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REVIEW OF CEC ASSISTANCE

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Part I - Report on the Second ACPA Workshop
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Part II - Review of CEC Assistance to AFR/ONI
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Part I - REPORT ON THE SECOND ACPA WORKSHOP

By Jim Cotter and Kristen Drzewiecki

A dozen representatives of NGOs participating in the African Credit Providers Association (ACPA) met in Capetown, South Africa, March 1-4, 1994, to assess the effectiveness of their MIS systems and decide whether it will be necessary to develop a new standardized system.

The second annual ACPA workshop was opened by Jim Cotter of Community Economics Corporation (CEC) who stressed that the loan portfolio management success of these African NGOs is reflected in the data being captured which allows informed decision-making. Therefore, sharing the basic MIS data requirements needed for cost effective loan portfolio management with other African NGOs can help them develop higher levels of performance capability.

The workshop was designed and implemented by Christine Glover, the Director of Group Credit Corporation (GCC) in South Africa, who was appointed at last year's workshop in Nairobi to head the ACPA Secretariat. ACPA selected George Leadbeater of Plan 4 cc, a South African MIS expert specializing in credit programs, to serve as workshop facilitator.

Leadbeater and Christine Glover of GCC designed the workshop's conceptual framework which focused the technical presentations on how selected ACPA MIS systems were designed to function.

This included the manual operational requirements and system processing for:

- Pre-granting of loans;
- Granting of loans;
- Loan processing;
- Disbursement (cash, check or bank deposit);
- Repayment methods;
- Arrears processing;
- Identification;
- Write offs;
- Loan history;
- Consolidation of data;
- Accounting procedures and interfaces; and,
- The preparation and use of reports for clients, loan officers and managers.

This also included the strengths and weaknesses of selected ACPA MIS systems in terms of:

- Ease of use ("user friendliness");
- Access to the system;
- Data capture;
- Correction and interpretation of errors and mispostings;
- Audit trails and error reports;
- Manual posting processes; and,
- Disaster recovery after file corruption or power failure.

The demonstration of selected ACPA MIS systems also focused on data integrity and security (physical and financial) issues including:

- Validation of input (e.g., use of tables);
- Internal controls (e.g., on interest rates/loans given);
- External controls;
- Access to the system;
- Backups, or how data and system files are secured; and,
- Internal and external cash handling controls.

The ACPA MIS demonstrations were discussed within an overall summary context of:

- Volumes to date, expected and maximum;
- Costs of hardware, software and systems development;
- Support requirements in terms of dependencies on key personnel, internal and external reinforcement; and,
- Flexibility in terms of systems enhancements and minor changes.

WORKSHOP PRESENTATIONS: Hands-on Demonstrations

The workshop's information exchange was accomplished through hands-on demonstrations of participants' fully operational and effective MIS systems on a centrally located computer terminal. This gave the workshop participants, all of whom had technical computer and loan program accounting backgrounds, an opportunity to directly access the various MIS software packages which participants brought to the workshop.

These ACPA MIS workshop presentations followed a common format:

- An explanation of the NGO loan program's overall practices and operations;

- A technical explanation of their loan management and accounting systems;

- A working demonstration of their MIS systems; and,

- A summary of the strengths and weaknesses of each system.

The fully operational computerized ACPA MIS software systems presented for demonstration and critical analysis at the workshop were:

- The comprehensive Group Credit Corporation (GCC) system;
- The Pridestar MIS software used by PRIDE/Kenya;
- The Logiciel MIS system used by the Agence pour l'Enterprise Privee (ACEP) in Senegal, which was presented in French with simultaneous translation; and,
- The MIS software being used by the Kenya Industrial Estates/Informal Sector Program.

Presentation by The Group Credit Company (GCC):

GCC makes group and community loans for housing and general use (education, funerals, etc.). They also make flat rate loans through borrowers' employers. GCC's clients are often not numerate, but range from firmly employed (government, corporations, etc.) to unemployed. GCC currently administers over 10,000 loans (2000 community, 5000 employer, and 4200 group).

Before making loans, GCC checks a potential borrowers credit rating through ITC, and does a financial analysis of his/her income and expenses. This analysis is preformed manually. GCC's "good client profile" is someone with residential stability, a steady job, a family, banking experience, and a positive credit check. Collateral is determined by category of employment.

GCC has two computer systems that are linked, a national office system and branch systems. The national, or head office, system contains the client file, while the branch systems contain records of payments and transactions, and gives the loan officers access to data to answer client inquiries. The systems are balanced every night.

Strengths:

- accurate cash control (receipts/payments, loan distribution);
- can monitor debtors/report and project arrears;
- very comprehensive; good portfolio management;
- secure; and,
- flexible; changes as new products develop.

Weaknesses:

- not very user friendly; some screens are complicated or crowded; terminology is sometimes difficult;
- difficult to keep staff trained to handle new system developments;
- 24 hour delay from time of payment to record in system;
- legal problems with flat interest rate--causes more time consuming reporting.

Presentation by PRIDE/Kenya:

PRIDE (Promotion of Rural Initiatives and Development Enterprises) has credit programs in Kenya, Tanzania, and Guinea. Kim Craig, a representative of PRIDE/Kenya, made the presentation. PRIDE's loan scheme is based on the Grameen Bank model, making group loans for productive purposes to (10) groups of (5) people. PRIDE/Kenya currently has approximately 4000 clients. Clients receive eight weeks of business/accounting training before receiving a loan.

PRIDE/Kenya does not have computers at its branch locations. The head office has a computer, and data is entered from manual reports from the branch offices twice a week. PRIDE's MIS and accounting systems are separate, but are reconciled daily. The MIS runs off of Paradox. Payments and deposits are recorded manually. The MIS contains personal client data (gender, age, no. of dependents, etc.) and baseline data on client businesses for impact assessments. The MIS is maintained by an MIS manager and a data entry clerk.

Strengths:

- can generate ad hoc reports quickly and easily;
- tracks impact;
- never goes down or malfunctions; no problems with lost data.

Weaknesses:

- time consuming to answer client inquiries;
- highly centralized system (but phone lines to branch offices are unreliable); and
- very dependent on country MIS manager.

Presentation by KIE/ISP:

KIE/ISP has a loan management system which is not actually an accounting system. It performs the functions of loan record keeping and administration (maintaining client information). KIE/ISP has an independent accounting system (ABS=Accounting Business System) that is linked to the loan management system, but should be merged with it.

Strengths:

- tailor made for the program; written in a powerful language (MUMPS);
- relatively easy to use;
- does financially accurate interest calculations;
- generates good reports on repayment status;
- provides basic booking, administrative and client information; and
- can track portfolios by officer and branch.

Weaknesses:

- difficult to manipulate program (few people know the programming language);
- closed system--difficult to add new types of data or products;
- difficult to generate ad hoc reports;
- not all procedures are automated;
- no way to track missing payments;
- client business data not on system;
- information is generated on a monthly, not daily basis; and
- accounting and management systems are not combined.

Presentation by ACEP (Agence Pour l'Enterprise Privee):

The Credit Agency for Private Enterprise (ACEP) is a loan program based in Dakar, Senegal, which provides loans to individuals who operate small businesses. ACEP has 19 branches, covering all regions of Senegal.

Loan applications are approved by ACEP's Loan Committee, which is comprised of the Credit Directors, a Legal Advisor, Regional Director and Office Representative with responsibility for the loan portfolio. The loan data is then transferred to the MIS system via data entry. The MIS system currently runs on an IBM compatible computer within a single user system.

It has been recommended that the following basic hardware be used to operate the ACEP MIS system:

- o 13" screen;
- o 640K RAM
- o Hard disk memory of 80 Mb.
- o Operating system, DOS version 5; and,
- o DEASE programming language.

ACEP has evolved from its origin as a USAID/Senegal program to its current status as a self-sustainable, autonomous financial institution with a high loan volume and very high repayment rates. ACEP managers attribute its success to operating on strict business principles and a good MIS system which allows portfolio managers to make well informed decisions rapidly.

ACEP uses a computerized Management Information System software called Logiciel which was developed exclusively for them. The MIS system was based on ACEP's original manual record-keeping system for handling loan monitoring and collection.

Strengths:

- the system is easy to use;
- no special computer training or knowledge is necessary to use it effectively;
- the screens use easily understandable language and terminology;
- the system is under continuous development as client and organizational needs evolve;
- the system allows the user to easily update basic client data such as ID number, gender, date of birth, address changes, etc.;
- the system allows the user to easily update basic loan management data such as loan amount, date of payment, duration, number of payments, date of last payment, repayment balance, status of delinquent loans by client or branch office, status of penalties, value of total portfolio, number of loans by gender, sector and/or subsector; and,
- statistical data for production of reports and impact estimates based on the following parameters:

    - Economic sector;
    - Economic sub-sector;
    - Years of business experience;
    - Level of education;
    - Loan guarantees;
    - Personal assets;
    - Business assets;
    - Monthly profits;
    - Evaluation data; and,
    - Employment generation re: total number, part-time or full-time, apprentices and gender.

Weaknesses:

NOTE: Payments are processed on the fifth of each month and the system provides the above loan portfolio data displays for management analysis. We were unable to identify any weaknesses in the ACEP MIS system.

However, the subsequent assessment of the ACPA MIS systems' strengths and weaknesses prepared by George Leadbeater contains additional information. Copies of that report are available from Labat-Anderson Incorporated, phone (703) 525-9400 or fax (703) 525-7975.

WORKSHOP PRESENTATIONS: Other Systems

The ACPA participants' hands-on demonstration of their MIS systems focused on those which are fully operational and effective. Others were excluded because they are not computerized, are experiencing problems and/or are being used by organizations outside ACPA's membership. Each of the following ACPA MIS systems falls into one of those categories:

Presentation by the Small Enterprise Foundation (SEF):

SEF's program is based on the over-riding philosophy of simplicity. SEF operates in the rural Transvaal region on South Africa, and makes loans to groups of 5 people, which join with 4 or 5 other groups to form a center. 94% of SEF's borrowers are women. Most of SEF's field staff are not literate or numerate. SEF's field workers do not handle money; all deposits and disbursements are made through a group's bank account.

SEF was the only organization present at the workshop that uses a totally manual loan management system, based on the concepts of simplicity and serving client needs. The manual system is easy for both field workers and clients to understand and interpret. General client information is stored on QuatroPro and is mainly used for reporting to donors. Although donors are pressuring SEF to fully computerize, SEF strongly maintains that it is meeting its information needs with its manual system and therefore sees no reason to move to an automated system.

Strengths:

- system is within the capacity of field workers;
- no dependency on a machine or a key person;
- information needs conform to current system; and,
- very simple, flexible and decentralized.

Weaknesses:

- time consuming recording and reporting;
- difficult to provide overview or projections of program;
- cannot generate fancy reports;
- accuracy of system is dependent upon accuracy of field workers records; and,

- cannot track impact.

Presentation by the Get Ahead Foundation:

The representative from Get Ahead works in the housing division. His division has 861 clients. Their system is highly centralized (all accounting and information analysis is maintained in one office). Get Ahead's housing program is currently looking for a new MIS system as its current system is not meeting its information needs. Its current system is dependent upon an outside consultant for data analysis, and reporting is only done (once a week).

Presentation by Kenya Rural Enterprise Program (KREP):

KREP's automated loan management system is not yet fully operational. The computerized system was developed from the manual operations.

Strengths:

- very user friendly; easy to learn;
- has on-line help function;
- secure--has several levels of user access; and,
- flexible.

Weaknesses:

- stand alone, not multi-user network.

A guest presentation was also made by a representative of the Swaziland Business Development Trust, which uses a "smart card" system which reduces the risk of money being handled by people in the field who may be subject to temptation or computation errors. See George Leadbeater's report on strengths and weaknesses of the MIS demonstrated at the ACPA workshop for his comments on the SBDT system.

GENERAL DISCUSSION

ACPA participants said that the workshop presented one of the very few opportunities for the exchange of information and "networking" among African NGOs providing credit services. ACPA participants shared a high level of technical expertise and experience which allowed them to learn a great deal from each other in an atmosphere of frank dialogue.

Workshop facilitator George Leadbeater provided commentary from an MIS systems writers perspective and helped create a pragmatic atmosphere conducive to constructive criticism and open-ended discussion. The topics discussed included:

System-driven vs. needs-driven operations: Computerized MIS systems should be developed from manual operations which have proved to be effective. Not all NGO credit programs require a computerized MIS, but it is generally considered to be required for programs with a high loan volume because clients, loan officers, and supervisors need access to portfolio information quickly. However, the MIS systems should assist operations, not hinder or complicate them.

New products and MIS systems should be designed to meet the needs of the client rather than exclusively that of the credit providing organization. There is a tendency to create an MIS system which may seem technically ideal, but not grounded in the practical experience of the credit program. The NGOs must fully understand why an MIS system captures data in response to the needs of clients as well as financial and operational managers.

User-usefulness of the systems: The low educational level of intended MIS operators should not prevent an NGO from computerizing its portfolio management data. However, the user must be able to interpret the MIS information. A loan officer must be able to answer client questions about how his/her loan payment and balance were calculated. It is not sufficient to say, "Well, it must be right because that's what the computer says." ACEP's system, for example, uses simple terminology and commands, so the operator does not need to have any previous computer experience.

System flexibility: An MIS should be designed with enough programming flexibility so that it can continuously evolve as the NGO's loan products and client needs change.

Cost is an important factor. Computerizing an MIS system is expensive and those costs should not put a credit-providing NGO at financial risk.

Controlling access: A data integrity mechanism should be built into the system from the beginning to prevent corruption of data. While manual checks can be effective, there is usually a significant time delay required to confirm accuracy of figures. It was agreed that not all staff members need to have access to all elements of the MIS system. However, they should have uninhibited access to the information they need to do their work efficiently. Some African NGOs control access through the use of passwords at various phases of the program.

ORGANIZATIONAL DEVELOPMENT DISCUSSION

Jim Cotter facilitated the workshop's final group discussion on ACPA's continued organizational development. This included further clarification of an earlier preliminary discussion on the feasibility of describing what an their experience indicates are the essential core data components a minimalist African NGO MIS for loan portfolio management should contain.

Kimanthi Matua, Managing Director of KREP, stressed that programs and national circumstances are so diverse that workshop participants were not being tasked to create a universal MIS system. He recognized that programs and circumstances are diverse. The objective is to share information among member organizations and to continue working toward defining a skeleton system comprised of essential, shared data modules which would be transferable to "Level Two" African credit NGOs.

Christine Glover of GCC also stressed that the goal of the workshop was not to change ACPA members' current systems, but to develop a system that could be used by fledgling African NGO organizations that are starting up, expanding or diversifying.

There was general agreement that such a skeleton model MIS could be useful to train "Level Two" African NGOs by demonstrating what kinds of data are essential to effectively manage a loan portfolio. Workshop participants agreed that there are commonalities in the ACPA MIS systems that could be extrapolated and productively transferred through training and technical assistance.

In an attempt to articulate necessary but not sufficient loan portfolio management data requirements, workshop participants began the task of attempting to list shared information components from their MIS systems which they considered to be essential:

- o Marketing data on prospective clients;
- o Pre-granting general data on the client's credit history;
- o Static client data base including name, address, family information and gender.
- o Loan granting data on the characteristics of the loan, loan tracking and credit approval;
- o Tracking system data on the borrowers;
- o Cash management system data;
- o Tracking system data on the loan's impact on clients;
- o Tracking system for loan aging and arrears; and,
- o A debtor's ledger data on delinquency and bad debts;

There was agreement that the essential shared core components of a modular MIS system should have the following data for report-writing:

- A client's status report;
- Data on that status of savings, deposit and collateral;
- Data on the status of the banking interface;
- Data on the consolidation system;
- Data on the consolidation system;
- Data on the security system; and,
- Data on the settlement calculation system.

Workshop facilitator George Leadbeater explained that it is not technically difficult to develop a basic MIS system that could be adapted by various African NGOs. He agreed to produce a manual for producing such a skeleton MIS for level two African NGOs following the conclusion of the workshop. However, he cautioned that problems may arise during field implementation for which corrections would have to be developed.

FOLLOW-ON ACTIVITIES

The group appointed KREP, GCC, and ACEP to form the Executive Committee. The group also decided to reconvene next year at the same time in Dakar. ACEP agreed to host the workshop and take responsibility for planning, coordination and implementation.

Kimanthi Matua, who was elected Chairman of the Executive Committee, proposed that a working group be established. It was unanimously agreed that two working groups be formed:

- An Executive Committee working group to find funding for follow-on work and develop the terms of reference for the ACPA Technical Committee;
- A Technical Committee Working Group to prepare a detailed funding proposal and research the MIS programs of other organizations.

Participants also discussed the feasibility of linking ACPA member organizations via electronic mail (E-mail) which would provide a cost effective, rapid method of communication between members.

The British Overseas Development Agency (ODA) has expressed interest in funding the continued organizational development and programmatic activities of the ACPA. There have also been other tentative expression of interest from funders in continuing the organizational development process originally funded by A.I.D./AFR/ONI/PSD.

WORKSHOP EVALUATION

A written workshop evaluation form was distributed to all of the ACPA members attending the Second Annual Workshop held in Capetown, South Africa. Workshop participants were asked to react to a series of questions by indicating whether they:

- strongly agree;
- agree;
- disagree; or,
- strongly disagree.

Participants from eight representatives of ACPA member organizations gave the following responses to these key evaluation statements:

I benefitted from the opportunity to discuss the MIS systems of ACPA members.	Four (4) strongly agreed; Three (3) agreed; One (1) disagreed.
The ACPA members did a good job in presenting their MIS systems.	Four (4) strongly agreed; Four (4) agreed.
I felt that the hands-on computer demonstration of the MIS systems showed how the systems actually functions in a realistic manner.	Four (4) strongly agreed; Four (4) agreed.
I felt that the MIS expert performed a valuable role by asking good questions and making productive comments about the MIS systems which were presented.	Three (3) strongly agreed; Four (4)agreed; One (1) strongly disagreed.
I felt that reviewing the ACPA MIS systems was a means of identifying core data which could be used by "Level Two" African NGOs to help structure their essential client data and loan management procedures.	Two (2) strongly agreed; Six (6) agreed.

I felt that the ACPA delegates had a high level of MIS competence and could participate effectively in the workshop presentations and dialogue.	Three (3) strongly agreed; Five (5) agreed.

A complete copy of the ACPA workshop questionnaire is available by contacting A.I.D/AFR/ONI in Washington, D.C.

Part II - A Review of CEC Technical Assistance to AFR/ONI/PSD

By Jim Cotter

There are twenty-two USAID Missions in Africa which have on-going SME support activities. Almost all program activities combine direct credit and training of SME with longer term institution-building assistance to SME support service providers.

Community Economics Corporation (CEC) has been working as a sub-contractor to Labat-Anderson Incorporated (LAI) to provide technical assistance on microenterprise development to A.I.D.'s Africa Bureau (AFR/ONI/PSD) for the past five years. CEC's sub-contract with LAI was concluded on March 21, 1994.

CEC's technical assistance and advisory relationship with the A.I.D. Africa Bureau's Operation and New Initiatives (ONI) Office had the following objectives:

o To provide direct technical assistance to USAID Missions in the Agency's African Region which have decided to make small and microenterprise development part of their country development strategy;

o To enhance the capacity of indigenous African non-government organizations (NGOs) to assist small and micro entrepreneurs maximize their income and employment growth potential;

o To build upon existing problem-solving systems to increase the marketing, credit and service delivery capability of local African NGOs assisting SMEs;

o To work directly with African NGOs and Community Based Organizations (CBOs) to help implement a wide range of innovative employment and income-generation pilot programs;

o To assist in the establishment and enhance the capability of African NGO information sharing networks and program development linkage mechanisms to promote SME growth; and,

o To assist the efforts of private sector associations and informal groups to successfully advocate policy and regulatory reforms which would benefit SMEs. This is done by identifying policy and regulatory constraints and generating data to persuade government decision-makers that these laws, practices and procedures need to be reformed.

The African Region's Office of Operations And New Initiatives (ONI) recently sent a cable to the USAID Missions in Africa, explaining the services it provides through CEC to assist SME program development and/or country strategy formation. The AFR/ONI/PSD cable explained that CEC has provided the following types of technical assistance to USAID Missions in Africa:

STRATEGIC PLANNING FOR SME DEVELOPMENT:

- o Drafting an overall A.I.D. Africa Bureau strategy for micro and small enterprise (SME) development;

- o Assistance to USAID/South Africa in developing a national strategic action plan for supporting the sustainable, broad based growth and development of SMEs;

- o Designing a Microenterprise Development Support Facility (MDSF) to assist South African NGOs and other SME technical assistance providers to access that expertise worldwide. These SME assistance organizations would be placed in contact with world wide experts who can supply program implementations learned through their direct experience;

- o Advising USAID/Senegal on the extension of its Community Enterprise Development Project and the development of a rural credit strategy;

- o Advising USAID/Madagascar in the development of their country strategy to address small and microenterprise development within the informal sector;

- o Advising the government of Botswana and USAID/Botswana in formulating a strategy for promoting small and microenterprise development within the informal sector;

- o Conducting a survey of the SME subsector in Malawi to assist in formulating the USAID income generating strategy;

- o Assisting USAID/Guinea Bissau in developing a private sector analytical agenda; and,

- o Advising USAID/Burundi in developing a country strategy for developing SME income generation programs within the informal sector.

PROJECT PLANNING AND DESIGN:

CEC provided direct technical assistance to African USAID Missions in the PID and/or PP stages of SME related project/program design:

- o Rwanda Rural Enterprise Development Project;

- o Botswana Private Enterprise Development Project;

- o Swaziland Small Business Development Project;

- o Zimbabwe Business Development Program; and,

- o Ghana Integrated Agribusiness Development Program.

EVALUATION:

CEC provided Team Leaders for multi-disciplinary groups evaluating the following projects:

o The Small Enterprise Finance Organization in Liberia;

o The Peace Corps small business loan project in Guinea;

o The Get Ahead Foundation in South Africa;

o The Malawi Rural Enterprise and Agribusiness Development Institutions Project; and,

o The Sahel Regional Financial Management Project (Senegal Office).

REGIONAL INITIATIVES AND CONFERENCES:

o Coordination of an exploratory study in Kenya on the effects of programs on households and villages in the project area;

o Provision of technical assistance through the USAID/Peace Corps ASAP PASA to Small Business Development projects in Ghana, Togo, Sierra Leone, Guineau, Senegal and Lesotho;

o Provision of technical assistance on AFR/ONI buy-ins to the GEMINI Project and assistance to APRE/SMIE in the design and field testing of the Microenterprise Monitoring System;

o Coordination and facilitation of the first "Best Practices" workshop held in Nairobi in 1993, during which nine A..ican NGOs providing credit to microenterprises shared experiences and lessons learned. The workshop was the occasion for establishing the African Credit Provider's Association (ACPA) which is a network linking high performance NGOs in Senegal, Togo, Kenya and South Africa.

CEC prepared for that ACPA workshop by forming a three-person team which did in-depth field interviews with the nine African NGOs providing credit to microenterprises. Data from the CEC field studies were published in a report which was organized according to the following topical outline:

Program Service Delivery Methods:
o Staff recruitment/hiring criteria and practices;
o Client targeting, selection criteria and screening;
o Loan application design and implementation;
o Non-financial program service delivery;
o Program monitoring procedures; and,

16

o The composition and role of the Board of Directors.
Financial Management Systems And Procedures:
o Loan fund terms and conditions;
o Loan interest rate policies;
o Loan disbursement procedures;
o Loan repayment collection procedures;
o Loan arrearage and default practices;
o Loan program accounting procedures; and,
o Role of commercial banks.
Institutional Development Issues:
o Problems, constraints and challenges;
o Significant accomplishments; and,
o Lessons learned and recommendations.

The purpose of CEC's case study field interviews was not to evaluate these African credit-providing NGOs nor to critically assess their service delivery. The central purpose was to share their experiences, information and lessons learned as preliminary step toward establishing a network which could provide technical assistance to other African NGO credit-providers.

The discussion of the above themes led to a group consensus about what key factors need to be considered by fledgling African NGOs who want to design and effectively manage a loan program for microenterprises. The workshop recommended that African NGOs needing technical assistance to improve their credit programs need to learn how to:

o Control loan arrears and defaults;
o When to write-off loans;
o Effectively screen potential borrowers;
o Set interest rates and service fees;
o Cut costs and increase sustainability;
o Do strategic financial planning;
o Decrease dependence on donors;
o Mobilize savings;
o Set policy on solidarity group loans;
o Recruit and hire staff members;
o Decide about hiring women staff members;
o Form age and education recruitment policies;
o Track personnel performance;
o Do effective staff development;
o Provide good staff incentives;
o Provide good staff incentives;
o Decide which clients to target;
o Establish good feedback mechanisms;
o Establish a good relationship with banks;
o Decide whether to provide T.A.;
o Accurately assess the impact of loans on clients; and,
o Select or develop loan portfolio management MIS software.

17

Participants in the first ACPA "Best Practices" workshop in Nairobi agreed that a cost-effective way to provide T.A. to "level two" African NGOs would be to develop MIS software with the key data required by successful loan portfolio managers. It was decided to make the development of a standardized loan management MIS for "level two" African NGOs the focus of the second ACPA workshop.

CEC has prepared a separate report on this workshop which was held in Capetown, South Africa in March of 1994. The third ACPA workshop will be hosted by ACEP and has been scheduled to be held in 1995 in Dakar, Senegal. Prior to that 1995 ACPA workshop, specific participants have been selected to:

o Continue defining and refining what the essential data of a shared MIS to be used to train "level two" African NGOs should contain;

o Begin organizing ACPA technical working groups to develop a prototype MIS system;

o Establish staff interchanges between ACPA members for up to three months which will provide an opportunity for hands-on skill development and cross-fertilization on approaches; and,

o Develop an ACPA training and technical assistance program using the newly developed MIS to upgrade the financial management and service delivery effectiveness of "level two" African NGOs.

The significance of these workshops was best summarized by Kimanthi Mutua, General Manager of the Kenya Rural Enterprise Program (KREP), who was elected this year (1994) to head ACPA.

"These workshops mark the beginning of a new chapter in Africa's small and microenterprise development process," Mutua explained. "It is sad that up until now, many of us have paid little attention to the wealth of experience that is available to us from our own continent.

"A recent survey showed that there are 86 NGOs in Kenya alone, most of whom know nothing about what the other African organizations working in the same sector are doing. The wheel is being needlessly reinvented, efforts duplicated and many costly mistakes repeated because we have not established networks to share successful African experiences.

"What significance do we hope these ACPA "Best Practices" workshops will have for improving the performance of African NGOs providing credit to poor NGOs? The ACPA is in the process of distilling lessons learned from our experience to improve the performance of "level two" African NGOs in terms of service delivery quality controls. ACPA is an African organization which can transfer needed financial administration and portfolio loan management skills through demand-driven training and technical assistance."

What have been some of the lessons learned by ACPA member NGOs around which training curricula can be developed and short term technical assistance can be responsively developed? The following is an indicative sampling of some of these lessons learned:

o Make financial and programmatic monitoring a top priority because it is essential to maintaining loan fund viability and sustainability;

o Monitoring systems should provide instant access to data on arrearages, monthly data on staff productivity, group payment patterns, effectiveness of collection tactics and eligibility for second and third loans;

o Insist on high staff performance standards and monitor them intensely to see that you get it;

o Delegate high levels of staff responsibility along with high performance expectations. Provide staff training stressing the "why" of the techniques they are learning. Provide clear feedback on staff performance and offer financial incentives;

o Use a cost/profit center approach to planning and monitoring loan portfolio performance, combined with careful client screening;

o Hire field staff who know their clients and pay your staff market based salaries corresponding to the value of their experience and education so they won't be pirated away;

o Converting NGOs with a social welfare value system to the need to charge adequate interest and enforce demanding repayment procedures is generally not recommended;

o Don't lend money to salvage businesses in trouble and refer entrepreneurs with problems to training and T.A. organizations established to respond to those issues;

o Narrow your program's focus to what you know how to do well and can accomplish, rather than becoming too broadly focused and losing overall effectiveness;

o It is important to mobilize savings in the community, even when it is not used for loan guarantee collateral; and,

o Do a market analysis to determine if adequate demand exists for a business's goods and/or services before making a loan.

ASSESSING THE IMPACT OF CEC'S TECHNICAL ASSISTANCE:

It is more difficult to assess the impact of the technical assistance provided by CEC to AFR/ONI/PSD because no studies have been made to assess the difference it has made at the USAID Mission level. However, CEC has received very positive feedback from the USAID Missions to which it has provided technical assistance through AFR/ONI/PSD over the past five years.

Another positive indicator is that AFR/ONI/PSD has received repeat requests from those USAID Missions for CEC to provide additional policy advice and technical assistance services.

However, there is quantitative data on the impact generated by the African credit-providing NGOs with whom CEC has been working through its AFR/ONI/PSD subcontract with Labat-Anderson Incorporated.

The Kenya Rural Enterprise Program (KREP) was an A.I.D. funded microenterprise credit and technical assistance program which is now completely run by Kenyans committed to achieving full financial self-sufficiency.

According to recent (July 31, 1993) reports KREP has 13,591 clients and expects to reach an additional 52,500 clients within the next three years. KREP's clients have a repayment rate of 95 percent. KREP's Juhudi loan program services clients in one of Nairobi's poorest areas and offer initial loans of US $300.

KREP's loans have created over 27,200 jobs and stabilized 7,200 microenterprises which would otherwise have gone out of business. KREP is consulted by the Kenyan government and local NGOs on formation of improved microenterprise policies. KREP is now in the planning stages of opening its own deposit-taking NGO Bank and expanding its operations into four more East African countries.
The Agence de Credit por L'Enterprise Privee (ACEP) was an A.I.D. funded Senegalese NGO which has now been transformed into a financially self-sustainable private financial institution. Recent reports (July, 1993) state that ACEP has loaned US $16 million to micro and small businesses and plans to add 2,000 new clients in the next five years. ACEP has produced US $700,000 in additional income for its clients and created 6,404 jobs (an average of 1,2 per loan). AFR/ONI/PSD recently funded an impact evaluation of ACEP which produced favorable results, especially in terms of benefits provided for its women clients.

The Kenya Industrial Estates Informal Sector Program (KIE/ISP) has reached 2,400 clients and created 3,000 jobs as a result of its loans. The sales revenue of clients receiving loans has been increased by US $1.5 million dollars. They plan to reach an additional 6,000 clients in the next five years.

PRIDE/Kenya has provided loans to 3,028 clients, which reportedly resulted in a 43% increase in income. They estimate that 1,393 jobs have been created and an additional 2,119 microenterprises have been stabilized which otherwise would have gone out of business.

There are several other examples of significant impact. AFR/ONI/PSD should continue funding the types of impact evaluations such as the one done on ACEP to gather a more complete data base.

RECOMMENDED AFR/ONI/PSD FUTURE ACTIVITIES:

The following are some recommendations concerning ways in which AFR/ONI/PSD could continue to be an effective contributor to expanding and intensifying African USAID microenterprise country development strategies:

1.) Support advocacy research to promote policy and regulatory reforms to facilitate the financial viability and growth of microenterprises by making African governments aware of their key role in the national economy.

2.) Strongly support women's organizations advocating legal reforms in regard to land titles, individual ability to secure loans and access to membership in trade and other representative organizations.

3.) Continue funding programs which expand and enhance the institutional capabilities of African private sector organizations assisting micro/small enterprise development by supplying training and technical assistance.

4.) Where possible AFR/ONI/PSD should allocate high level, sustained funding to business related representative and intermediary level microenterprise support organizations. This applies particularly, but not exclusively, to the promotion of trade associations and informal organizations.

5.) There is a need for AFR/ONI/PSD to fund additional research to collect data capable of convincing African governments to reform harmful policies which hamper broad based private sector growth and diversification.

6.) AFR/ONI/PSD should fund efforts to disseminate the lessons learned from ACPA's successful experience by providing training and T.A. to "level two" African NGOs which provide credit to microenterprises. This should be done in conjunction with expansion of the informal "Microenterprise Alliance" forum in South Africa which supplies an informal arena for dialogue and discussion. The "Alliance" approach should be used in other areas of South Africa currently not participating and replicated in East Africa.

7.) The Microenterprise Development Support Facility (MDSF), designed by CEC and funded by USAID/South Africa, was formed to establish a worldwide resource pool of human technical expertise and research data on microenterprise development. AFR/ONI/PSD should monitor this program closely, make whatever design modifications may become necessary and replicate a similar MDSF facility in East Africa.

8) AFR/ONI/PSD should fund qualified African NGOs to provide on-going research documenting current and potential linkages between formal, semi-formal and informal financial intermediaries. This should be action oriented research leading to an informed strategy for linking banks, credit unions, ROSCAs, burial societies, trade associations, stockvels and savings mobilization schemes.

9.) CEC has developed specialized expertise and criteria for screening African NGOs to determine which ones are able to achieve "Best Practices" performance standards with short term technical assistance. USAID Missions in Africa depend on such NGOs to provide cost-effective outreach to implement their decentralization objectives. AFR/ONI/PSD should continue to fund CEC to provide that service.

CEC has recently become affiliated with John Snow, Inc., (JSI) which is a private corporation headquartered in Boston which has assets in excess of 26 million dollars. JSI has provided over 200 consultant person years of technical assistance in financial planning, automated management information systems and program management in 20 developing countries.

CEC is currently being organizationally reconfigured and will open an office in East Africa to reduce response time and travel costs in fulfilling microenterprise T.A. requests from USAID Missions. Those services need not be diminished in either quantity or quality during the current reconfiguration period.

It is hoped that AFR/ONI/PSD will retain its distinctive regional orientation during the current A.I.D. reorganization and will continue to provide African focused microenterprise expertise.