USAID's support. The number of beneficiaries will multiply in the months and years to come.

Table # 2

LENDER	LAPO WHOLESALE DATA				
	First time Disbursements			LAPO DISBURSEMENTS	LAPO No. OF LOANS
	EUR VALUE	\$ EQUIV.	NAIRA VALUE		
NOVIB/ZENITH	300,000	353,250	45,000,000	45,000,000	2,574
NOVIB	100,000	117,750	16,600,000	16,600,000	997
INCOFIN	250,000	300,000	37,500,000	37,500,000	2,224
CORDAID/ZENITH	500,000	588,750	80,000,000	41,300,000	2,270
GRAMEEN/AFRIBANK		300,000	40,000,000		
TOTAL	1,150,000	1,659,750	219,100,000	140,400,000	8,065

Source: LAPO statistical reports and wholesale loan documentation.

PRISMS is still working closely with Afribank on the Grameen Foundation USA guarantee for a loan package of N40 million. The delay in approval is because of the bank consolidation exercise last year, management restructuring and because it is a new initiative for the bank to lend against a 50 percent guarantee. Banks standard practice is to require at least 100 percent cash equivalent collateral, especially when lending to an unregulated MFI such as LAPO. Approval of the loan is expected next quarter.

Bank direct lending to MSMEs increased: PRISMS is working with six commercial banks: Zenith, AfriBank, First Bank of Nigeria, United Bank for Africa (UBA), SKYE bank and Union Bank of Nigeria (UBN) to expand direct lending to MSMEs. These initiatives are yet to produce tangible results because commercial banks are moving very slowly into perceived high risk markets following the bank consolidation. Banks are especially risk averse when it comes to financing agricultural related activities, in spite of risk mitigation facilities implemented by the GON, such as the CBN agricultural guarantee scheme, SMEEIS, the Crop Insurance Scheme and the Presidential Initiative. The details on PRISMS direct lending initiatives follow.

FADAMA II Kaduna: As reported in the last quarterly report, PRISMS is collaborating with this World Bank financed project to assemble MSME loan packages with UBN, First Bank of Nigeria (FBN) and UBA. The initial request was for N105 million financing over 1,000 farmers. In order to ease the approval process, the request was restructured to only nine groups for UBN to finance with the amount totalling N9 million. Other requests are being passed through FBN and UBA. We made an average of two trips a month to Kaduna, as well as many telephone calls, in order to facilitate this transaction over the last three months. We also held several meetings with FADAMA II, UBN and UBA. Given the time required and the need to shift priorities, if the loan package is not approved during the next quarter, PRISMS will not continue this activity.

Sorghum Alliance: During this quarter, UBN took a proactive interest and provided guidance PRISMS used to refine and reduce the financing package to meet UBN's requirements. The approval process was moving well. Then a recent restructuring of the bank management team affected the bank's position negatively. The new team does not seem comfortable with the planned indirect lending arrangement to farmers and, as a result, the loans may not be approved as expected before the cropping season starts.

Rice Alliance II: PRISMS experience with structuring finance for the Sorghum Alliance caused a needed shift in approach. MARKETS decided to work with a large scale rice processor, and entered into an alliance with Enyin Rice, a major rice processor in Abakaliki. We submitted a copy of the loan application for N50 million on behalf of this farmer to the Managing Director of Oceanic Bank, plc., who was receptive. Approval of the loan is expected next quarter. Several other similar partnerships are being developed.

SPACE in Cross Rivers State: A meeting was arranged in Calabar between PRISMS and SPACE in June to review the collaboration agreement. Even though according to SPACE some producer groups are almost formed, there might not sufficient time to develop, market and broker a loan closing during the next four months before SPACE closes in early 2007.

JOBS: During the quarter, we held meetings with JOBS Nigeria and designed an action plan to move our collaboration forward. It was agreed that they would come up with a draft MOU and a program of activities that PRISMS could buy into. Once JOBS responds, we will be able to consider the specific initiatives for action.

Collaboration with World Bank MSME project: During the quarter, PRISMS responded to the World Bank's (WB) invitation to make a presentation at a workshop in Lagos on the MSME mapping survey carried out by PRISMS last year. This activity continues our collaboration with several donor projects to promote lending from the commercial banking sector to MSMEs. The WB was very appreciative that PRISMS was able to respond positively to their call on very short notice. See Annex # 3 for the WB's letter of appreciation.

Due Diligence Tool: In the course of our discussions with commercial banks, we informed them that PRISMS developed an Institutional Risk Assessment Tool with which to assessment MFBs, MFIs and community banks when considering wholesale lending applications. Five of the banks (Zenith, Afribank, Oceanic, UBA and SKYE) have expressed interest in the tool. PRISMS has agreed to make a presentation and to provide interested banks with the assessment tool during the next quarter. We have agreed with the banks that PRISMS will be advised by the banks when they use the tool.

PIR 3.1.2: Increased capacity of NBFIs to serve MSMEs

PRISMS continued during the quarter to build on its success in securing commercial capital for MFIs to on-lend to their clients, as evidenced by transactions between LAPO, Zenith Bank and Cordaid. As a result of the loan/guarantee facility structured under PIR 3.1.1, from the N80 million (USD 588,750) secured in June 2006 from Zenith Bank,

N41.3 million (USD 327,778) was disbursed by LAPO, generating 2,270 first time loans to micro-entrepreneurs. Estimated repeat loans made from wholesale loans during the quarter were 2,244 for a total of N38.4 million (USD 305,183). Total loans made during the quarter were 4,514 loans for N79.7 million (USD 632,961). A further N40 million (USD 317,460) wholesale loan from Afribank/Grameen is still in the pipeline. We will continue to work to broaden and deepen MFI access to wholesale funding that can expand the outreach of loans they extend to MSMEs. As evidenced by Table No. 1 above and Table No. 2 below, we have achieved and passed our targets for the quarter and the fiscal year.

Table No. 3
First Disbursement and Repeat Loans Made by LAPO
From Wholesale Loans

Gender	April – June 2006			October 2005 – June 2006		
	Value Naira (Thousand)	Value USD	# of Loans	Value Naira (Thousand)	Value USD	# of Loans
First Disbursement	NGN 41,300.0	\$327,778	2,270	NGN 140,400.0	\$1,114,286	8,065
Repeat Disbursements	NGN 38,453.1	\$305,183	2,244	NGN 83,315.6	\$661,235	4,868
Totals	NGN 79,753.1	\$632,961	4,514	NGN 223,715.6	\$1,775,521	12,933

Source: LAPO - Exchange Rate used N126 = 1USD

[1] These are estimates based on LAPO's loan cycle after considering repayment rate and PAR. See Annex No. 4 for details of Calculations

The total cumulative value of retail microfinance loans made by LAPO from wholesale loans facilitated by PRISMS during the current USAID Fiscal Year (October-June 2006) was USD 1.8 million. The cumulative number of loans made during the same period was 12,933. The pace of LAPO's microfinance loan disbursement is increasing, as expected. At the current rate, with repeat loans using PRISMS facilitated wholesale funding, the total value of LAPO microfinance loans disbursed by the project's end date of January 4, 2008 can be expected to exceed \$5.3 million, which would provide a 100 percent return on PRISMS' original budget. The project is expected to exceed that 1:1 return on USAID's development investment.

Other statistical data on LAPO's loan portfolio for the quarter are summarized in the tables 4, 5, and 6.

Table No. 4
Loans Disbursed to Existing and New Clients - Total Loan Portfolio
(April – June 2006)

Gender	Loan Disbursed to Existing Clients (April – June 2006)			Loans Disbursed to New Clients (April – June 2006)			Total Loans Disbursed (April – June 2006)		
	Value Naira (Thousand)	Value USD	# of Loans	Value Naira (Thousand)	Value USD	# of Loans	Value Naira (Thousand)	Value USD	# of Loans
Female	NGN 223,717	\$1,775,532	12,852	NGN 295,340	\$2,343,968	14,313	NGN 519,057	\$4,119,500	27,165
Male	NGN 4,562	\$36,206	263	NGN 4,868	\$38,635	293	NGN 9,430	\$74,841	556
Totals	NGN 228,279	\$1,811,738	13,115	NGN 300,208	\$2,382,603	14,606	NGN 528,487	\$4,194,341	27,721

Source: LAPO - Exchange Rate used N126 = 1USD

The table below summarizes the cumulative value and number of loans disbursed to MSMEs by PRISMS' partner MFI (LAPO) between for the Fiscal Year 2006 to date. The information includes cumulative and repeat retail loans utilizing wholesale financing received from domestic commercial banks, international microfinance funds, as well as loans made with LAPO's own capital and savings. It is important to note that more than 63,098 loans for \$9.4 million dollars have been disbursed in tiny loans by LAPO during the Fiscal Year.¹

Table No. 5
Total Loans Disbursed to Existing and New Clients
Total Loan Portfolio
(October 2005 - June 2006)

Gender	Loans Disbursed to Existing & New Clients (October – June 06)		
	Value Naira (Thousand)	Value USD	# of Loans
Female	NGN 1,156,534,000	\$9,178,841.00	61,831
Male	NGN 22,427,000	\$177,992.00	1,267
Totals	NGN 1,178,961,000	\$9,356,833.00	63,098

Source: LAPO - Exchange Rate used N126 = 1USD

Context indicators included in the PMP submitted to USAID on May 30 include the following in Table No. 6.

Table No. 6
CONTEXT INDICATORS
LAPO

Indicators	Baseline March 2006	June, 2006	Change
1 Estimated % of religious preferences in the clientele of Partner NBFIs			
Islam	4%	4%	0%
Christian	91%	91%	0%
Others	5%	5%	0%
2 Portfolio at Risk (PAR) on the total loan portfolio of Partner NBFIs	1.74%	1.01%	-42%
3 Repayment Rate (RR) on the total loan portfolio of Partner NBFIs	99.23%	99.21%	-0.02%
4 Value of Savings deposited in Partner NBFIs			
Naira (Million)	NGN 211,201.80	NGN 268,868.90	27%
US Dollars	\$1,676.20	\$2,133.88	27%
Exchange Rate N126 = 1 USD	126	126	

Source: LAPO.

Additional statistical information on LAPO can be seen in Annex No. 5.

We recognize the importance of working with numerous MFIs simultaneously to increase the likelihood of greater results in the near term. As such, one Memorandum of Understanding (MOU) was signed with a new MFI partner as described under the PIR 3.1.2 activities for the quarter.

¹ In order to obtain this figure, we took monthly LAPO disbursements starting from October 2005 through June, 2006. Detailed table used is available in Annex # 12

Activities and Milestones under PIR 2: April 2006 – June 2006

Develop and sign Memoranda of Understanding (MOU) with at least 3 MFI partners identified for intensive capacity building for a cumulative total of 5 by September 2006: Working closely with the PRISMS CTO, Mr. Rivarola and Mr. Faleti developed and obtained a signed Memorandum of Understanding (MOU) from one additional MFI partner, Women Development Initiative (WDI), Kano, increasing the total number of MFI partners to three as of the end of June 2006. Each MOU demonstrates the MFI's commitment to preparing audited financials reports and developing business plans, growth and cash flow projections, as well as fulfilling USAID's reporting requirements and preparing and presenting other documentation required for securing commercial capital. In addition, the necessary paper work was concluded for the signing of a MOU with a fourth MFI partner, DEC in Bauchi during July of 2006. The project expects that another MOU will be signed with Hudulullah Finance Company in Kaduna, over the next quarter, thus bringing our total number of partners to five.

Develop at least 5 MFI "access to finance" roadmaps by September 2006: Based on the Commercial Finance Road Map developed during the quarter (Annex # 6), a technical assistance plan was developed and agreed with LAPO.

The first activity conducted for ACCORD, under the MOU signed last quarter, was a detailed institutional assessment. The assessment showed the organization is very weak with an unclear structure and more focused on consultancy services than on microfinance. The assessment report is on file. ACCORD judged the assessment to be a fair reflection of its current status, and useful in charting the way for the future. A technical assistance work plan and timeline for implementing recommendations and completing the documents required to apply for and secure commercial bank loans were developed (Annex # 7) and agreed. In addition to providing guidance for improving management, lending and financial performance, this work plan will act as a "roadmap" on the steps needed to access commercial finance for the MFI. ACCORD did not report any loan activity during the quarter since management was focusing on starting the agreed pathway to commercial finance. PRISMS anticipates ACCORD will start showing lending activity during the next quarter.

Targeted technical assistance and training to build MFI capacity: PRISMS started to implement the technical assistance plan agreed with LAPO. The project identified Nigerian short-term experts to complement PRISMS own capacity to provide technical assistance and training included in the "access to finance" roadmap. A scope of work was developed to prepare a feasibility study and business plan for LAPO to present to the CBN as one of the documents required to obtain a license to operate as a Microfinance Bank. The project expects to complete the business plan during the next quarter. The Project will also start to provide management training to LAPO to help its staff adjust for transformation to a commercial non-bank financial institution.

As a starting point towards building the capacity of ACCORD, a new organizational structure with clear reporting lines was developed and agreed with the organization and an appropriate Loan Tracking Software was identified. Other targeted assistance,

included in the technical assistance work plan, will be provided for the organization during the next quarter.

In order to build the capacity of MFI partners in business planning and financial projections, PRISMS with the approval of the Mission, sponsored three people to attend the *Business Planning and Financial Projections with Microfin* training held in Barcelona Spain in June 2006. PRISMS Financial Services Manager/Microfinance Specialist, Mr Kayode Faleti, attended along with two senior examiners from the Other Financial Institutions Department of the Central Bank of Nigeria (OFID-CBN), whom the project co-funded with CBN. A fourth important participant, the LAPO Finance Officer was unable to obtain a visa in time and could not attend. The three personnel trained are to apply the skills acquired on the job and will assist the developer, Mr. Charles Waterfield, during the planned delivery of the course to a larger number of participants in Nigeria early next year. Detailed reports of the training are attached as Annexes # 8 and # 9. The Microfin course in Nigeria will be co-sponsored with GTZ of Germany and probably the World Bank.

Under the new CBN microfinance policy, microfinance banks are required to prepare feasibility reports, including a business plan showing five-years of financial projections, to submit with their applications to for MFB licenses. The Microfin course will, among other things, assist microfinance institutions transforming to microfinance banks to meet this requirements. It will also help CBN supervisors in understanding, reviewing and analyzing the financial projections provided by the applicant MFIs, and will generally improve planning and financial projections among micro finance institutions and community banks in Nigeria as the Microfin training becomes generally applied.

The Non Bank Financial Institutions (NBFIs) Due diligence tool developed by PRISMS will be presented to interested commercial banks next quarter. This will assist them in better assessing the risk profiles of MFIs and will hopefully speed up the banks' processing of wholesale loan applications from these MFIs.

Activities and Milestones under PIR 2: April – June 2006

Except for LAPO, all our four additional partners (ACCORD, WDI, DEC and Hudulullah next) are not ready for commercial finance. They are extremely weak, and/or very small in one way or another. Each one needs at least 12 months of technical assistance and training, together with other donor financing, to bring them to a level ready to present a business plan for funding from commercial sources.

We are including again a summary of each of the four new partners for ease of reference and understanding.

Lift Above Poverty Organization, Benin City (LAPO): Started in 1987 with a seed capital of N300 to three women clients, and registered under the Companies and Allied Matters Act 1990 as a non profit organization limited by guarantee in April 1993. LAPO operates both regular and farming loan schemes, charging an interest rate of 3 percent and 3.5 percent per month on regular and farming loans respectively. As at June 30, 2006,

LAPO has a loan portfolio of N808.65 million and 53,960 borrowers spread across 49 branches in seven states (Edo, Delta, Rivers, Lagos, Niger, Nassarawa and Kogi) and FCT. It has also mobilized a total savings of N275.15 million, and achieved a repayment rate of 99.21 percent and portfolio at risk of 1.01 percent. Between January 2005 when the MOU was signed and now, PRISMS has sourced four wholesale loans amounting to N150.1 million from commercial banks and other international development financing agencies for LAPO. Negotiations for other wholesale loans have reached advanced stage.

LAPO is currently in the process of transforming to a microfinance bank in line with the new microfinance policy. PRISMS is providing technical assistance to support this process in the area of review of feasibility report and business plan, capacity building for top management staff in treasury management, cash flow analysis, leadership and development of new products. This is an on going activity which needs to be sustained.

Accord for Community Development, Port Harcourt: Started as Enyikokome rural development union in 1988 but changed and registered as Accord for Community Development in 2000, under part C (incorporated trustees) of CAMA 1990. Accord targets low income women and youth, has four branches in Delta and Rivers states and FCT. The organization operates micro and small businesses financing and a SME loan scheme, charging an interest rate of 3 percent to 3.5 percent per month, and had successfully executed many development consultancy contracts for UNDP, DFID, EC, World Bank, Shell, and Chevron-Texaco. PRISMS signed an MOU with ACCORD in March 2006 and subsequently conducted a detailed assessment of the organisation in May 2006. The assessment revealed that ACCORD is a weak organization with very low client base (29 borrowers with a loan portfolio of N1.1 million and repayment rate of 57.78 percent), and a high focus on development consultancy services for oil companies and international development agencies, to the neglect of micro finance. To address this and other problems, and prepare the organization for commercial credit, a technical assistance plan spanning July 2006 to March 2007 was developed and discussed with the organization. During the discussion, the Program Director re-affirmed his commitment to the implementation of the plan, and especially the growth of clients and loan portfolio. According to him, the sources of fund to grow the portfolio include surplus from consultancy services, committed grant from donor partner (EED of Germany) and loan from NACRDB (negotiation has reached advanced stage on a loan of N10 million from NACRDB). A review of the implementation plan would be done in December 2006 to determine the partnership.

Women Development Initiatives (WDI), Kano: Formed in 1995 but started micro credit in 1996, and registered in 1998 under part C of CAMA 1990. WDI has two branches in Kano and Jigawa states, nine staff including five credit officers, and targets low income women. It charges 35 percent per annum interest on its micro credit. As of June 2006, WDI had about 1,300 clients, an estimated loan portfolio of N20 million and a repayment rate of 90 percent (the loan tracking system of WDI crashed in December 2005 which resulted in loss of loan data). It had obtained commercial credit from CDF in the past and is interested in larger commercial finance, but presently has some idle funds. Initial assessment of WDI revealed that there is the need to strengthen internal controls, finalize

operational manuals, improve MIS and orientate the organization in the management of expansion. PRISMS signed an MOU with WDI in June 2006 and is in the process of conducting a detailed assessment of WDI in order to develop a technical assistance plan towards building their capacity for commercial credit. WDI is within the strategic states defined by USAID and also targets women.

Development Exchange Centre (DEC), Bauchi: Established in November 1987 by Canadian University Services Overseas (CUSO) and the Adult and Non-formal Education Agency (ANFEA), Bauchi, registered in 2004 under part C of CAMA 1990, and targets low income women.

DEC operates two area offices in Gombe and Bauchi States, with 18 branches spread across the two states. Furthermore, DEC is working in one LGA in both Yobe and Plateau States. It has 101 staff including 70 Credit Officers. It runs micro finance and on-lending loan schemes charging interest of 32 percent and 15 percent per annum respectively. As of May 2006, DEC had 25,456 clients, a loan portfolio of N163.94 million and a repayment rate of 64 percent. It has also mobilized the sum of N65.67 million as savings from clients. A recent analysis has shown DEC as an organization with potentials for high outreach but with low repayment rate and low quality staff. DEC is strategically positioned, as it is the only organization of its kind in the North Eastern region of Nigeria. The organization is interested in obtaining commercial credit, but the issues of low repayment rate and low quality staff have to be addressed before DEC could be suitable for commercial loan.

Interestingly, Novib of Netherlands and Ford Foundation (through DARC) have started providing capacity building support to DEC. PRISMS is considering complementing these efforts and position the organization for commercial credit in the long run. To this end, PRISMS signed an MOU with the organization on July 11, 2006 and is in the process of conducting a detailed assessment of DEC which will lead to the development of technical assistance plan to position the organization for commercial credit.

Hududullah Micro Credit Company Limited, Yola: Established in 1995 as a finance and investment company. It was converted to a micro credit company in 2004 and registered as a limited liability company under CAMA 1990 in 1995. Hududullah targets economically active poor, especially women, has 44 staff (including 16 credit officers) and eight branches in 5 states (Adamawa, Taraba, Gombe, Zamfara and Kaduna) and FCT. Hududullah operates using the Islamic lending system and shares profits and losses with clients. As of February 2006, the company had 5,271 active clients, a loan portfolio of N62.28 million and a repayment rate of 93 percent. The company is favorably disposed to commercial credit. However, there are governance issues in Hududullah. The company is substantially owned by an individual and managed by his relatives. There is also the need to develop operational manuals, improve MIS and build the skills of board members in micro finance. The company has expressed its willingness to work together with PRISMS to strengthen its operations and to obtain commercial finance. Hududullah's branch in Kaduna has 740 Clients and manages an active credit portfolio of N6.84 million. The company expects to open another branch in Zaria, Kaduna State during this year. PRISMS is interested in working with this MFI because of its expansion

plans in Kaduna, a USAID targeted state, its focus on women, and because it operates Islamic banking, a first for PRISMS.

PIR 4.1.1: Improved enabling environment to support SME finance

During the period, we provided targeted technical assistance to the CBN/OFID, sought further clarification of the new microfinance bank policy and guidelines on behalf of parties interested in applying for a MFB license, and at the request of USAID, facilitated exchanges between OFID and USAID/Washington EGAT on installation of a USAID developed and centrally funded off-site supervisory tool at OFID. This tool would greatly improve OFID's capacity to undertake its new responsibilities to supervise new MFBs as they are licensed. At least five financial institutions have already applied for licenses, and all community banks are required to convert to MFB status by the end of 2007, exceeding 500 at present. Details follow.

PIR 3 FY 2006 Milestones

April – September 2006

- Identification of microfinance policy and guidelines provisions in need of interpretation or clarification.
- Supervisory/planning tools & Techniques introduced

Activities and Milestones under PIR 3: April – June 2006

Dialogue with the CBN to stimulate microfinance policy and guidelines interpretation and clarifications: In an extensive and through meeting held at the Central Bank of Nigeria (CBN) on May 17, 2006, between the USAID Nigeria PRISMS project team (Messrs Miguel Rivarola, Farouk Kurawa and Kayode Faleti) and the CBN-OFID team (Messrs Adedeji Adesemoye and Kafaru Adekunle), the following two issues were clarified on the new Microfinance Bank policy:

1. Section 8.2 of the microfinance policy stated that “no individual, group of individuals, their proxies or corporate entities, and/or their subsidiaries, shall establish more than one Microfinance bank under a different or disguised name.”

Question: What are the options available for an NGO-MFI that wishes to transform its microfinance operations into a microfinance bank, but already has controlling interest in a licensed community bank which also has to transform to a microfinance bank, without contravening the above provisions.

2. CBN OFID Circular (Ref: OFID/DO/MISC/Vol.1/451) of February 3, 2006, section 4 (Existing Branches and organic growth) states as follows:

These procedures recognize the existence of NGO-MFIs with inter-state multiple branches prior to the coming into effect of the new Microfinance policy. The following transition arrangements are applicable to NGO-MFIs with existing branches:

- (i) The NGO-MFI shall locate its head office in a state in which it has the most dominate operations provided it meets other requirements for a State Microfinance Bank.
- (ii) The existing branches in other states other than its dominant operating state shall continue to operate as its approved branches...

Question: Does 2(i) above means that existing NGO-MFIs with inter-state multiple branches that wish to transform to MFBs must meet the N1 billion capital requirements for a State microfinance bank? If yes, will this capitalization cover existing branches in the other states, or will additional capital be required for each of existing branch in the other states?

A detailed analysis of the clarifications are included as Annex # 10

The two clarifications on how to interpret the CBN Micro Finance Bank Policy will greatly facilitate planning for the transformation of MFIs, NGOs and community banks into microfinance banks. Several financial institutions that were discouraged by their understanding of the CBN policy as announced in December 2005 are now preparing their applications of MFB licenses.

As reported in the last quarterly report, PRISMS sits on the National Organizing Committee on Micro Finance at the CBN and provides targeted and limited guidance on microfinance best practices as requested. We continued working with the central bank to interpret, review and expand any provision in the microfinance bank policy on a case by case basis. The project continues to provide advice and guidance to the CBN and to potential microfinance banks.

PRISMS continues to work with CBN on arrangements for a Road Show for the International Year of Micro Credit scheduled for next year. This will provide an opportunity for USAID to know the activities being organized by the CBN in that direction.

New supervisory and planning tools or techniques introduced: During the quarter, PRISMS co-sponsored two CBN OFID staff to attend a World Bank/CGAP Microfin training workshop in Spain. The purpose was to build OFID's understanding of the internationally utilized financial planning tool for MFIs in preparation for evaluating MFIs applying for MFB licenses. The CBN microfinance bank guidelines stipulate that converting MFIs and community banks are required to prepare a feasibility study and a business plan as one of the documents to support their MFB application. Microfin is an excellent Microsoft Excel based tool with which to prepare operational and financial long term plans. PRISMS is recommending that our MFI partners, and other financial institutions seeking a license under the Microfinance Policy, consider using Microfin. Training of CBN/OFID staff on Microfin will greatly facilitate the review, approval and supervision of operational and financial plans being implemented by micro finance banks. Another course will be organized for the first quarter of next year in Nigeria to build local capacity to use the tool and make its application sustainable in the country.

Supervisory Tool: USAID and CBN/OFID requested PRISMS assistance to research the feasibility of installing a USAID developed off-site software tool to more effectively and efficiently gather and assess data from licensed MFBs under OFID supervision. The FinA software is being used in Azerbaijan. PRISMS provided the necessary information to the USAID EGAT office, which is sponsoring the centrally funded NBFi off-site supervision project. On that basis, EGAT decided to proceed with the installation and training of OFID personnel, which will take about a year to complete. The software, computer hardware, installation and technical assistance will be provided by USAID/EGAT. OFID is very appreciative of this critical support for the proper supervision of the emerging microfinance banking system in Nigeria.

III. Problems and Opportunities

A new Performance Monitoring Plan incorporating revisions suggested by the CTO, the USAID Strategic Advisor and the MEMS project was prepared and presented to the Mission on May 30, 2006. Once approved, the Work Plan will be revised to incorporate the changes suggested and included into the PMP. Even though the PMP is not yet approved, the information included in this quarterly report incorporates the indicators and definitions suggested by the Mission.

USAID has not officially approved the March Quarterly Report, the May Performance Monitoring Plan, and the Work Plan presented for consideration.

IV. Activity Changes

As stated above, the project has again been revised including the addition of new indicators and definitions to more directly support PRISMS' and USAID's overall goals.

In mid June, Chemonics presented a proposal (concept paper) to merge two USAID activities being implemented by Chemonics International, PRISMS and MARKETS, to more effectively and efficiently utilize available resources and to achieve greater impact for SO-12.

The concept paper, if approved by USAID, will effectively integrate the majority of PRISMS activities to increase the supply of financial services to MSMEs in targeted States in Nigeria with MARKETS work in building sound and sustainable demand for commercial financing. In order to best utilize resources available and efficiently focus efforts on those initiatives most likely to provide significant near term results, some of PRISMS current activities will be phased out or transferred to another USAID project.

USAID's response and directive is expected during the next quarter. If the merger proposal is approved, all of our current activities included in the Work Plan and PMP will be reviewed and redirected.

V. Success Stories

A draft success stories (Annex # 11) is attached.

VI. Next Quarter Results and Related Tasks

A table reflecting PRISMS 11 indicator targets for the next quarter is included below. We will pursue achievement of the activities, milestones and indicators as detailed in our Work Plan and set out under each section of this quarterly report. However, achieving these activities, milestones and indicators is contingent on USAID's approval of the merger concept paper presented to USAID in mid June.

QUARTER & CUMMULATIVE TARGETS

Revised as per PMP of May 30, 2006

#	Project Indicators	30-Sep-06	31-Dec-06	31-Mar-07	30-Jun-07	30-Sep-07	31-Dec-07
1	Value of Loans Disbursed to MSMEs (Million)	NGN 25.0	NGN 5.0	NGN 30.0	NGN 35.0	NGN 40.0	
	Value of Loans Disbursed to MSMEs (Million)	NGN 90.0	NGN 95.0	NGN 125.0	NGN 160.0	NGN 200.0	NGN 200.0
2	Number of Loans Disbursed to MSMEs	2,500	500	3,000	3,500	4,000	
	Number of Loans Disbursed to MSMEs	9,000	9,500	12,500	16,000	20,000	20,000
3	Value of Wholesale Loans to NBFIs & Retail Loans to MSMEs Disbursed (Million)	NGN 25.0	NGN 5.0	NGN 30.0	NGN 35.0	NGN 40.0	
	Value of Wholesale Loans to NBFIs & Retail Loans to MSMEs Disbursed (Million)	NGN 90.0	NGN 95.0	NGN 125.0	NGN 160.0	NGN 200.0	NGN 200.0
4	Number of Wholesale Loans to NBFIs & Retail Loans to MSMEs Disbursed	1		1	1	1	
	Number of Wholesale Loans to NBFIs & Retail Loans to MSMEs Disbursed	3	3	4	5	6	6
5	Number of New/Existing Financial Products/Guarantees Introduced	1		1	1	1	
	Number of New/Existing Financial Products/Guarantees Introduced	2	2	3	4	5	5
6	Value of Retail Loans to MSMEs by NBFIS (Million)	NGN 25.0	NGN 5.0	NGN 30.0	NGN 35.0	NGN 40.0	
	Value of Retail Loans to MSMEs by NBFIS (Million)	NGN 90.0	NGN 95.0	NGN 125.0	NGN 160.0	NGN 200.0	NGN 200.0
7	Number of Retail Loans to MSMEs by NBFIS	2,500	500	3,000	3,500	4,000	
	Number of Retail Loans to MSMEs by NBFIS	9,000	9,500	12,500	16,000	20,000	20,000
8	Value of Retail Loans made to new clients by NBFIS (Baseline: March 06) (Million) *	NGN 6,596.4	NGN 15,010.4	NGN 6,926.2	NGN 15,760.9	NGN 7,272.5	NGN 7,272.5
	Value of Retail Loans made to new clients by NBFIS (Baseline: March 06) (Million)	NGN 138,523.6	NGN 315,218.4	NGN 145,449.8	NGN 330,979.3	NGN 152,722.3	NGN 152,722.3
9	Number of New Clients served by NBFIS (Baseline: March 06) (5% increase) *	332	349	366	384	404	404
	Number of New Clients served by NBFIS (Baseline: March 06) (5% increase)	6,973	7,322	7,688	8,072	8,476	8,476
10	Number of new supervisory or planning tools/techniques introduced				1		
	Number of new supervisory or planning tools/techniques introduced	1	1	1	2	2	2
11	Number of Policies Approved/Revised to Support MSME Finance	1			1		
	Number of Policies Approved/Revised to Support MSME Finance	2	2	2	3	3	3

* Note: Figures are estimates based on information provided by LAPO. LAPO's MIS does not capture this information directly.

The table below summarizes the activities performed and milestones to be achieved during each quarter of 2006 through the end of the annual work planning cycle ending September 30th. These activities and milestones were identified in our Work Plan for FY 2006.

PRISMS FY 2006 WORKPLAN GANTT CHART

Subs IRs 3.1 & 4.1: Increased Flow of Sustainable Financial Services to Support Growth of the MSME Sector

	2nd. Quarter			3rd. Quarter			4rd. Quarter		
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept
Sub-Sub IR 3.1.1: Increased Commercial Bank Loans to NBFIs and MSMEs									
1 Develop a Bank Profile Template	Done								
2 Identify a Minimum of 5 banks interested in MFI lending to MFI	Done	Done				Done		One	One
3 Obtain at least 5 expression of interest letters			Done			Done			Two
4 Identify a minimum of 3 loan packages to be presented directly from MSMEs to commercial banks		Done							One
5 Identify at least 3 international investments and lending funds			Done						One
6 Present at 3 wholesale loan applications to commercial banks			Done						One
7 Identify 1 tool for assessing MFIs for commercial banks			Done			Done			
Sub-Sub IR 3.1.2: Increased capacity of NBFIs to serve MSMEs									
1 Conduct Pre-Audits of 8 potential MFI partners	Done	Done	Done						
2 Conclude detailed assessment of 1 MFI partner			Done						
3 Identify and select 5 MFI partners for intensive capacity building			Done			Done			
4 Develop and sign MOU with at least 5 partners identified			Done			Done			One
5 Review and expand the Due Diligence Tool			Done						
6 Develop at least 5 access to finance roadmaps					Done	Done	One	One	One
7 Provide targeted TA & training to MFI partners to build their capacity in accordance with roadmaps					Done	Done			One
8 Introduce at least two new/improved financial products or guarantees			Done						
Sub-Sub IR 3.1.3 & 4.1.1: Improved Enabling Environment to Support MSMEs Finance									
1 Review and analyze collateral policy		Done							
2 Hold initial meeting with CBN to discuss collateral policy		Done							
3 Conduct dialogue with CBN to stimulate collateral policy change (at least one meeting)		Done							
4 Identify provisions in the Microfinance Policy/Guidelines in need of interpretation			Not necessary						
5 Draft at least 4 recommendations to CBN and donor partners for comments			Done						
6 Propose and discuss with CBN at least 2 targeted microfinance Policy/Guidelines interpretations			Done		Done			Two	
7 Introduce at least 1 new supervisory tools/techniques					Done	Done			
8 Identify & discuss at least 2 other enabling environment reforms								One	One

VII. Annexes

- Annex 1: Year to Date and Quarter Progress against Targets
- Annex 2: Skye Bank Expression of Interest Letter
- Annex 3: World Bank Appreciation Letter
- Annex 4: Repeat Disbursement Calculation
- Annex 5: LAPO loan & Statistical Information
- Annex 6: Access to Finance Road Map
- Annex 7: LAPO & ACCORD Technical Assistance Plans
- Annex 8: PRISMS Report Microfin Training in Barcelona (1)
- Annex 9: CBN Report Microfin Training in Barcelona (2)
- Annex 10: CBN Policy Clarification Notices
- Annex 11: Success Story
- Annex 12: Tables used in the report
- Annex 13: Capital Investments Funds

FY 2006: third quarterly report as of June, 2006: Promoting Improved Sustainable Micro, Small and Medium Enterprise Financial Services

	SO12 PI Codes	This year target	This year actual First Time	This year actual First Time + Roll Overs	This quarter target	This quarter Actual First Time	This quarter actual First Time + Roll Overs	Explanation for Variance or why not reported during this quarter	Next quarter target	Life of project target
Objective: Increased Flow of Sustainable Financial Services to Support Growth of the MSME Sector										
Indicator # 1: Value of Loans to MSMEs.	SO12.3.2									
Definition & Unit of Measurement: Cumulative Value of Loans disbursed to MSMEs via PRISMS partner commercial banks and NBFIs from the date and MOU or EOI is signed.	SO12.3.2									
		90.0 Million	140.4 Million	233.72 Million	20.0 Million	41.3 Million	79.75 Million	Considering new and rollovers from wholesale loans.	25.0 Million	200.0 Million
Gender (Female %)		NA	98%	98%	NA	98%	98%	Prisms does not have targets for Common Indicators	NA	NA
Institution (LAPO)		NA			NA	LAPO		Prisms does not have targets for Common Indicators	NA	NA
Region:										
a) Strategic States (Million)		NA	75.7	126.02	NA	19.8	38.23	This year and quarter actuals First Time + Roll Overs are estimates.	NA	NA
b) Others (Million)		NA	64.7	107.70	NA	21.5	41.52	This year and quarter actuals First Time + Roll Overs are estimates.	NA	NA
Micro (Million)		NA	140.4	233.72	NA	41.3	79.75	This year and quarter actuals First Time + Roll Overs are estimates.	NA	NA
SMEs (Million)		NA			NA			Prisms does not have targets for Common Indicators	NA	NA
Religion:										
a) Christianity %		NA	91%	91%	NA	91%	91%	Prisms does not have targets for Common Indicators	NA	NA
b) Islam %		NA	4%	4%	NA	4%	4%	Prisms does not have targets for Common Indicators	NA	NA
c) Others %		NA	5%	5%	NA	5%	5%	Prisms does not have targets for Common Indicators	NA	NA
Repayment Rate (RR)		NA		99.21%	NA			We report RR and PAR on the Total Loan Portfolio only.	NA	NA
Portfolio at Risk (PAR)		NA		1.01%	NA			We report RR and PAR on the Total Loan Portfolio only.	NA	NA
Common Indicator # 19.1.2: Total value of loans (Million)		NA		1,178.96	NA		528.49	LAPO total loan disbursements from all sources of funding, Oct 05-June 06.	NA	NA
Value of Loans to Women (Million)		NA		1,156.53	NA		519.06	LAPO total loan disbursements from all sources of funding, Oct 05-June 06.		
Value of Micro Loans (Million)		NA		1,178.96	NA		528.49	LAPO total loan disbursements from all sources of funding, Oct 05-June 06.		
Common Indicator # 19.1.3: Of the loans described above, what percentage of the value of the lending portfolio is on schedule for repayment?		NA		99.21%	NA			We report RR and PAR on the Total Loan Portfolio only.	NA	NA
Indicator # 2: Number of Loans disbursed to MSMEs.	SO12.3.1									
Definition & Unit of Measurement: Cumulative Number of Loans disbursed to MSMEs via PRISMS partner financial institutions (Fis) from the date an MOU or EOI is signed.										
Number		9,000	8,065	12,933	2,000	2,270	4,514	Considering new and rollovers from wholesale loans and own capital.	2,500	20,000
Gender (Female %)		NA	98%	98%	NA	98%	98%	Prisms does not have targets for Common Indicators	NA	NA
Institution (LAPO)		NA			NA			Prisms does not have targets for Common Indicators	NA	NA
Region:										
a) Strategic		NA	3,608	5,786	NA	941	1,871	Prisms does not have targets for Common Indicators	NA	NA
b) Others		NA	4,457	7,147	NA	1,329	2,643	Prisms does not have targets for Common Indicators	NA	NA
Micro		NA	8,065	12,933	NA	2,270	4,514	Prisms does not have targets for Common Indicators	NA	NA
SMEs		NA			NA			LAPO only made loans to micro enterprises	NA	NA
Religion:										
a) Christianity %		NA	91%	91%	NA	91%	91%	Estimates based on the total portfolio	NA	NA
b) Islam %		NA	4%	4%	NA	4%	4%	Prisms does not have targets for Common Indicators	NA	NA
c) Others %		NA	5%	5%	NA	5%	5%	Prisms does not have targets for Common Indicators	NA	NA
Repayment Rate (RR)		NA		99.21%	NA			Prisms does not have targets for Common Indicators	NA	NA
Portfolio at Risk (PAR)		NA		1.01%	NA			Prisms does not have targets for Common Indicators	NA	NA
Common Indicator # 19.1: Total number of loans		NA			NA			Prisms does not have targets for Common Indicators	NA	NA
Number of Loans to Women		NA	7,904	12,674	NA	2,225	4,424	Based on percentages of the total loan portfolio to Women		
Number of Micro Loans		NA	8,065	12,933	NA	2,270	4,514	Prisms does not have targets for Common Indicators		
Common Indicator # 19.1.1: Of the loans described above, what percentage of the number of loans is on schedule for repayment?		NA		97.78%	NA		97.78%	Estimate based on total Number of default borrowers	NA	NA

	SO12 PI Codes	This year target	This year actual First Time	This year actual First Time + Roll Overs	This quarter target	This quarter Actual First Time	This quarter actual First Time + Roll Overs	Explanation for Variance or why not reported during this quarter	Next quarter target	Life of project target
Intermediate Result # 1: Increased commercial bank loans to NBFIs and MSMEs										
Indicator # 3: Value of wholesale loans to NBFIS and retail loans and MSMEs										
SO12.3.2										
Definition & Unit of Measurement: Cumulative value (USD) of wholesale loans and lines of credit disbursed by commercial banks and specialized microfinance funds to partner NBFIS....										
		90.0 Million	179.1 Million	179.1 Million	20.0 Million	80.0 Million	80.0 Million	We are reporting in Naira because our targets were set in Naira.	25.0 Million	200.0 Million
NBFIS:										
LAPO										
MSME:										
Banks:										
	NOVIB/ZENITH	NA	45.0 Million	45.0 Million	NA					
	NOVIB	NA	16.6 Million	16.6 Million	NA					
	INCOFIN	NA	37.5 Million	37.5 Million	NA					
	CORDAID/ZENITH	NA	80.0 Million	80.0 Million	NA	80.0 Million	80.0 Million			
and cumulative value of retail loans to MSMEs from the date an MOU or EOI is signed.										
			0	0		0	0	We have one loan application made last year and three to three commercial banks (UBA, UB and FBN) for a total value of N350. Million. No commercial loans were made by banks		
MSME:										
			0	0		0	0			
Banks:										
			0	0		0	0			
Loan Size:										
			0	0		0	0			
State:										
			0	0		0	0			
Common Indicator #: Does not support any common indicator.										
		NA	NA	NA	NA	NA	NA		NA	NA
Indicator # 4: Number of wholesale loans to NBFIS and retail loans to MSMEs										
SO12.3.1										
Definition and Unit of Measure: Cumulative number of wholesale loans and lines of credit disbursed by commercial banks and specialized microfinance funds to partner NBFIS....										
		3	4	4	1	1	1	Commercial Banks reacted positively to the guarantees LAPO managed to offer with PRISMS support.	1	6
and cumulative number of retail loans to MSMEs from the date an MOU or EOI is signed.										
		0	0	0	0	0	0	No targets for this indicator		
Common Indicator #: Does not support any common indicator.										
		NA	NA		NA	NA		It does not support any common indicator.	NA	NA
Outputs										
Develop a Bank profile template										
		1	1	1	0	0	0	DONE. Template applied on 7 banks and was discarded because the banks were not providing the required information. They either don't have the information or were not ready to disclose it.	0	1
Identify a minimum of 5 banks interested in MFI lending										
		5	8	8	1	1	1	Banks are very slow in moving forward with this new initiative because of lack of understanding of MFIs. They are conservative and risk averse. Afribank, UB, FB, UBA, Zenith, Oceanic, Skye & Spring	2	5
Obtain at least 5 expression of interest letters										
		5	5	1	1	1	1	Zenith, Afribank, UB, UBA, Skye	2	5
Identify a minimum of 3 loan packages directly from MSMEs to commercial banks										
		3	4	4	0	1	1	Sorghum Alliance, Rice, Casava, Fadama II	0	3
Identify at least 3 international investments and lending funds										
		3	4	4	0	0	0	Novib, Cordaid, Incofin & Grameen	0	3
Present at least 3 wholesale loan applications to commercial banks										
		3	5	5	0	1	1	Sorghum Alliance, Rice, Casava, Fadama II	1	3
Identify 1 tool for assessing MFIs for commercial banks										
		1	1	0	0	0	0	DONE. The tool was developed and is being used.	0	1

	SO12 PI Codes	This year target	This year actual First Time	This year actual First Time + Roll Overs	This quarter target	This quarter Actual First Time	This quarter actual First Time + Roll Overs	Explanation for Variance or why not reported during this quarter	Next quarter target	Life of project target
Indicator # 5: Number of new financial products or guarantees developed/improved and introduced by FIs for MSMEs										
Definition and Unit of Measure: a) Cumulative number of new products, services, guarantees and distribution channels developed with FI partners to serve MSMEs from the date and MOU or EOI is signed.		2	2	2	1	0	0	NOVIB/CORDAID & INCOFIN	0	2
Type of Institution										
Type of product	Gua/Int. Loan	Gua/Int. Loan	Gua/Int. Loan	Gua/Int. Loan	Gua/Int. Loan	Gua/Int. Loan	Gua/Int. Loan	Guarantee & International direct loan		
Type of Service										
Type of Guarantee	Cash-Backed	Cash-Backed	Cash-Backed	Cash-Backed	Cash-Backed	Cash-Backed	Cash-Backed			
Type of Distribution channel										
Definition and Unit of Measure: b) Cumulative number of existing products, services, guarantees and distribution channels improved with FIs partners to serve MSMEs from the date and MOU or EOI is signed.		Same as above	Same as above	Same as above	Same as above	Same as above		PRISMS does not have separate targets for b).	Same as above	Same as above
Type of Institution										
Type of product										
Type of Service										
Type of Guarantee										
Type of Distribution channel									1	5
Intermediate Result # 2: Increased capacity of NBFIs to serve MSMEs.										
Indicator # 6: Value of loans to MSMEs	SO12.3.2									
Definition and Unit of Measure: Cumulative value (USD) of loans disbursed to MSMEs via PRISMS partner NBFIs from the date an MOU or EOI is signed.										
Value		90.0 Million	140.4 Million	233.72 Million	20.0 Million	41.3 Million	79.75 Million		25.0 Million	200.0 Million
Gender (Female%)		NA		98%	NA	98%	98%	Prisms does not have targets for Common Indicators	NA	NA
Institution		NA	LAPO	LAPO	NA	LAPO	LAPO	Prisms does not have targets for Common Indicators	NA	NA
Region:										
a) Strategic (Million)		NA			NA			Prisms does not have targets for Common Indicators	NA	NA
b) Others (Million)		NA	75.7	126.02	NA	19.8	38.23	Prisms does not have targets for Common Indicators	NA	NA
Micro (Million)		NA	64.7	107.7	NA	21.5	41.52	Prisms does not have targets for Common Indicators	NA	NA
SMEs (Million)		NA	140.4	233.72	NA	41.3	79.75	Prisms does not have targets for Common Indicators	NA	NA
Religion:										
a) Christianity %		NA	91%	91%	NA	91%	91%	Prisms does not have targets for Common Indicators	NA	NA
b) Islam %		NA	4%	4%	NA	4%	4%	Prisms does not have targets for Common Indicators	NA	NA
c) Others %		NA	5%	5%	NA	5%	5%	Prisms does not have targets for Common Indicators	NA	NA
Repayment Rate (RR)		NA		99.2%	NA			Prisms does not have targets for Common Indicators	NA	NA
Portfolio at Risk (PAR)		NA		1.0%	NA			Prisms does not have targets for Common Indicators	NA	NA
Common Indicator # 19.1.2: Total value of loans (Million)		NA	NA	1,178.96	NA	NA	528.49	Prisms does not have targets for Common Indicators	NA	NA
Total Value of Loans to Women (Million)		NA	NA	1,156.53	NA	NA	519.06	Prisms does not have targets for Common Indicators	NA	NA
Value of Micro Loans (Million)		NA	NA	1,178.96	NA	NA	528.49	Prisms does not have targets for Common Indicators	NA	NA
Common Indicator # 19.1.3: Of the loans described above, what percentage of the value of the lending portfolio is on schedule for repayment?		NA			NA			Prisms does not have targets for Common Indicators	NA	NA

	SO12 PI Codes	This year target	This year actual First Time	This year actual First Time + Roll Overs	This quarter target	This quarter Actual First Time	This quarter actual First Time + Roll Overs	Explanation for Variance or why not reported during this quarter	Next quarter target	Life of project target
Indicator # 7: Number of loans to MSMES	SO12.3.1									
Definition and Unit of Measure: Cumulative number of retail loans disbursed to MSMES via PRISMS partner commercial banks and NBFIs from the date an MOU or EOI is signed.										
Number		9,000	8,065	12,933	2,000	2,270	4,514		2,500	20,000
Gender			98%	98%	NA	98%	98%	Prisms does not have targets for Common Indicators	NA	NA
Institution	NA	LAPO	LAPO	NA	LAPO	LAPO		Prisms does not have targets for Common Indicators	NA	NA
Region:										
a) Strategic	NA	3,608	5,786	NA		941	1,871	Estimate based on % of actual first time disbursements was used for Roll Overs.	NA	NA
b) Others	NA	4,457	7,147	NA		1,329	2,643	Estimate based on % of actual first time disbursements was used for Roll Overs.	NA	NA
Micro	NA	8,065	12,933	NA		2,270	4,514	Estimate based on % of actual first time disbursements was used for Roll Overs.	NA	NA
SMEs	NA			NA				Prisms does not have targets for Common Indicators	NA	NA
Religion:										
a) Christianity %	NA		91%	NA		91%	91%	Prisms does not have targets for Common Indicators	NA	NA
b) Islam %	NA		4%	NA		4%	4%	Prisms does not have targets for Common Indicators	NA	NA
c) Others %	NA		5%	NA		5%	5%	Prisms does not have targets for Common Indicators	NA	NA
Repayment Rate (RR)	NA		99.21%	NA				Prisms does not have targets for Common Indicators	NA	NA
Portfolio at Risk (PAR)	NA		1.01%	NA				Prisms does not have targets for Common Indicators	NA	NA
Common Indicator # 19.1 : Total number of loans	NA			NA				Prisms does not have targets for Common Indicators	NA	NA
Number of Loans to Women	NA		12,674	NA		2,225	4,424	Prisms does not have targets for Common Indicators	NA	NA
Number of Micro Loans	NA		12,933	NA		2,270	4,514	Prisms does not have targets for Common Indicators	NA	NA
Common Indicator # 19.1.1 : Of the loans described above, what percentage of the number of loans is on schedule for repayment?	NA			97.78%	NA		97.78%	Prisms does not have targets for Common Indicators	NA	NA
Indicator # 8: Value of retail loans made to new clients by partner NBFIs.										
Definition and Unit of Measure: Cumulative value (USD) of retail loans disbursed to new clients MSMES via PRISMS partner NBFIs from the date an MOU or EOI is signed.										
Value	NA	300.21				300.21	300.21	The value was not capture before. It is a new indicator. Estimated Value.		
Gender	NA	98%		NA		98%	98%	The value was not capture before. It is a new indicator. Estimated Value.	NA	NA
Institution	NA	LAPO		NA		LAPO	LAPO	Prisms does not have targets for Common Indicators	NA	NA
Region:										
a) Strategic	NA			NA				Prisms does not have targets for Common Indicators	NA	NA
b) Others	NA			NA				Prisms does not have targets for Common Indicators	NA	NA
Micro	NA	300.21		NA			300.21	The value was not capture before. It is a new indicator. Estimated Value.	NA	NA
SMEs	NA			NA				Prisms does not have targets for Common Indicators	NA	NA
Common Indicator # 19.1 : Total number of loans	NA	14,606		NA		14,606		New Indicator - Values were not captured previously.	NA	NA
Number of Loans to Women	NA	14,313		NA		14,313		Prisms does not have targets for Common Indicators	NA	NA
Number of Micro Loans	NA	14,606		NA		14,606		Prisms does not have targets for Common Indicators	NA	NA
Common Indicator # 19.1.1 : Of the loans described above, what percentage of the number of loans is on schedule for repayment?	NA	NA	NA	NA	NA	NA	NA	Information not captured this quarter.	NA	NA
Outputs										
1. Conduct pre-audits of 8 potential MFI partners	8	8	NA	0	0	NA			0	8
2. Conclude detailed assessment of 1 MFI partner	1	1	NA	0	1	NA			0	1
3. Identify and select 5 MFI partners for intensive capacity building	5	6	NA	2	0	NA		LAPO, ACCORD, WDI, DEC, RAHAMA & HUDUDULLAH	0	5
4. Develop & sign MOU with at least 5 partners identified	5	3	NA	2	1	NA		The fourth MOU was signed in July	1	5
5. Review and expand the Due Diligence Tool	1	1	NA	NONE	NONE	NA		DONE	0	1
6. Develop at least 5 access to finance roadmaps	5	2	NA	2	2	NA		ACCORD & LAPO	3	5
7. Provide targeted TA & training to MFI partners to build their capacity in accordance with roadmaps	3	2	NA	2	2	NA		ACCORD & LAPO	3	5
8. Introduce at least 2 new/improved financial products or guarantees	2	2	NA	0	0	NA		NOVIB/CORDAID & INCOFIN	0	2

	SO12 PI Codes	This year target	This year actual First Time	This year actual First Time + Roll Overs	This quarter target	This quarter Actual First Time	This quarter actual First Time + Roll Overs	Explanation for Variance or why not reported during this quarter	Next quarter target	Life of project target
Intermediate Result # 3: Improved enabling environment su support MSME finance										
Indicator # 8: Number of new supervisory or planning tools/techniques introduced.										
SO12.4.1										
Definition and Unit of Measure: New tools and techniques may be introduced via off-site or on-the-job training for CBN staff and/or FIs; assistance with the development of supervisory manuals or guidelines; and one-on-one consultations.										
		1	1		1	0		Tools or Techniques - MicroFin was presented but not yet introduced	0	2
Type of Tools								Business Planning and Financial Projections (MicroFin)		
Type of Techniques		1	1		0	0		Risk Based Supervision		
Common Indicator # 17.5: Training in policy reform. Number of people trained in FY05, targets for FY 06 & FY 07.										
Male		NA	44		NA	NA	NA	Prisms does not have targets for Common Indicators	NA	NA
Female		NA	7		NA	NA	NA	Prisms does not have targets for Common Indicators	NA	NA
Total		NA	51		NA	NA	NA	Two trainings for CBN personnel on Risk Based Supervision		
Indicator # 9: Number of policies approved or revised to support MSME finance.										
SO12.4.2										
Definition & Unit of Measurement: a) Approval or revision of relevant policies (all or in part) which enable MSME finance.										
Type of Policy		2	3	3	1	2	2	a) and b) have share the same targets	0	3
Definition & Unit of Measurement: b) Improved interpretation and implementation of existing policies or operational practices by the CBN which remove barriers to MSME finance.										
Type of Policy		2	3	3	1	2	2	a) and b) have share the same targets	0	3
Common Indicator # 17.1: Engagement in assistance aimed at reforming economy policy.										
Type of Policy		Same as above	Same as above		Same as above	Same as above		a) and b) have share the same targets	Same as above	Same as above
Common Indicator # 17.1.1: Was there a positive impact from your assistance? If yes, what was the impact? If no, why not?										
Type of Policy		NA	See above		NA	See above		The assistance provided was on interpretation of policy and guidelines.	NA	NA
Common Indicator # 17.1.2: Can the impact of your assistance be quantified? If yes, quantify # of policy areas affected....										
Type of Policy		NA	See above		NA	NA		Prisms does not have targets for Common Indicators	NA	NA
Common Indicator # 17.3: Engagement in programs to improve the business environment. What aspects of the business environment did your program aimed to improve? In FY 05?										
Type of Policy		NA	See above		NA	NA		Prisms does not have targets for Common Indicators	NA	NA
Common Indicator # 17.3.1: Did your program described above have a positive impact? If yes, specify in what way. (in quantifiable terms if possible) if no, why not?										
Type of Policy		NA	See above		NA	NA		Prisms does not have targets for Common Indicators	NA	NA
Outputs										
Review and analyse collateral policy		1	1		NONE	NONE			0	1
Conduct initial meeting with CBN to discuss collateral policy		1	2		NONE	NONE		An in house review of prudential guidelines for commercial banks revealed that, there was nothing in the guidelines preventing banks from lending without real estate collateral. It was a matter of building reserve, cost and internal lending policy of the banks.	NONE	1
Conduct dialogue with CBN to stimulate collateral policy change		1	1		NONE	NONE		Ownership in more than one MFB. Capital Requirement for existing MFIs	0	1
Identify provisions in the Microfinance Policy/Guidelines in need of interpretation		2	3		0	2		Branches in more than one state.	0	3
Draft recommendations to CBN and donor partners for comments		4	0		NONE	NONE				
Propose and discuss with CBN targeted microfinance policy guidelines interpretations		2	3		1	2				2
Introduce new supervisory tools/techniques.		1	1		1	0			0	2
Identify & discuss other enabling environment reforms.		2	1		2	0		Discussed with CBN that 10% of SMEEIS funds to be used for loans	2	3

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RC 142191

www.skyebankng.com

April 19, 2006

Mr. Farouk Kurawa
USAID PRISMS Project
Plot 417 Negro Crescent
Maitama, Abuja
F.C.T, Nigeria

Dear Sir,

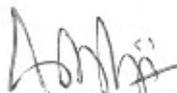
EXPRESSION OF INTEREST IN WORKING WITH THE USAID PRISMS PROJECT

Skye Bank Plc is pleased to present its expression of interest in working with the USAID PRISMS project to support improved and increased access for Nigerian micro, small and medium enterprises (MSME) to financial services. Skye Bank Plc recognizes the importance of increasing access to finance for MSMEs in order to promote economic development in all regions of the country.

Skye Bank Plc agrees to work with PRISMS to identify and implement technical assistance activities that strengthen our business while servicing micro, small and medium enterprises in Nigeria. Examples of PRISMS assistance can include, but are not limited to: aid in identifying and evaluating viable lines of credit to non-bank financial institution clients; new product development for micro, small and medium enterprises customers; tools for MSME market research; and assistance in managing MSME credit risk and portfolio quality.

We understand that PRISMS can provide us with technical assistance to grow our business in this important market segment and we look forward to working with PRISMS to identify and capitalize on increased opportunities to serve MSMEs.

Yours faithfully,
SKYE BANK PLC



BIODUN OLUGBOJI
DEPUTY MANAGER
INVESTMENT BANKING GROUP



TIMOTHY OGUNTAYO
DEPUTY GENERAL MANAGER
INVESTMENT BANKING GROUP

PRISMS - Financial Institution Profile Template

Financial Institution Information	
Company Name	SKYE BANK PLC
Type of FI (bank, MFB, NBFI)	BANK
Business address	3, AKIN ADESOLA ST, VICTORIA ISLAND
Business Phone	01- 2700146-8
Business Fax	01- 2700145
Business Website (if applicable)	www.skyebanking.com
Business e-mail address	Toguntayo@skyebanking.com
Region/State/City (HO and branches)	LAGOS, NIGERIA
Managing Director/President/Owner	MR. AKINSOLA AKINFEMIWA
Owners & Ownership Structure	NIGERIAN INDIVIDUALS
Gender of Owners/Managers	MALE & FEMALE
Principal Contact	MR. TIMOTHY OGUNTAYO
Industry Sectors Served	ALL SECTORS OF THE ECONOMY
Specific Subsector(s) in MSME market	MANUFACTURING, SERVICE, EDUCATIONAL
Product(s) & Service(s) – obtain details on next page	
Employees (# of male/female/total)	1200
Year founded	31ST DECEMBER, 2005
Industry Ranking on Assets	N/A
Brief Company Description	UNIVERSAL BANKING OPERATIONS
FI Turnover (most recent FY)	N/A
FI Net Profit (most recent FY)	N/A
Summary Financial Information (financial statements attached):	
	Historical
	2003 2004 2005 2006 2007
Turnover	N/A N/A N/A N/A
Operating Profit	N/A N/A N/A N/A
Pre-Tax Profit	N/A N/A N/A N/A
Net Profit	N/A N/A N/A N/A
Current Assets	N/A N/A N/A N/A
Long Term Assets	N/A N/A N/A N/A
Total Assets	N/A N/A N/A N/A
Current Liabilities	N/A N/A N/A N/A
Long Term Liabilities	N/A N/A N/A N/A
Total Liabilities	N/A N/A N/A N/A
Equity	N/A N/A N/A N/A
Financial Statements Audited (Y/N)	N/A N/A N/A N/A -

MSME Credit Products – transactions financed, terms and conditions

• Working Capital	✓
• Materials and Supplies	✓
• Equipment and Vehicles	✓
• Imports	N/A
• Exports	N/A
• Capital Improvements	✓
• Land and Buildings	✓
• Term/Tenor	USUALLY 3 YEARS
• Terms and Conditions (interest rate, fees,)	ACCORDING TO SMEES GUIDELINES
• Other	N/A
Collateral Required/Accepted	N/A
Guarantee(s) (guarantor, type, structure, etc.) Required/Accepted	EQUITY SHAREHOLDING
Legal Requirements	AS SPECIFIED IN CAMA 1990.
Credit Approval Process	✓
Eligibility Criteria: corporate structure and governance, ownership, management, collateral, sales, cash flow	ENTITIES INVESTED IN ARE REQUIRED TO BE REGISTERED WITH THE CORPORATE AFFAIRS COMMISSION

Types of MSME Business Financed

Wholesale Loans to NBFIs	NONE
Direct Loans: Amount and Purpose - Manufacturer, trader, producers, processor, transporters, supplier, etc.	NONE
Retail Loans: Amount and Purpose - Trader, producers, processor, transporters, supplier, etc	NONE
MFB: Amount and Purpose - Trader, producers, processor, transporters, supplier, etc	NONE
Geographic Areas Covered	COUNTRY WIDE
Experience in Agricultural Finance	
Collateral Required/Accepted	N/A
Guarantee(s) (guarantor, type, structure, etc.) Required/Accepted	N/A
Legal Requirements	SMEES GUIDELINES
Credit Approval Process	✓
Future MSME Plans	
Direct Retail or MFB	NONE
Timing	ANNUALLY
Skill Needs Assessment	REQUIRES TECHNICAL/RESEARCH SKILLS
Capacity Gap Analysis	
Potential For LOI with PRISMS	

Project Management Unit
Micro, Small & Medium Enterprise (MSME) Project
NIPC

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Abuja

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email: ttimberg@msme-nigeria.org

18 July 2006

Mr. Miguel Rivarola,
PRISM Project
417 Negro Crescent
Maitama, Abuja

Dear Sir:

I wanted to thank you and Mr. Farouk A. Kurawa of your project for the valuable presentation you made to the Central Bank/MSME Roundtable for Technical Service Providers for MSME Finance in Lagos on June 28, 2006 at the Eko Meridien Hotel. As you know 150 people attended, including representatives of more than 15 of the 25 banks in the country and 10 service providers spoke, eight of them from abroad including representatives of WOCCU, MEDA, LFS, EQJ, EClAfrica, Emerging Markets Group, Accion, etc. Your presentation helped give the necessary empirical background to the discussion of microfinance in the environment of bank consolidation and the new microfinance policy.

Yours truly,

Thomas A. Timberg



LIFT ABOVE POVERTY ORGANIZATION (LAPO)

CALCULATIONS OF REPEAT LOANS FROM WHOLESALE CREDIT

S/N	Loan Source 1	Amount 2	Month Loan Disbursed 3	LAPO Loan Cycle 4
1	Novib - Zenith	N45 Million	Late Nov 05	32 Weeks
2	Novib	N16.6 Million	Late Nov 05	32 Weeks
3	INCOFIN	N37.5 Million	Late Dec 05	32 Weks
4	Cordaid - Zenith	N41.3 Million	Mid Jun 06	32 Weeks
	TOTAL			

NOTES

1. To arrive at the repeat loan amount, the estimated period of repeat loans (5) is divided by the number of weeks in a month (4) to get the number of months. This number is multiplied by the loan amount (2) to estimate the total amount loaned out again during the period.
2. Estimated weeks per month is assumed to be 4
3. To arrive at the repeat loan number, average loan amount is used to divide the repeat

Annex # 4

Estimated period of Repeat Loans 5	Repeat Loan Amount 6	Repeat Loan Number 7
28 Weeks	39,375,000	2,302
28 Weeks	14,525,000	849
24 Weeks	28,125,000	1,645
1 Week	1,290,625	71
	83,315,625	4,867

*d by the loan cycle (4) to obtain a % of the
ate the amount and # of loans that were*

t loan amount



Reporting Organisation: Lift Above Poverty Organization (LAPO)
Gran Total

State	Gender	Loan Size Upto N50,000								Loan Size More than N50,000								Total Loan Upto N50,000 + More than N50,000							
		Existing Clients				New Clients				Existing Clients				New Clients				Existing Clients				New Clients			
		Value (NGN)	Value (%)	Numbers	Numbers (%)	Value (NGN)	Value (%)	Numbers	Numbers (%)	Value (NGN)	Value (%)	Numbers	Numbers (%)	Value (NGN)	Value (%)	Numbers	Numbers (%)	Value (NGN)	Value (%)	Numbers	Numbers (%)	Value (NGN)	Value (%)	Numbers	Numbers (%)
Akwa-Ibom	Male	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%
	Female	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%
	Total	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%
Bayelsa	Male	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%
	Female	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%
	Total	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%
Cross River	Male	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%
	Female	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%
	Total	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%
Delta	Male	3,240,000	2%	186	2%	1,580,000	1%	70	1%	-	0%	-	0%	-	0%	-	0%	3,240,000	2%	186	2%	1,580,000	1%	70	1%
	Female	160,686,000	98%	9,167	98%	79,510,000	49%	3,426	37%	-	0%	-	0%	-	0%	-	0%	160,686,000	98%	9,167	98%	79,510,000	49%	3,426	37%
	Total	163,926,000	100%	9,353	100%	81,090,000	49%	3,496	37%	-	0%	-	0%	-	0%	-	0%	163,926,000	100%	9,353	100%	81,090,000	49%	3,496	37%
Edo	Male	3,119,000	8%	429	5%	870,000	1%	64	1%	-	0%	-	0%	-	0%	-	0%	9,119,000	2%	429	2%	870,000	0%	64	0%
	Female	444,855,000	271%	20,911	224%	89,796,000	53%	3,118	33%	-	0%	-	0%	-	0%	-	0%	444,855,000	98%	20,911	98%	89,796,000	20%	3,118	15%
	Total	453,974,000	277%	21,340	228%	90,666,000	55%	3,182	34%	-	0%	-	0%	-	0%	-	0%	453,974,000	100%	21,340	100%	90,666,000	20%	3,182	15%
Rivers	Male	-	0%	-	0%	228,000	0%	13	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	228,000	#DIV/0!	13	#DIV/0!
	Female	-	0%	-	0%	11,812,000	7%	623	7%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	11,812,000	#DIV/0!	623	#DIV/0!
	Total	-	0%	-	0%	12,040,000	7%	636	7%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	12,040,000	#DIV/0!	636	#DIV/0!
Other States	Male	5,200,000	3%	359	4%	2,190,000	1%	146	2%	-	0%	-	0%	-	0%	-	0%	5,200,000	2%	359	2%	2,190,000	1%	146	1%
	Female	255,653,000	156%	17,440	186%	114,222,000	70%	7,146	76%	-	0%	-	0%	-	0%	-	0%	255,653,000	98%	17,440	98%	114,222,000	44%	7,146	40%
	Total	260,853,000	159%	17,799	190%	116,412,000	71%	7,292	78%	-	0%	-	0%	-	0%	-	0%	260,853,000	100%	17,799	100%	116,412,000	45%	7,292	41%
Grand Total	Male	17,559,000	11%	974	10%	4,868,000	3%	293	3%	-	0%	-	0%	-	0%	-	0%	5,558,000	1%	353	1%	4,868,000	1%	293	1%
	Female	861,194,000	525%	47,518	508%	295,340,000	180%	14,313	153%	-	0%	-	0%	-	0%	-	0%	320,821,000	37%	18,527	38%	295,340,000	34%	14,313	30%
	Total	878,753,000	536%	48,492	518%	300,208,000	183%	14,606	156%	-	0%	-	0%	-	0%	-	0%	878,753,000	37%	48,492	39%	300,208,000	34%	14,606	30%

Note
Please note that the religio: portion of the Grand Total is in percentages
Existing Clients refer to those being served as at the end of last reporting period (last quarter)
New Clients refer to those that joined the clients list during the current reporting period (current quarter)

Road Map to Commercial Finance

Minimal Environment Economic, Regulatory and Political Conditions before MFI may Borrow from International Sources:

- A favorable and conducive macro economic environment, including inflation below 15 percent if borrowing hard currency, and a reasonably predictable level of currency devaluation
- Ability to convert local to hard currency legally, and vice versa, with minimal transaction losses. Small difference between street and official rates
- Ability to open and operate bank accounts in local and external currencies
- Sufficient political stability
- Ability to pay higher interest rates on savings accounts than that paid to investors
- Ability, regulatory, financial and economic, to charge market interest rates to loans made to micro entrepreneurs
- None or few restrictions in importing or exporting hard currency
- A large client sector that is un or undeserved
- Regulatory environment at least not hostile to MFIs

Minimal Internal Conditions of MFI before Borrowing Capital either from International Sources or from Commercial Banks

- Accountability to the board, donors, clients and investors. A transparent governance system
- Policies and procedures in place to manage conflicts of interests
- A capable and committed management team
- A commitment to staff training and paying market rate salaries and incentives
- Staff clear on the MFI's core values and vision
- A strategic, operational and financial planning system in place
- Good 3-year track record of lending donated funds that proves methodology is efficient
- Realistic and regular (at least monthly) rating of each outstanding loan,
- Policy and procedures for provisioning for loan loss, and writing off bad debt
- Real loan losses of usually less than 5 percent during the 3 year past years and the ability to sustain larger losses if necessary
- Organizational culture that allows to handle funds that must be repaid; Culture that allows to pay commercial interests on external loans, including experience with and commitment to seizing the client's collateral if necessary and a commitment to charge market rates to loans
- A system of informal or formal guarantees that permit sufficient pressure so clients pay
- Lending to diverse economic activities to minimize risks

- Good operational and reliable management information system with timely information for operational and management decision making
- Real time tracking of late payments and real losses; deploying staff to maximize the return on resources
- Having reached operational self-sufficiency with a reasonable projection of when financial self-sufficiency will be reached
- A culture that allows to moving from just covering costs to generating a surplus (profit)
- Sufficiently attractive guarantees to offer to external investors
- Equity or net worth of at least 15 percent of total portfolio anticipated
- Adequate cash reserves to insure the liquidity necessary to pay investors on time
- Clear definition of the MFI's lending market and good statistics
- A strong commitment to expansion in order to attract investors
- A through understanding of the competition in financial markets where operating or expanding
- Mechanisms for mobilization of savings and other local resources if regulation permits
- Regular external audits and internal controls to prevent fraud and put idle cash into interest bearing accounts
- Links with other MFIs through an association or international organization, providing training and professional standards for MFI.

Sources: Garber, Carter (1997) Private Investment as a Financing Source for Microcredit. The Northe-south Center. University of Miami

Adapted and Expanded by USAID/PRISMS – Nigeria. June, 2006

LIFT ABOVE POVERTY ORGANIZATION (LAPO)

PROPOSED TECHNICAL ASSISTANCE PLAN

ISSUES	ACTIVITIES	TIMING	PARTNER RESPONSIBLE	EXPECTED OUTPUT
1. Transformation of LAPO to Microfinance Bank	a. Preparation of feasibility report including 5-year business plan.	July - Aug 06	LAPO	Feasibility report including 5-year business plan in line with CBN-OFID Guidelines.
	2. Review of feasibility report and business plan, in line with CBN-OFID Guidelines.	Sept – Oct 06	PRISMS	
2. Training of Top Management Staff	a. Development of training modules in treasury management, cash flow planning and analysis, leadership, governance, basic banking and risk management, and development of new products.	Nov 06	PRISMS	Staff capacity built/improved in treasury management, cash flow planning and analysis, leadership, governance, basic banking and risk management, and development of new products.
	b. Delivery of training to top management staff	Jan 07	PRISMS	

LIFT ABOVE POVERTY ORGANIZATION (LAPO)

PROPOSED TARGETS AND TIME FRAME - MARCH 2006 TO DECEMBER 2007

		Mar 06 Actual	June	Sept	Dec	March	June	Sept	Dec
1	Number of Clients/Savers*	52,965	55,613.25	58,393.91	61,313.61	64,379.29	67,598.25	70,978.17	74,527.07
2	Total Clients Savings	211,540,640	222,117,672	233,223,556	244,884,733	257,128,970	269,985,419	283,484,689	297,658,924
3	Number of Borrowers	44,943	47,190	49,550	52,027	54,628	57,360	60,228	63,239
4	Loan Outstanding	584,912,649	614,158,281	644,866,196	677,109,505	710,964,981	746,513,230	783,838,891	823,030,836
5	Repayment Rate (RR)	98.65%	99.00	99.10	99.20	99.30	99.40	99.50	99.50
6	Portfolio at Risk (PAR)	1.74%	1.5	1.25	1	1	1	1	1

Assumptions

1. Number of Savers is the same as the number of Clients as every client is expected to maintain savings with the organization.
2. Quarterly increase of 5% is assumed for items 1-4.

PROPOSED RECOMMENDATIONS IMPLEMENTATION PLAN FOR ACCORD FOR COMMUNITY DEVELOPMENT

ISSUES	ACTIVITIES	PROPOSED TIMING	PARTNER RESPONSIBLE	EXPECTED OUTPUT & TIMING
1. Reconstitution and Strengthening of the Board	1. Sharing of the assessment recommendations with the board.	July 2006	ACCORD	Existence of a functional board with clear roles and interactions with the management – Dec 2006
	2. Reconstitution of the board (nomination, selection, retiring etc)	Sept 2006	ACCORD	
	3. Strengthening of the board (orientation, training, enlightening etc)	Dec 2006	ACCORD	
	4. Follow up and review of progress	July, Sept & Dec 2006	PRISMS	
2. Review of ACCORD Constitution	1. Holding of AGM	Dec 2006	ACCORD	Reviewed constitution with adequate borrowing powers – December 2006
	2. Review of Constitution to include borrowing powers 3. Follow up and review of progress	Dec 2006	PRISMS	
3. Organizational Restructuring	1. Review of current organizational structure and proposition of a new one	June 2006	PRISMS	Functional organizational structure with clear job description and reporting lines. Existence of separate finance, credit, health/gender and technical services departments. Recruitment of Head of Credit, Accounts Assistant and Technical services Assistant – Sept 2006
	2. Development of job description and profiles for positions in the structure.	July 2006	PRISMS	
	3. Adoption of the new structure (by creating a technical services department, separation of finance from micro credit department, clear separation of functions, appointment of Head of Credit, Accounts Assistant, Technical Services Assistant)	Aug 2006	ACCORD	
	4. Follow up and review of progress	Sept 2006	PRISMS	
4. Audit of 2004 & 2005 Accounts	1. Engagement of Auditor 2. 2004 & 2005 Audit and finalization of reports.	July 2006 Aug 2006	ACCORD	2004 & 2005 Audited Financial Statements - September 2006

	3. Follow up and review of progress	Jul & Aug 06	PRISMS	
5. Other Finance & Admin Issues	1. Review of Accounts manual, and development of Administrative manual 2. Introduction of cash imprest system 3. Purchase of Cash Box and Safe 4. Updating of Fixed Assets register 5. Insurance of all assets 6. Follow up and review of progress	Sept 2006 Aug 2006 Aug 2006 Aug 2006 Aug 2006 Aug & Sep 06	ACCORD PRISMS	Comprehensive Accounts & Administrative manuals – Sept 2006 Functional cash imprest system, cash box, safe, updated fixed assets register and adequate insurance of all assets – August 2006
6. Installation of Appropriate Loan Tracking System	1. Selection of appropriate loan tracking system 2. Purchase of Software 3. Installation of software 4. Training of ACCORD staff on usage	June 2006 Aug 2006 Aug 2006 Aug 2006 Sept 2006	PRISMS	Functional loan tracking system being run by ACCORD staff – Sept 2006
7. Reviving the Micro finance operations	1. Review of Credit and Savings manual 2. Aggressive clients/savings drive through marketing, development of new products etc 3. Follow up and review of progress	Aug 2006 On going Aug 06 and Quarterly thereafter	ACCORD ACCORD PRISMS	Comprehensive credit and savings manuals – Sept 06 Appreciable increase in clients and loan portfolio - Quarterly
8. Improving operating environment	1. Purchase of UPS 2. Instituting appropriate back up system 3. Purchase of Generator 4. Follow up and review of progress	July 2006 July 2006 Dec 2006 Jul & Dec 06	ACCORD ACCORD ACCORD PRISMS	Adequate number of UPS Back up system in place – July 2006 High capacity Generator – Dec 2006
9. Transformation to a Microfinance Bank	1. Review provisions of the microfinance policy, guidelines, OFID circulars etc	July 06	ACCORD	Separation of microfinance program from other programs and

	<ul style="list-style-type: none"> 2. Separation of microfinance from social functions 3. Prepare necessary documentations required by CBN 4. Raising of necessary capital 5. Seeking approval from CBN 6. Follow up and review of progress 	<ul style="list-style-type: none"> Sept 06 March 07 March 07 April 07 Quarterly 	<ul style="list-style-type: none"> ACCORD ACCORD ACCORD ACCORD PRISMS 	transformation of the microfinance program to microfinance bank – June 2007.
10. Evaluation of Progress	<ul style="list-style-type: none"> 1. Review of implementation plan 2. Evaluation report 	Jan 2007	PRISMS	Report of Evaluation of implementation and decision on next line of activities – Jan 2007
11. If evaluation report is positive, Development of Business plan for Sourcing Commercial Credit	<ul style="list-style-type: none"> 1. Institutional review 2. Development of business plan and financial projections 	<ul style="list-style-type: none"> Feb 07 March 07 	<ul style="list-style-type: none"> PRISMS ACCORD & PRISMS 	Business plan for commercial credit – Mar 07.

ACCORD FOR COMMUNITY DEVELOPMENT

PROPOSED TARGETS AND TIME FRAME

	Baseline	Sept 06	Dec 06	Mar 07	Jun 07	Sept 07
Number of Clients/Savers*	18	100	200	300	400	500
Total Clients Savings	?	300,000	500,000	1,000,000	1,250,000	1,500,000
Number of Borrowers	18	18	150	250	350	450
Loan Outstanding	1,112,089	N3 Million	N5 Million	N10 Million	N12.5 Million	N15 Million
Repayment Rate	58%	58%	70%	75%	85%	90%
Portfolio At Risk (PAR)	?	50%	45%	35%	25%	20%

*Number of Savers is the same as the number of Clients as every Client is expected to maintain savings with the organization

**REPORT ON THE BUSINESS PLANNING AND FINANCIAL PROJECTIONS
WITH MICROFIN COURSE HELD IN BARCELONA SPAIN BETWEEN
JUNE 12 – 16, 2006
Kayode Faletti**

Background Information:

The Business Planning and Financial Projections with Microfin Course was organized by Micro Finance Information Solutions, LLC (USA) and Fundacion UN SOL MON (a foundation from Caixa Catalunya Social Work, Barcelona, Spain), and held at the famous “La Pedrera” situated on the spectacular Paseo de Gracia, and the location of the offices of Un Sol Mon.

The course was facilitated by Charles Waterfield, the primary developer of Microfin and CEO of MFI Solutions, LLC.

Objectives of the Course:

The objective of the course was to build the capacity of participants to be able to evaluate all aspects of an institution as a comprehensive whole and help them understand how to make key decisions that balance many often conflicting objectives. By the end of the workshop, participants are expected to have a better understanding of:

- ✚ practical approaches to planning
- ✚ the most important financial ratios to monitor, and how to interpret them
- ✚ critical operational issues such as designing products to meet client needs, pricing of products and focusing on loan officers to leverage institutional productivity
- ✚ how to develop long term, diversified financing strategies
- ✚ how to use Microfin to develop financial projections for institutions.

The USAID Nigeria PRISMS Project sponsored Mr. Kayode Faletti (the project’s Financial Services Manager/Microfinance Specialist) and co-sponsored with the Central Bank of Nigeria two staff of the Other Financial Institutions Department, Central Bank of Nigeria (OFID-CBN), Mr. Kehinde H. C. Ogunsakin (Assistant Director) and Mrs. Kehinde A. Omole (Senior Bank Examiner), to the course. The fourth participant sponsored by PRISMS (Miss Hilda Osasere Imasuen of Lift Above Poverty Organization, Benin City) could not attend the course as she was denied visa by the Spanish Consulate in Nigeria. The course is to build the capacity of the three institutional participants on how to use Microfin to develop and evaluate business plans and financial projections for institutions, and be able to assist/support the developer and facilitator, Charles Waterfield in the delivery of the course in Nigeria later in the year, to be sponsored by the project and other interested agencies.

The Course Delivery

The course was attended by nineteen participants including three from Nigeria. See appendix 1 for the list of participants and their e-mail addresses. The course was highly participatory, with participants applying the business planning framework to a detailed case study throughout the training, including extensive computer-based exercises using the Microfin model. The following topics were covered during the course:

- ✚ Introduction to Business Planning
- ✚ Strategic Planning
- ✚ Introduction to Operational Planning and Financial Modeling
- ✚ Financial Statements and Ratios
- ✚ Setting up of Models
- ✚ Designing Financial Products
- ✚ Market Channels and Portfolio Projections
- ✚ Institutional Capacity – Loan Loss & Caseloads; Staffing Projections; Operational Expense Projections and Fixed Assets & Admin Page Miscellaneous
- ✚ Financing Strategy
- ✚ Financial Statements and Financial Analysis

At the end of the course, each participant was given a CD-ROM containing Microfin Installation Disk Version 3.5 & 3.9beta, with a promise from the Facilitator to forward Version 4.0 on completion within the next four weeks. Each participant was also given a certificate.

The Strengths and Weaknesses of the Microfin Tool

The major strengths of the tool are:

- ✚ It is Excel based and therefore easy to learn and use.
- ✚ It is flexible.
- ✚ It is regularly updated (1.0 – 1997; 2.0 – 1998; 3.0 – 2001; 3.5 – 2004 and 4.0 – 2006), and therefore continually useful and relevant.
- ✚ It is being taught by the primary developer who always provides useful background to every aspect of the tool, thereby making understanding very easy.
- ✚ It contains users' manual and handbook.
- ✚ It has 'DEMO' which guides independent and private learning/usage.
- ✚ It is free and available.

The major weaknesses of the tool are:

- ✚ Business planning involves both quantitative and qualitative aspects. While the tool is very good in the quantitative aspect, it is weak on the qualitative aspect.
- ✚ The tool has capacity for maximum of twenty branches. Organizations that have more than twenty branches have to either break their projects to two or more (depending on number of branches) and then consolidate or do their projections by regions. Projections for more than 20 branches could also be prepared in additional spreadsheets and then consolidated into one.

Other Issues Discussed with Charles Waterfield

Confirmation of the date for the proposed running of the course in Nigeria: This was discussed with Charles, but he could not confirm the dates as at the end of the course but promised to get back to Miguel Rivarola on this. He explained that the recent accident he had on his bicycle and the subsequent admission in the hospital for weeks has disrupted his program for the year. Actually, the Barcelona course was his first official assignment after the accident, and is yet to recover fully. He would therefore need to review his plans for the remaining part of the year.

Refund on Hilda's Fees: Mr. Charles Waterfield refunded the sum of \$575 (five hundred and seventy-five dollars) on the fees paid for Hilda. He promised to send a scanned copy of the letter transmitting the refund. I have handed over the \$575 to the project Accountant (Kelechi Nnana) on return.

Extra Course Materials for PRISMS: This was discussed with Mr. Charles Waterfield and he gave me an additional CD-ROM containing Microfin Installation Disk Version 3.5 & 3.9beta, for the project. However, he ran short of the course participant handbook, and therefore asked me to make a copy for PRISMS on return. This has been done.

List of Nigerians who have attended the course to date: Charles said he would need to review his file and therefore promised to get back to Miguel on this.

Conclusions and Recommendations

The training was very practical and useful. The fact that the primary developer was the facilitator aided comprehension. It is hoped that the newest version (4.0) would be completed on time, as promised by the facilitator. The course has improved my skills in business planning and financial projections, and would further assist me in providing useful guidance to partner institutions. It is recommended for every individual that is involved in the preparation, evaluation or review of business plans and financial projections. The proposed running of the training in Nigeria is a welcome development. It will give opportunity for staff of micro finance institutions and CBN-OFID to better understand and apply the Microfin tool in their institutions. This will generally improve

the quality of business planning and financial projections in Nigeria, especially, among the micro finance institutions.

In my post training discussions with the CBN participants, they expressed the opinion that Microfin was good, practical and useful. They welcomed the proposed running of the course in Nigeria but added that it could be expanded to accommodate staff of community banks and other Microfinance institutions that wish to transform to MFB. To this end, they are of the opinion that it could be run on zonal basis. This they believe will improve the quality of business plans being submitted by proposed MFBs, which for now is adjudged low. I did not include this in my report as I expect this to be mentioned in the report by CBN participants.



CENTRAL BANK OF NIGERIA
Tinubu Square
P. M. B. 12194
Lagos

Tel.:

Fax:

14th July, 2006

The Head of Party,
USAID/PRISMS,
Plot 417 Negro Crescent,
Maitama, Abuja.

Dear Sir,

REPORT ON THE COURSE ON BUSINESS PLANNING AND FINANCIAL PROJECTIONS WITH MICROFIN HELD AT BARCELONA, SPAIN FROM 12TH TO 16TH JUNE, 2006.

Please, find below a report on the course on Business Planning and Financial Projections with Microfin held at Barcelona, Spain from 12th to 16th June, 2006. The course was attended by Mr. K.H.C. Ogunsakin (Assistant Director) and Mrs. K.A.Omole (Senior Manager), two Bank Examiners from our department and Mr. Kayode Faleti, your Financial Services Manager.

Yours faithfully,

A handwritten signature in cursive script, appearing to read 'K. Omole'.

Kehinde Omole (Mrs.)
For: Director, Other Financial Institutions Dept.

Dear Mr. Rivarola,

Please find below a report on the course on Business Planning and Financial Projections with Microfin held at Barcelona, Spain from 12th to 16th June, 2006.

Best Regards,
Kehinde Omole (Mrs.)

REPORT ON THE COURSE ON BUSINESS PLANNING AND FINANCIAL PROJECTIONS WITH MICROFIN HELD AT BARCELONA, SPAIN FROM 12TH TO 16TH JUNE, 2006.

INTRODUCTION

Two Bank Examiners from the Other Financial Institutions Department, Central Bank of Nigeria namely, Mr. K.H.C. Ogunsakin (Assistant Director) and Mrs. K.A.Omole (Senior Manager) and Mr. Kayode Faleti (Financial Services Manager), USAID/Prisms attended a course on Business Planning and Financial Projections with Microfin at Barcelona, Spain from 12th to 16th June, 2006. The course was co-sponsored by the United States Agency for International Development (USAID)/Prisms.

OBJECTIVES OF THE COURSE

The main objective of the course was to acquaint the participants with the use of the Microfin Software which is a Microsoft excel-based financial modeling tool which microfinance institutions could use to prepare five-year financial projections. The software, which has been designed as an integrated part of a comprehensive business planning framework, addresses both strategic and operational issues. It has the capabilities of assisting microfinance institutions in:

- Designing financial products and services
- Establishing marketing channels and projecting activity levels
- Determining institutional resources and capacity
- Developing a financing strategy
- Analyzing projected financial statements and ratios

THE AREAS COVERED

The areas covered during the course included:

- i) Business and Strategic Planning
- ii) Operational Planning and Financial Modeling
- iii) Financial Statements and Ratios
- iv) Using the Model Set-up Page
- v) Designing the Financial Products
- vi) Marketing Channels and Portfolio Projections
- vii) Institutional Capacity
- viii) Financial Strategy
- ix) Financial Statements and Analysis

The course was facilitated by Mr. Chuck Waterfield who developed the computer software. Participants were taught how to use the computer program to produce graphic and quantitative representations of various activities given different scenarios and detailed five-year balance sheets, income statements and cash flow projections. Also, we were shown how to arrive at key financial indicators and carry out sensitivity and variance analysis using the program. The course was interactive and involved the use of case studies coupled with assignments on areas covered. It was attended by nineteen (19) participants, drawn from over ten (10) countries, most of who worked with large Microfinance Institutions.

In practically using the software, however, three participants were made to use one laptop together instead of each participant using his/her own laptop. This arrangement denied participants of the full benefit of being very conversant with the software through adequate hands-on experience.

BENEFITS OF THE COURSE

Microfinance Banks (MFBs), under the new microfinance policy are mandated to prepare feasibility reports showing five-year financial projections and submit same together with their applications for licenses. Microfinance institutions, the world over, are being encouraged to make use of the Microfin Software in business planning. It is expected that the MFBs in Nigeria would also make use of the software which is freely available on the Internet. The course is, therefore, important to supervisors of the MFBs in that it would assist them in understanding, reviewing and analyzing financial projections of the institutions. An understanding of the program would assist the supervisors to take decisions on the feasibility or otherwise of the plans and projections including the profitability/performance of the MFBs.

CONCLUSION / RECOMMENDATIONS

The Microfin software is a very useful tool for the MFBs and they should be encouraged to make use of it in business planning and development. The course was very educative and relevant to our jobs as supervisors of MFBs.

We recommend that other Bank Examiners be exposed to the training and hereby express our appreciation to the management of the CBN and the USAID/Prisms for giving us an opportunity to attend the course.



K. H. C. OGUNSAKIN



K. A. OMOLE (MRS)

CLARIFICATIONS FROM CBN-OFID ON THE TRANSFORMATION OF NGO-MFIs TO MICRO FINANCE BANKS

In a meeting held at the Central Bank of Nigeria (CBN) on May 17, 2006, between USAID Nigeria PRISMS project team (Messrs Miguel Rivarola, Farouk Kurawa and Kayode Faleti) and the CBN-OFID team (Messrs Adedeji Adesemoye and Kafaru Adekunle), the following issues were clarified on the new Microfinance policy:

1. Section 8.2 of the microfinance policy stated that *“no individual, group of individuals, their proxies or corporate entities, and/or their subsidiaries, shall establish more than one Microfinance bank under a different or disguised name”*
What are the options available for an NGO-MFI that wishes to transform its micro finance operations to a microfinance bank, but already has controlling interest in a licensed community bank which also has to transform to a microfinance bank, without contravening the above provisions.

Mr Adesemoye of CBN-OFID explained that two options are available to such NGO-MFI, which are:

- ✚ **Separate the socio-welfare functions of the transforming NGO-MFI from the credit/financial services and merge the community bank with the credit/financial services to form a formidable microfinance bank; or**
 - ✚ **Sell off its interest in the community bank and merge the proceeds with the credit/financial services of the existing NGO-MFI to form a formidable microfinance bank.**
2. CBN OFID Circular (Ref: OFID/DO/MISC/Vol.1/451) of February 3, 2006, section 4 (Existing Branches and organic growth) stated as follows:

These procedures recognize the existence of NGO-MFIs with inter-state multiple branches prior to the coming into effect of the new Microfinance policy. The following transition arrangements are applicable to NGO-MFIs with existing branches:

- (i) The NGO-MFI shall locate its head office in a state in which it has the most dominate operations provided it meets other requirements for a State Microfinance Bank.
- (ii) The existing branches in other states other than its dominant operating state shall continue to operate as its approved branches...

Does 2(i) above means that existing NGO-MFIs with inter-state multiple branches that wishes to transform to MFBs must meet the N1 billion capital requirements for State microfinance bank? If yes, will this cover the existing branches in the other states, or another capital requirement is required for each of the existing branches in the other states?

Mr. Adesemoye explained that if the existing NGO-MFI with inter-state multiple branches wishes to transform to a State microfinance bank, then it must meet all the requirements of a state micro-finance bank including the capital of N1 billion. In that case all the existing branches in other states that meet the required minimum standard of a branch shall continue to operate as its approved branches without additional capital requirement. However, before any new branch could be opened in the other states, the new microfinance bank must meet the requirements for organic growth path in the state where the head office is located (having opened branches in at least two-thirds of the local governments of the State it is currently licensed to operate).

He explained further that, an existing NGO-MFI with inter-state multiple branches that can not meet the requirements of a State microfinance bank have two options available to it:

- ✚ Separate the socio-welfare functions from the credit/financial services of its dominant branch, and transform this dominant branch to a unit microfinance bank, subject to meeting the capital (N20 million) and other requirements of a unit micro finance bank. It can continue to operate the other existing branches as NGO-MFI without regulation. It may also open more branches for the microfinance bank as funds become available, following the organic growth path.**
- ✚ Continue to operate in its existing form as NGO-MFI and not come under regulation. Such institution shall engage in the provision of micro credits to its targeted population and not to mobilize deposits from the general public. The registered NGO-MFI shall be required to forward periodic returns on its activities to the CBN.**



SUCCESS STORY

Training and Credit Make a Difference

Two USAID/Nigeria projects work together to provide at-risk youth with much-needed credit and education.



A customer buying medicine from Mr Ilyasu paying in cash.

PHOTO: FAROUK KURAWA/CHEMONICS

DATE: 2ND JULY, 2006

A loan of \$1,150 facilitated by USAID/PRISMS from WDI, a micro finance institution in Kano, and training provided by the USAID/JOBS project, helped start the pharmaceutical business of Murtala Ilyasu, a secondary school graduate and a youth at risk. This transformed his life from barely able to afford three meals a day to a net savings of \$923 in a year. A good example of how MSME lending can make a difference.

In his late 20s, secondary school graduate Murtala Ilyasu began working in a pharmacy in the Sabon Gari market in Kano, in northwestern Nigeria. He sold drugs from the pharmacy at a surcharge, surviving on the margins from his sales, but did not earn enough to take care of his aged parents and the children in the family. For eight years, he dreamed of becoming a successful pharmaceutical dealer on his own.

He then heard on the radio about the USAID Jobs and Business Development Services Initiative (JOBS) that offered entrepreneurial training. He jumped at the chance. JOBS helps disadvantaged, at-risk youth in Kano State and the Niger Delta find employment by providing micro enterprise development, life skills training, and employment generation services.

Mr. Ilyasu was accepted on an eight-week training program, where he learned principles of bookkeeping, small business management, and developing business plans. After the training, he drew up a business plan for a bank loan.

JOBS asked another USAID project — Promoting Improved Sustainable MSME Services (PRISMS) — to help. PRISMS' facilitates the flow of financial services to micro-, small, and medium-sized enterprises (MSMEs). PRISMS facilitated a \$1,150 loan from the Women Development Initiative (WDI), a microfinance institution in Kano state, that allowed Mr. Ilyasu to acquire a shop and start a pharmaceutical business.

The loan has been repaid and the business has grown dramatically. He made a net savings of \$923 in one year, after his personal, domestic and business expenditures and loan repayment. The amount was used to expand the business. Mr. Ilyasu also took another WDI loan, which he has begun repaying. He wants to open a second shop and plans to hire staff to help him.

Mr. Ilyasu said that before PRISMS, he did not think a bank would listen to a small entrepreneur. He is now able to provide for his parents and the children — a indication of the social and economic empowerment he has experienced as a result of the project, and an example of how MSME lending



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U.S. Agency for International Development
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can make a difference.

QUARTER & CUMMULATIVE TARGETS

Revised as per PMP of May 30, 2006

#	Project Indicators	30-Jun-06 Targets
1	Value of Loans Disbursed to MSMEs (Million) - Includes Repeat Loans Cum. Value of Loans Disbursed to MSMEs (Million) - Includes Repeat Loans	NGN 20.0 NGN 65.0
2	Number of Loans Disbursed to MSMEs - Includes Repeat Loans Cum. Number of Loans Disbursed to MSMEs - Includes Repeat Loans	2,000 6,500
3	Value of Wholesale Loans to NBFIs & Retail Loans to MSMEs Disbursed (Million) Cum. Value of Wholesale Loans to NBFIs & Retail Loans to MSMEs Disbursed (Million)	NGN 20.0 NGN 65.0
4	Number of Wholesale Loans to NBFIs & Retail Loans to MSMEs Disbursed Cum. Number of Wholesale Loans to NBFIs & Retail Loans to MSMEs Disbursed	1 2
5	Number of New/Existing Financial Products/Guarantees Introduced Cum. Number of New/Existing Financial Products/Guarantees Introduced	1 1
6	Value of Retail Loans to MSMEs by NBFIS (Million) - Includes Repeat Loans Cum. Value of Retail Loans to MSMEs by NBFIS (Million) - Includes Repeat Loans	NGN 20.0 NGN 65.0
7	Number of Retail Loans to MSMEs by NBFIS - Includes Repeat Loans Cum. Number of Retail Loans to MSMEs by NBFIS - Includes Repeat Loans	2,000 6,500
8	Value of Retail Loans made to new clients by NBFIS (Baseline: March 06) (Million) * Cum. Value of Retail Loans made to new clients by NBFIS (Baseline: March 06) (Million)	NGN 6,282.25 NGN 131,927.25
9	Number of New Clients served by NBFIS (Baseline: March 06) (5% increase) * Cum. Number of New Clients served by NBFIS (Baseline: March 06) (5% increase)	316 6,641
10	Number of new supervisory or planning tools/techniques introduced Number of new supervisory or planning tools/techniques introduced	 1
11	Number of Policies Approved/Revised to Support MSME Finance Number of Policies Approved/Revised to Support MSME Finance	 1

*** Note:** Figures are estimates based on information provided by LAPO. LAPO's MIS does not capture this information. Our base is the total Number of new clients in previous month provided by LAPO MIS. LAPO then estimate that 85% of new clients in previous month qualify for loans in current month. Target assumes a 5% increase in value every quarter

30-Jun-06 Actuals	30-Sep-06 Targets
NGN 79.7 NGN 223.7	NGN 25.0 NGN 90.0
4,514 12,933	2,500 9,000
NGN 80.0 NGN 179.1	NGN 25.0 NGN 90.0
1 3	1 3
1 3	1 2
NGN 79.7 NGN 223.7	NGN 25.0 NGN 90.0
4,514 12,933	2,500 9,000
NGN 300,208.0 NGN 300,208.0	NGN 6,596.4 NGN 138,523.6
14,606 14,606	332 6,973
1	1
2 3	1 2

nation directly.

Annex # 12

31-Dec-07 LOP Targets
NGN 200.0
20,000
NGN 200.0
6
5
NGN 200.0
20,000
NGN 7,272.5 NGN 152,722.3
404 8,476
2
3

Capital Investment Links

<http://www.blueorchard.ch/>

BlueOrchard Finance S.A. is a for-profit limited liability company. Its shareholders include two leading Swiss financial institutions as well as several prominent figures of the banking sector. Their mission is to promote private investments in projects and enterprises contributing to the sustainable development of microentrepreneurship in emerging economies. BlueOrchard strives to catalyze the flows of funds from international capital markets to the leading microfinance institutions by offering specialized fund management services.

www.calvertfoundation.org

The Calvert Social Investment Foundation (Calvert Foundation) was established with the goal to help end poverty through investment. It serves as a facility for individuals and institutions seeking to place capital on softer terms to finance affordable homes, fund small and micro businesses and to make available essential community services. Calvert Foundation works in disadvantaged communities with local non-profit partners that use common sense and compassion to provide the investment capital people need to work themselves out of poverty.

www.planetfinance.org

The PlanetFinance Revolving Credit Fund (RCF) aims to support promising MFIs in their start up phase as after a couple of years they could finance the activity of thousands of microentrepreneurs. The institutions must gradually become independent and develop into real financial intermediaries, 'borrowing on one side to lend on the other'. Loans granted at favourable interest rates by the Revolving Credit Fund not only enable institutions to increase their lending capacity but also represent a training process in their access to external resources.

www.triodos.com

Triodos Bank manages a number of funds for direct investment in commercial MFIs around the world. Triodos Bank is one of Europe's leading ethical banks. The Bank was founded in 1980 in the Netherlands to finance a new generation of enterprises creating social added value and caring for the environment, and to give people new ways to save and invest ethically.

www.africapfund.com

The AfriCap Microfinance Fund (AfriCap) is a \$15 million equity investment fund dedicated to the microfinance industry in Africa. AfriCap is incorporated in Mauritius, with an operational base in Dakar, Senegal. The fund makes investments in a select number of leading microfinance institutions (MFIs) in Africa committed to commercial viability. It is the only specialized equity fund for microfinance institutions based in Africa, and invests in institutions committed to serving low-income communities without

access to conventional banking services. AfriCap is a ten-year fund, and takes a long-term perspective to building value, developing an active governance role with each investee institution. The Fund Manager works closely with local management and Board members to ensure that each investee gets the resources it needs (capital, technology, or management support) to build a successful profitable organization.

<http://www.cordaid.com/index.asp?mID=10182>

Cordaid is an international development organization that regroups four Dutch associations; Bilance, Memisa, Mensen in Nood and Vastenaktie. Cordaid aims to reduce structural poverty and strengthen institutions. Cordaid devotes a great deal of attention to sustainable development, including measures to combat desertification.

Cordaid in Africa: Cordaid's countries of focus in Africa are: Angola, Cameroon, DC Congo, Ethiopia/Eritrea, Ghana, Kenya, Malawi, Mali, Morocco, Mozambique, Sierra Leone, Sudan, Tanzania, Tsjaad, Uganda, and South Africa. Cordaid contributed approximately €57 million to Africa in 2001, representing approximately 40% of its total budget

<http://www.grameenfoundation.org/>

Grameen Foundation USA (GFUSA) is a global non-profit organization that combines microfinance, new technologies, and innovation to empower the world's poorest people to escape poverty. Founded in 1997, GFUSA's global network includes 52 partners in 22 countries. The network has impacted an estimated 11 million lives in Asia, Africa, the Americas, and the Middle East.

<http://www.incofin.com/>

A social investment company for developing countries, **Incofin** invests primarily in microfinance institutions that gear their services towards the needs of local micro-entrepreneurs and SMEs. In 2004, in observance of the International Year of Microcredit, Incofin, together with four Belgian institutional investors set up an investment fund specifically aimed at microfinance institutions: **Impulse Microfinance Investment Fund**.

Thus, today, the three core activities of Incofin are:

1. Direct investments in microfinance through:
 - Loans
 - Stock participations
 - Guarantees
2. Fund management:
 - Impulse Microfinance Investment Fund, the first private Belgian commercial microfinance investment fund
 - Volksvermogen, a Belgian company who assigned Incofin to manage its investments in MFIs
3. Consultancy in microfinance

<http://www.novib.nl/id3735.html?lang=en>

Oxfam Novib is fighting for a just world without poverty. Together with people, organisations, businesses and governments. Through projects and lobby. Locally

and internationally. Because poverty and injustice are global problems. They are about unjust economic and political relationships.

That is why Novib is working with Oxfam International and we have just begun to call ourselves Oxfam Novib. Together we have more influence and achieve more in our struggle for a just world without poverty.

Argidius Foundation ♦ Matorca, Inc.
Suite 200
586 Argus Road
Oakville, Ontario L6J 3J3
Canada

<http://www.fordfound.org>

The Ford Foundation ♦ 320 East 43rd Street
New York, NY 10017
United States
E-mail: office-communications@fordfound.org

<http://www.afdb.org>

African Development Bank (AfDB) ♦ Central Microfinance Unit (OCMU)
Angle des trois rues:
Avenue du Ghana
Rue Pierre de Coubertin
Rue Hedi Nouria
BP. 323
1002 Tunis Belvedere
Tunisia
E-mail: afdb@afdb.org

<http://www.aeci.es>

Agencia Española de Cooperación Internacional (AECI) ▲ Av. Reyes Católicos 4
28040 Madrid, España

<http://www.afd.fr>

Agence Française de Développement (AFD) ♦ 5, rue Roland Barthes
75598 Paris Cedex 12
France
E-mail: com@afd.fr

www.ausaid.gov.au

Australian Agency for International Development (AusAID) ▲ GPO Box 887
Canberra ACT 2601
Australia
E-mail: infoausaid@ausaid.gov.au

<http://www.dgdc.be/>

Belgian Administration for Development Cooperation ▲ Rue de Bréderode 6
1000 Brussels
Belgium
E-mail: info@diplobel.org C

<http://www.acdi-cida.gc.ca>

Canadian International Development Agency (CIDA) ▲ 200 Promenade du Portage
Hull, Québec K1A 0G4
Canada
E-mail: info@acdi-cida.gc.ca

<http://www.dfid.gov.uk>

Department for International Development (DFID) ▲ 94 Victoria Street
London SW1E 5JL
United Kingdom
E-mail: enquiry@dfid.gov.uk

<http://www.gtz.de>

Die Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) ▲ Banking
Services and Financial Systems Development
Postfach 5180
Dag Hammarsjold Weg 1-5
65726 Eschborn
Germany

<http://europa.eu.int/comm/europeaid>

European Commission (EC) ■ EuropeAid
Economic Cooperation AIDCO/C/2
Loi 41-8/74
Rue de la Loi 200
1049 Brussels
Belgium

www.ifc.org

International Finance Corporation (IFC) ■ 2121 Pennsylvania Avenue, NW
Washington, DC 20433
United States

<http://www.ifad.org>

International Fund for Agricultural Development (IFAD) ■ Via del Serafico, 107
00142 Rome
Italy
E-mail: ifad@ifad.org

www.ilo.org J

International Labour Organisation (ILO) ■4, route des Morillons
CH 1211 Geneva 10
Switzerland

<http://www.jbic.go.jp>

Japan Bank for International Cooperation (JBIC) ▲C/o Office of the Executive
Director for Japan
The World Bank
MC 12-315
1818 H Street, NW
Washington, DC 20433
United States

<http://www.kfw.de>

Kreditanstalt für Wiederaufbau ■Financial Sector Department
Palmengartenstrasse 5-9
60325 Frankfurt am Main
Germany
E-mail: kfw.vsb@kfw.de

<http://www.france.diplomatic.fr/mae>

Ministère des Affaires Étrangères, France ▲Department of International Cooperation
and Development
20, rue Monsieur
75700 Paris 07 SP
France

<http://www.formin.finland.fi/suomi>

Ministry of Foreign Affairs, Finland ▲PO Box 176 (Katajanokanlaituri 3)
00161 Helsinki
Finland
E-mail: kirjaamo.um@formin.fi

<http://www.esteri.it>

Ministry of Foreign Affairs, Italy ▲Directorate General for Development Cooperation
(DGCS)
Piazza della Farnesina - 1
00194 Rome
Italy

<http://www.minbuza.nl>

Ministry of Foreign Affairs, The Netherlands ▲Bezuidenboutseweg 67
PO Box 20061
The Hague 2500 EB
The Netherlands

Ministry of Foreign Affairs, Japan ▲Ministry of Foreign Affairs
Kasumigaseki 2-2-1
Chiyoda-ku, Tokyo 100-8919
Japan.

<http://www.odin.dep.no/ud/engelsk/indes-b-n-a.htm>

Norwegian Agency for Development Cooperation (NORAD) ▲Ruselokkveien 26
PB 8034 DEP
0032 Oslo
Norway

<http://www.um.dk>

Royal Danish Ministry of Foreign Affairs ▲2 Asiatisk Plads
DK-1448 Copenhagen K
Denmark
E-mail: um@um.dk S

<http://www.sida.se>

Swedish International Development Cooperation Agency (Sida) ▲INEC Department
Selvage 20
S-105 25 Stockholm
Sweden
E-mail: info@sida.se

<http://www.sdc.admin.ch>

Swiss Agency for Development and Cooperation ▲Freiburgstrasse 130
CH-3003 Berne
Switzerland
E-mail: info@deza.admin.ch

www.uncdf.org

United Nations Capital Development Fund ●Microfinance Unit
Two UN Plaza, 26th Floor
New York, NY 100017
United States
E-mail: info@uncdf.org

<http://www.undp.org>

United Nations Development Programme (UNDP) • MicroStart

Two UN Plaza, 26th Floor

New York, NY 10017

United States

E-mail: info@undp.org

<http://wbln0018.worldbank.org/html/FinancialSectorWeb.nsf/9f941053fd4293dc852569510022c5a0/1037723dcebec172852569510078c0c1?OpenDocument>

World Bank • 1818 H Street, NW

Room F 11-K, 188

Washington, DC 20433

United States

Web site: <http://www.worldbank.org>

E-mail: pic1@worldbank.org

www.gdrc.org.

Garber, Carter. *Private Investment as a Financing Source for Microcredit*. The North-South Center, University of Miami. 1997.

<http://www.gdrc.org/icm/ppp/private-funds.html>

<http://www.gdrc.org/icm/invest-mfi.html>

Investing in Microfinance. Several international and regional funds have been established that invest moneys in microfinance activities and institutions. These funds are managed by non profit organizations, commercial banks and investment firms. A listing of such funds is provided in the web link below. The contact person is Hari Srinivas at

hsrinivas@gdrc.org.

The Microfinance Gateway. Investors, Donors and Microfinance Institutions. Web Links.

<http://nt1.ids.ac.uk/cgap/links.htm>

<http://www.iadb.org/mif/website/default.asp?C=1&L=1>

Venture Capital

Fondo Multilateral de Inversiones (FOMIN)

www.highgrowth.net

Highgrowth Partners SGEER (España)

www.evca.com

European Venture Capital Association.

www.ascri.org

Asociación Española de Entidades de Capital Riesgo

www.lavca.com

Latin American Venture Capital Association

www.nasbic.org

National Association of Small Business Investment Companies (EE.UU.)

www.nvca.org

National Venture Capital Association (EE.UU.)

www.bvca.co.uk

British Venture Capital Association.

www.eban.org

European business angels directory.

<http://www.nasvf.org/>

National association of seed and venture funds

www.venturecapitaljournal.net

Prensa especializada

European Venture Capital Journal

www.realdeals.eu.com

Real Deals

www.ventureeconomics.com/

Venture Economics

<http://www.assetnews.com>

Asset Alternatives

www.ifc.org

The International Finance Corporation

<http://www.cdvc.org/>

Community Development Venture Capital Alliance

www.vcexperts.com

VC Experts

www.altassets.net

<http://www.alterfin.be>

Alterfin is a cooperative society based in Belgium. We mobilise capital in Europe. This capital is used for financing MFI's through credit and direct investment. In 2001 we have 7 years of operation, a portfolio of 3,2 million USD, 22 partners in 10 different countries. Interested ? Contact us!,Alterfin's mission is to contribute to the development of local financial networks in the South, working with disadvantaged or oppressed groups in society. Alterfin's focus is providing finance - mainly through credit, but also through

temporary share participation. In addition, Alterfin also provides and mobilises technical support.

Alterfin

Vlasfabriekstraat 11

1060 Brussels

BELGIUM

Tel :+32.(0)2.538.58.62

Fax: +32.(0)2.538.37.90

Email: alterfin@alterfin.be

[Common Fund for Commodities \(CFC\)](http://www.common-fund.org/)

<http://www.common-fund.org/>

(Donor - Investor, Donor with MF focused site)

The Common Fund for Commodities (CFC) is an autonomous intergovernmental financial institution established within the framework of the United Nations. The Agreement Establishing the Common Fund for Commodities was negotiated in the United Nations Conference on Trade and Development (UNCTAD) from 1976 to 1980 and became effective in 1989. The Common Fund for Commodities forms a partnership of 106 Member States plus the European Community (EC), the African Union (AU) and the Common Market for Eastern and Southern Africa (COMESA) as institutional members.

Stadhouderskade 55

1072AB Amsterdam

The Netherlands

Email: webmaster@common-fund.org

[Commonwealth Secretariat](http://www.thecommonwealth.org/HomePage.asp?NodeID=20593)

<http://www.thecommonwealth.org/HomePage.asp?NodeID=20593>

(Donor - Investor)

The Commonwealth Secretariat,

Marlborough House, Pall Mall,

London SW1Y 5HX

Email: info@commonwealth.int

[Financial Deepening Challenge Fund](http://www.enterplan.co.uk/CFindex.htm)

<http://www.enterplan.co.uk/CFindex.htm>

(Donor - Investor)

FCDF is commercially managed by Enterplan Limited and its management partners Deloitte and Touche and Project Northeast. FCDF is a fund of UK Pounds 15 million to be distributed in grants over its lifetime. FCDF is available for financing a wide range of investments and activities, the common theme being that the assistance is essential to overcome obstacles to the commercial provision of new financial services.

UK:

Ms Juliet Hodge

Enterplan Limited, One Northfield Road

Reading, RG1 8AH

United Kingdom
+44 (0) 118 959 6066

East Africa HQ:
Mr Massood Shariff
Deloitte and Touche, PO Box 40092
Nairobi, Kenya
Fax: 254 20 448966
Telephone: 254 20 441305
Email: mhsmcs@dti.co.ke

[FinMark Trust](#)

<http://www.finmark.org.za/>

(Donor - Investor)

The mission of FinMark Trust is summarised in its slogan, Making Financial Markets Work for the Poor . In pursuit of this objective, FinMark Trust aims to promote and support policy and institutional development towards the objective of increasing access to financial services by the un- and under-banked of southern Africa (South Africa and the SACU countries, Botswana, Lesotho, Swaziland and Namibia)

7th Floor, 17 Harrison Street,
P O Box 61674, Marshalltown, 2107
South Africa
Telephone +27 11 370 3565
Facsimile +27 11 836 5509
Email: info@finmark.org.za

[International Finance Corporation](#)

<http://www.ifc.org>

(Donor - Investor)

The International Finance Corporation (IFC) promotes sustainable private sector investment in developing countries as a way to reduce poverty and improve people's lives. IFC is a member of the World Bank Group and is headquartered in Washington, DC. It shares the primary objective of all World Bank Group institutions: to improve the quality of the lives of people in its developing member countries. Established in 1956, IFC is the largest multilateral source of loan and equity financing for private sector projects in the developing world.

[MicroCredit Enterprises LLC](#)

<http://www.mcenterprises.org/>

(Donor - Investor)

MicroCredit Enterprises is an innovative, not-for-profit, anti-poverty business venture which leverages private capital to make tiny business loans to people, mostly women, in developing countries who are living in extreme poverty. The impoverished loan recipients generally have no credit history, no collateral and no formal education, but with microloans, they create and build home-based businesses.

Email: Mcenterprises@mcenterprises.org

PlaNet Finance UK

<http://www.planetfinanceuk.org/>

(Donor, Donor - Investor)

An international non profit organisation, PlaNet Finance UK aims at alleviating poverty by contributing to the development of the microfinance sector. As part of the PlaNet Finance network with 15 offices worldwide, PlaNet Finance UK promotes pro-poor financial services so people can take control of their lives. PlaNet Finance UK furthers the objectives of the global PlaNet Finance organisation by providing technology services, training, rating and funding support to micro-finance institutions worldwide.

2 More London Riverside

SE1 2JT

London, UK

Email: info@planetfinanceuk.org

ResponsAbility Social Investment Services Ltd.

<http://www.responsAbility.ch>

(Donor - Investor)

responsAbility Social Investment Services Ltd. is a Swiss Social Investment platform. Its mission is to convey private and institutional capital to promising initiatives in developing countries, and support income generation and sustainable development in those countries. ResponsAbility provides a range of financial products and services for private and institutional investors with an initial focus on the established market of microfinance.

Seestrasse 11

P.O. Box 501

CH-8027 Zurich

Switzerland

Email: info@responsAbility.ch

The Abilities Fund

<http://www.abilitiesfund.org/>

(Donor - Investor, Training Centre)

Services are designed specifically for individuals with disabilities interested in business ownership and the organizations that serve them.

The organization's focus services on three primary markets:

Entrepreneurs with disabilities;

Microenterprise development organizations;

Vocational rehabilitation agencies and other disability-related organizations.

The Abilities Fund develops and serves these markets by offering a range of financial products, customized training, technical assistance, policy recommendations, and linkages to resources.

Centerville Office

410 N 18th St

Centerville, IA 52544-1823

Iowa City Office
4177 Alyssa Court SW #1
Iowa City, IA 52240
Email: info@abilitiesfund.org

The World Business Council for Sustainable Development (WBCSD)

<http://www.wbcd.org>

(Donor - Investor)

The World Business Council for Sustainable Development (WBCSD) is a coalition of 170 international companies united by a shared commitment to sustainable development via the three pillars of economic growth, ecological balance and social progress.

The organisation's activities reflect that the pursuit of sustainable development is good for business and business is good for sustainable development.

World Business Council for Sustainable Development (WBCSD)

4, chemin de Conches
1231 Conches-Geneva
Switzerland

Email: info@wbcd.org

AMINA - Microfinance Initiative for Africa

http://www.afdb.org/about_adb/AMINA.htm

(Development Bank - Investor, Donor with MF focused site)

Microfinance program run by the African Development Bank (AFDB). For partner microfinance institutions it promotes capacity building, information dissemination, policy dialogue and donor coordination.

Rue Joseph Anoma, 01 BP 1387,
Abidjan 01,

Côte d'Ivoire - Ivory Coast

Tel: (225) 20.44.44

Fax: (225) 21.77.53

Email: amina@afdb.org

CGAP - Consultative Group to Assist the Poor

<http://www.cgap.org/>

(Donor with MF focused site)

A multi-donor microfinance agency based in Washington D.C. supporting the development of microfinance institutions. It assists increasing the poverty outreach of MFIs, improving the legal and regulatory framework for MFIs, and facilitating the commercialization of the industry.

CGAP Secretariat

1818 H Street NW, Room Q4-022

Washington, DC 20433 USA

Tel.: 1-202-473-9594

Fax: 1-202-522-3744

Email: CProject@worldbank.org

CIDA Microfinance & Microenterprise Development

<http://www.acdi-cida.gc.ca/microcredit>

(Donor with MF focused site)

Web source that discusses the depth, range and objectives of CIDA programming in microfinance.

CIDA, 200 Promenade du Portage, Hull

Quebec, K1A 0G4, Canada

Tel: (819) 997-5006

Toll free: 1-800-230-6349

Email: info@acdi-cida.gc.ca

[Common Fund for Commodities \(CFC\)](#)

<http://www.common-fund.org/>

(Donor - Investor, Donor with MF focused site)

The Common Fund for Commodities (CFC) is an autonomous intergovernmental financial institution established within the framework of the United Nations. The Agreement Establishing the Common Fund for Commodities was negotiated in the United Nations Conference on Trade and Development (UNCTAD) from 1976 to 1980 and became effective in 1989.

The Common Fund for Commodities forms a partnership of 106 Member States plus the European Community (EC), the African Union (AU) and the Common Market for Eastern and Southern Africa (COMESA) as institutional members.

Stadhouderskade 55

1072AB Amsterdam

The Netherlands

Email: webmaster@common-fund.org

[EU - Rural Policy Team](#)

<http://europa.eu.int/comm/development/rurpol/>

(Donor with MF focused site)

Coordinates EU policy in the field of agriculture and rural development.

Rural Development Policies

c/o ADE, Traverse d'Esopé, 6 bte9, 1348

Louvain-La-Neuve, BELGIUM

Email: dev-rurdev@cec.eu.int

[FAO - Rural Finance Group](#)

<http://www.fao.org/WAICENT/FaoInfo/Agricult/AGS/AGSM/RURALFIN.HTM>

(Donor with MF focused site)

This group in FAO provides advice on policies and procedures for building sustainable financial institutions that serve rural populations. The site contains bulletins, bibliographies and other documentation.

FAO, Marketing and Rural Finance Service

Agricultural Support Systems Division

Viale delle Terme di Caracalla

00153 Rome, Italy
FAX: +39 06 570 56850
Email: webmaster@fao.org

[FIELD - Microenterprise fund for innovation, effectiveness, learning and dissemination](http://www.fieldus.org/home/index.html)
<http://www.fieldus.org/home/index.html>

(Donor with MF focused site)

The microenterprise Fund for Innovation, Effectiveness, Learning and Dissemination (FIELD) is a program of the Aspen Institute. Funds to support FIELD are provided by the Charles Stewart Mott Foundation, the Ford Foundation, the Citigroup Foundation, and the Levi Strauss Foundation. FIELD awards grants to nonprofit organizations providing microenterprise services to low-income clients in the U.S. FIELD's mission is to identify, develop, and disseminate best practices in the field of microenterprise, and to publicize the value of microenterprise as an anti-poverty intervention.

The Aspen Institute
One Dupont Circle, NW Suite 700
Washington, DC 20036
USA
Phone: 202.736.1071
Fax: 202.467.0790
Email: fieldus@aspeninstitute.org

[GTZ - Deutsche Gesellschaft für Technische Zusammenarbeit GmbH](http://www.gtz.de/en/)
<http://www.gtz.de/en/>

(Donor with MF focused site)

GTZ is a service enterprise for development cooperation with world-wide operations. Its major client the Federal German Ministry for Economic Cooperation and Development (BMZ) has vested in it the responsibility for conducting its Technical Cooperation activities. GTZ also supports development and reform processes on behalf of other German ministries and international organizations.

Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ)

Dag-Hammarskjöld Weg 1-5
65760 Eschborn, Germany
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Telefax +49 6196 79-1115
Email: horst-dieter.herda@universum.de

[IFAD's Office of Evaluation and Studies](http://www.ifad.org/evaluation/index.htm)
<http://www.ifad.org/evaluation/index.htm>

(Donor with MF focused site)

Evaluates IFAD-financed projects and programs and carries out studies, drawing lessons from IFAD's experience.

IFAD - International Fund for Agricultural Development
Office of Evaluation and Studies
107, Via del Serafico
Rome, 00142 - Italy

Tel: (3906)54591
Fax: (3906)5043463
Email: m.keating@ifad.org

ILO (International Labor Organization)--Social Finance Unit
<http://www.ilo.org/socialfinance>

(Donor with MF focused site)

Provides advisory services in finance to ILO constituents by providing information, policy recommendations and support programs. It undertakes action-oriented research on specific strategic issues concerning the social dimension of finance (for example, debt bondage, collateralization and the social dimension of financial sector reform).

Social Finance Unit, Employment Sector - ILO

CH-1211 Geneva 22, Switzerland

Tel: +41-22-799-6070

Fax: +41-22-799-6896

Email: webinfo@ilo.org

MicroSave

<http://www.microsave.org/>

(Donor with MF focused site)

Background:

After nearly 20 years, the microfinance industry has enjoyed a great deal of success in terms of outreach and sustainability, particularly in certain parts of Latin America and Asia. However, microfinance remains primarily a supply-driven endeavour, with a limited number of methodologies applied to provide mainly working capital loans to poor microentrepreneurs. Over the past few years, industry practitioners and experts have increasingly recognised that the poor require a wider range of financial services to manage risk and improve their welfare. Savings services in particular have garnered much interest, especially in Africa where the traditional supply-led credit models have not resulted in the hoped-for massive outreach and sustainability.

MicroSave is a unique project that promotes the development of a market-led and more client-responsive approach to delivering financial services among microfinance institutions (MFIs). To achieve this goal, the project has successfully combined: primary field-level research regarding the financial service needs and preferences of the poor, action research working intensively on the ground with a selected group of microfinance institutions (MFIs), toolkit and curriculum development, and extensive information dissemination.

Shelter Afrique House

Mamlaka Road

PO Box 76436

Nairobi

KENYA

Tel: +254 (20) 2721450, 2724801, 2721451, 2724806, 2721453, 2726397

Fax: 254 (20) 2720133

Email: info@microsave.org

[SEMFIN Small Enterprise & Microfinance Network](http://www.ids.ac.uk/cgap/broken.htm)

<http://www.ids.ac.uk/cgap/broken.htm>

(Donor with MF focused site)

The small enterprise and microfinance (SEMFIN) "community of practice" is a global network of UNDP staff concerned with small enterprise and microfinance issues. This site (or resource corner) intends to offer a space for the participants of the SEMFIN network to share experiences and knowledge on a range of various issues related to microfinance, including technical, policy and practical issues.

The SEMFIN resource corner also intends to serve as a portal that offers links to the best and most useful microfinance related information, whether inside or outside the UN system.

Small Enterprise & Microfinance Network

Facilitator: Mr. Casper Sonesson

UNDP - New York

Fax: (212) 906-5023

Email: surf-semfin@groups.undp.org

[Special Unit for Microfinance \(SUM\)](http://www.uncdf.org/sum/)

<http://www.uncdf.org/sum/>

(Donor with MF focused site)

The lead technical unit on all matters pertaining to microfinance at the UNDP. It fosters an understanding of microfinance best practices and assists UNDP and other UN agency country offices worldwide to incorporate those elements into new programs. One of SUM's initiatives is called MicroStart, which aims chiefly to help start-up MFIs.

1 UN Plaza, UH-8th Floor, New York, NY 10017, USA

Tel: (+1) 212 906 3645

Fax: (+1) 212 906 3655

Email: sum@undp.org

[The Mutunga Partnership](http://www.mutunga.com/index.html)

<http://www.mutunga.com/index.html>

(Donor with MF focused site)

The Mutunga Partnership is bringing hope by enabling individuals and communities living in chronic poverty in Africa and the Caribbean to transform their lives and circumstances by their own efforts.

Through a process of training and empowerment, and the provision of investment resources for poor micro-entrepreneurs, the Partnership is committed to the total transformation - spiritually, socially, politically and economically - of their communities.

ACN 112 932 788

16 Paxton street

Ringwood, Victoria 3134

Australia

Email: info@mutunga.com

UNESCO Microfinance Unit

(Donor with MF focused site)

A program of the UN providing support to MFIs by building information networks to channel practical knowledge and experience among different organizations and establishing partnerships with other microcredit organizations to provide social services in addition to financial services Website link at <http://www.unesco.org/drg/mfu/index.htm>
not working 10 June 2000

Coordinating Unit for Microfinance related activities

UNESCO, 7, place de Fontenoy,

F-75352 Paris 07-SP, FRANCE

Fax : (33-1) 43 06 76 41

tel : (33-1) 45 68 13 41

Email: j.corless@unesco.org

World Bank - MENA - Microfinance in the Middle East/North Africa External

<http://lnweb18.worldbank.org/mna/mena.nsf/f34b224d37365b3f852567ee0068bd93/d3f4fc1bc7e2b7768525693b00733a49?OpenDocument>

(Donor with MF focused site)

World Bank initiative to develop microfinance infrastructure and promote microfinance institutions in Middle East and North Africa.

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World Bank - Rural, Microfinance & Small Enterprise Development

<http://wbln0018.worldbank.org/networks/fpsi/rmfsme.nsf/>

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A multisectoral, cross-network association of World Bank staff who are involved in operations, policy discussions, studies, training, and other activities concerned with access to financial services of low-income, and rural populations, and with supporting the development of micro, small and medium-scale enterprises.

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World Bank - Sustainable Banking with the Poor (SBP)

<http://www.worldbank.org/poverty/library/webguide/wb.htm>

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A World Bank project in collaboration with other international organizations. The program is conducting case studies, and producing a number of publications to distill lessons for microfinance policy formulation, program design and implementation. The project has produced two Microfinance Guides and a series of Comparative Papers.

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