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ACCELERATED MICROENTERPRISE ADVANCEMENT PROJECT (AMAP) FINANCIAL SERVICES IQC

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AMAP Knowledge Generation Evaluates Agricultural Finance Demand and Supply in Mali

Collaborating closely with other AMAP contractors, Chemonics' AMAP Knowledge Generation (KG) team conducted an assessment of value chain and rural and agricultural financing needs in Mali. Short-term technical specialist Thomas Shaw led a three person team to Mali to review and assess credit demand and supply for select agricultural commodities including rice, potatoes, shallots and tomatoes. The team concluded that Mali's agricultural sector suffers from a lack of access to medium and long-term finance needed to upgrade processing and production systems as well as to expand wholesalers' import and export capacity.

The assessment will inform planning for a four-day Value Chain Workshop to be held in Mali in the spring of 2007. Enterprising Solutions' Anita Champion along with two Malian facilitators will deliver the workshop in Bamako to present best practices in rural and agricultural finance and discuss ways to increase access to finance for Malian producers.

CHEMONICS CONSORTIUM PARTNERS

American Refugee Committee
Refugee and post-conflict microfinance

Bankworld, Inc.
Financial institution regulation and supervision

echange, L.L.C.
Information technology, training, change management

Enterprising Solutions Global Consulting, L.L.C.
Program assessment and design, enterprise development

The IRIS Center, The University of Maryland
Enabling environment; regulation and supervision

Shorebank International
Small business loan product design and bank training

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AMAP Knowledge Generation Hosts Workshops on Post-Conflict Economic Recovery

Tim Nourse of AED and Mayada El-Zoghbi of Banyan Global led a one-day workshop on economic recovery after conflict for donors on March 15, 2007 at USAID. The workshop brought together 18 participants from numerous government agencies including the U.S. Institute of Peace (USIP), the Department of Defense, Department of State, and USAID's Microenterprise Development, Conflict Management and Mitigation, and Poverty Assessment Social Safety Net Offices. The goal of the workshop was to identify areas where economic programming in post-conflict environments has been weak, identify lessons learned, brainstorm on ways to address these weaknesses, and develop recommendations for moving forward. In particular, the workshop identified ways in which US government agencies can work together to improve economic recovery programming.

As part of USAID MD's After Hours Seminar Series, Chemonics AMAP KG team also organized a panel on "Microfinance and Economic Recovery in Post-Conflict Countries." The event was facilitated by Evelyn Stark and featured "speed-learning" panels on microfinance in the West Bank and Gaza, Iraq, and Pakistan. Speakers included Mayada El-Zoghbi of Banyan Global, Zaki Khoury of DAI, Mercedes Fitchett and Radoil Mitov of CHF, and Rod Snider of Save the Children. More than 60 participants attended the event.

AMAP Deepening the Microfinance Sector (DMS) Studies Credit Demand and Supply in Malawi's Coffee and Tea Sectors

In previous quarters, DMS worked together with the Food and Nutrition Security Joint Task Force (FNSJTF) and the Ministry of Agriculture (MoA) to co-finance credit demand and supply studies for Malawi's tea and coffee sectors. Upon the completion of each of the two studies, DMS and FNSJTF brought together value chain actors in the sectors in January 2007 to discuss the results. Feedback received from financial institutions that participated in the coffee and tea debrief meetings indicated a great willingness to provide support to the sectors.

The studies also generated interest on the part of ETIMOS Bank, an Italian development bank, to provide financing to Malawi's agricultural sector. At the invitation of FNSJTF, ETIMOS visited Malawi in March to explore possible financing opportunities in areas where FNSJTF and DMS have cooperated. While in Malawi, DMS met with ETIMOS and participated in some of the field visits. According to the ETIMOS representative, the trip was useful and is expected to yield financing arrangements. According to Kadale Consulting, who were engaged by FNSJTF to provide ETIMOS logistical support, ETIMOS is close to an agreement to extend new credit to the Mzuzu Smallholder Coffee Trust.

In February and March, FNSJTF and the DMS team met to finalize plans to co-finance a similar credit supply and demand study for the cotton sector. DMS drafted terms of reference for the assignment and Kadale Consulting, which had conducted the previous studies, submitted a proposal that was reviewed and accepted by FNSJTF and DMS. Work on the cotton sector assessment is expected to begin in June of 2007.

Malawi DMS Makes Strides towards Establishing USAID Development Credit Authority Program in Malawi

A market analysis of small and medium enterprise (SME) borrowers and financial institutions conducted by DMS in August 2006 recommended establishment of USAID's DCA loan guarantee program in Malawi. During the quarter DMS met with prospective partner banks that had expressed interest to participate in the DCA and solicited information required for a bank risk analysis. The four interested banks included the Leasing and Financing Company (LFC), the NBS Bank, Stanbic Bank and Opportunity International Bank of Malawi (OIBM).

In February 2007, Anthony Vaganos from USAID's DCA office in Washington visited Malawi to meet with the four banks to answer their questions about the DCA facility. Based on these discussions, he confirmed that NBS Bank and Stanbic Bank qualified as eligible DCA partners.

Following Mr. Vaganos's visit, DMS collected all remaining information required from NBS Bank and Stanbic Bank to enable the DCA office undertake a partner lender risk analysis. SME portfolio projections were also obtained from the two banks which will be used to determine the appropriate loan guarantee size for each of the banks.

In the same period DMS initiated a borrower analysis on the agriculturally-linked sector that is expected to be the target group for the DCA. DMS drafted terms of reference for local and expatriate consultants and advertised locally for the work. Kadale Consulting emerged as the best candidate and a contract was drawn up and signed. Kadale will team with an expert from Chemonics' head office to carry out the cohort analysis data collection and report writing in April 2007.

Activities and Accomplishments during the Reporting Period

Table 1. Task Orders Submitted, Awarded, and/or Completed

Title	USAID Mission	Task Order Amount	Date Awarded	Start Date	End Date
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No task orders were submitted, awarded, or completed during this quarter.

AMAP Financial Services IQC Financial Summary

Task Order	Year 1 2002- 2003	Year 2 2003- 2004	Year 3 2004- 2005	Year 4 2005- 2006	Year 5 Oct-Dec 2006	Year 5 Jan-Mar 2007	TOTAL
Task Order 804: Deepening the Microfinance Sector in Malawi	\$0	\$12,280	\$635,012	\$803,486	\$288,265	\$161,805	\$1,990,135
Task Order 803: Assessment of Village Savings and Loan Associations in Guinea	\$0	\$0	\$163,754	\$0	\$0	\$0	\$163,754
Task Order 801: Malawi Microfinance Sector Assessment	\$0	\$64,762	\$0	\$0	\$0	\$0	\$64,762
Task Order 800: Bolivia RFS Evaluation	\$45,565	\$0	(\$37)	\$0	\$0	\$0	\$45,528
Task Order 03: Technical Assistance in Support of the Haiti DCA Program	\$0	\$0	\$0	\$100,969	\$104,997	\$13,920	\$219,886
Task Order 01: Knowledge Generation	\$0	\$361,657	\$865,710	\$514,428	\$80,400	\$111,141	\$1,942,473
Total	\$45,565	\$438,696	\$1,664,439	\$1,418,883	\$473,662	\$385,293	\$4,426,538

This publication was produced for review by the United States Agency for International Development. It was prepared by Chemonics International Inc. in conjunction with AMAP consortium members American Refugee Committee, Bankworld, exchange, Enterprising Solutions, IRIS and Shorebank Advisory Services.

The author's views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

For more information on the Accelerated Microenterprise Advancement Project Financial Services Component, please visit <http://www.microlinks.org> or contact Scott Kleinberg, Cognizant Technical Officer at skleinberg@usaid.gov or at (202) 712-1598.