Access to Microfinance & Improved Implementation of Policy Reform
(AMIR Program)

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Microfinance Training Business Plan

Final Report

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EXECUTIVE SUMMARY*EXECUTIVE SUMMARY*

The findings resulting from the preparation of the business plan for the proposed training program are as follows:

1. The plan's underlying assumptions are two fold:-

   a) That the training program through a local partner institution should be operationally self sustainable. To achieve that, it is proposed that all start up and curriculum development costs including revisions to the curriculum and supervision of local trainers for the initial three years will be born by the AMIR project.

   b) That the training program should meet AMIR's contractual obligations of accrediting 25 microfinance experts by the end of its contract with USAID - January 11 2001
   and training 40 practitioners a year for the duration of the contract period.

1. The total costs of implementing the Business Plan for the three year period ending in 2001 is estimated at JD 515,589 (US$ 726,181) This cost is apportioned between AMIR (JD 501,540- US$706,394) and the proposed local partner IBS (JD 14,049- US$ 20,070) These numbers are conditional until results of the a current RFP for the cost of the curriculum preparation and training of the trainers is finalized.

1. Financial sustainability is projected at 49% in 1999, 78% in the year 2000, and 121% in the year 2001.

1. The proposal that a training program be established in conjunction with an existing training institution in Jordan is sound. Furthermore, the Institute of Banking Services appears to have the facilities, commitment and the managerial expertise, to support the proposed Training Program.

1. The adoption of a Atrain the trainers@ approach to the training program is feasible. Moreover, this approach seems to be the quickest, most cost-effective approach to achieving a fast start-up.

1. There is considerable pent-up demand for microfinance training in Jordan. But the training will have to include both group lending methodologies, as well as individual lending techniques. Consequently, provision will have to be made for both rural and urban programs. If these needs are accommodated, the goal of graduating 55 experts and 120 practitioners by the end of year 3 should be met.

1. An initial survey indicates that there will be considerable interest in becoming microfinance trainers, both of terms of career prospects and in earnings potential. However, the marketing and screening strategies, which are suggested in the Business Plan, should be followed, to ensure that high quality trainers are accepted.

1. A quality training curriculum can be prepared for the Training Program, based on best practices and by tailoring the syllabuses to local Jordanian environments. The outline proposed by Shorebank appears to be comprehensive. The task of completing it according to schedule, while still challenging, is made considerably easier by the presence of West Bank microfinance practitioners who have extensive experience, and who can be recruited to help on the project.

1. The USAID sanctioned goal of having 10 experts and 40 practitioners by the end of calendar year 1999 can be met. It requires, however, that (i) the training implementers is selected and hired by early March, 1999 (ii) that the course curriculum can be completed within three months and (iii) that the prospective trainers and practitioners are prepared to work to the fairly intensive schedules of the courses.

1. The surveys undertaken indicate that the institutions most likely to sponsor individuals to the training courses are prepared to pay a fee for their training. Based on these discussions, a curriculum fee of JD 250 (US$ 357) for each level of training has been set. This fee seems reasonable in the Jordanian context. If the forecast number of students attend the Training program over the next three years, it will achieve a financial sustainability ratio of 121% in the year 2001.

1. To meet the goal of having a high proportion of women attendees, a split training approach has been adopted. On the assumption that most it is women from the conservative rural areas will be attending the level 1 practitioner course, and will be using a group lending methodology, the option of having a separate course specializing in group lending has been provided for. This will enable them to participate in active training without impugning on the principles.

1. To aid in reaching the goals of the Training Program, the following recommendations are made.

1. Time is of the essence. In order to meet the goals of the Training Program, the reaching of a formal agreement with the local training institution, and the hiring of the training provider, must be completed as soon as possible.

1. The quality of the curriculum must be of international standards if the Training program is to achieve long-term success. The writing of the training annuals, and the structuring of the courses themselves, must be carefully monitored. AMIR should review each module of the manual after it is drafted to ensure that it meets the standards that will be set, as well as international best practices. Within reason, there should not be any compromise on the quality of the manuals. If the price of achieving this goal is a relaxation of some of the time and financial parameters, these steps should be taken.

1. The trainers need to be selected with great care. These are the individuals who will make or break the Training program over the medium to long term. A selection process has been recommended and it should be followed. Furthermore, an appraisal should be undertaken at the end of the Level 1 course of all of the candidates to assess not only their academic performance but also whether they have the right personality and training ability to succeed in the Training Program. If the original interview committee feels that an individual does not have these requirements, he/she should not be invited to the Level 2 training .

1. The Training program must be closely coordinated with the Training and Technical Assistance Program for the Jordan National Bank and the Jordanian=s Women=s Development Fund. There is the potential for a high degree of complementarity between these projects, which could yield substantial gains to both, as long as their development is coordinated correctly. There are some suggestions in this regard included in the Business Plan.

1. As is typical with many microfinance programs, many of the institutions that will be sending staff to the Training program will have problems with their MIS/accounting system in the years ahead. Thought should be given to designing a special short course on this subject, which could be presented as an adjunct to the regular training courses. Additional adjunct courses could be offered in credit analysis and problem loan management.

1. The proposed scholarships to the Boulder Microfinance Conference is an excellent way of giving Jordanian practitioners and lecturers exposure to international developments. This exposure should be further expanded by conducting roundtable conferences and workshops with overseas practitioners invited to attend whom would discuss the latest developments, and discuss practical challenges that other practitioners face. These roundtables would be in addition to the Continuing Professional Education program.

1. As the Training program develops greater emphasis should be placed on Ahands on@ experience. In the Business Plan, this issue has been approached by having experienced practitioners participate in a roundtable conference/ workshop, plus the proposal that to become accredited, graduates must log some post-graduate work experience. In future Business Plans, proposals should be made to build a work- experience component into the Training program itself.

1. Provision has been made in the Business Plan for some people to attend certain of the modules on a selective basis. To help cover the Training Program=s costs, these part-time attendees should be charged a fee. JD 15 per module is suggested.

1. GOAL OF THE BUSINESS PLAN:

1.1) The goal of the Business Plan (BP) is to outline the steps that need to be taken to design, develop, and implement a training program in sustainable microfinance through the Jordanian Institute Of Banking Services. As such, the Business Plan will be a working document to be used as a step by step guide for the establishment of the training program. As the training program is implemented and becomes operational, the business plan should be revised on a regular basis, so that it continues to contribute to the success of the training program.

1.2) This training program is being established under the Sustainable Microfinance Initiative component of the Access to Microfinance and Improved Implementation of Policy Reform (AMIR) project. The Business Plan will also comply with the Scope of Work (SOW) provided to this Consultant dated November 17, 1998.

1.3) In addition to the above, the Business Plan will fulfill several other roles:

1) It will be a component of the marketing plan to be used by the Training Institute as it promotes the training program to potential attendees.

2) The Business Plan will form part of the presentation package for explaining to funders, and other interested parties, the goals and objectives of the Training Program, and how they will be accomplished.

1.4) The Business Plan is written in a modular format, since the relevance of the various sections will vary depending on the purpose for which it is going to be used. Hence, the various sections can be included or excluded from the overall Business Plan, depending on to whom the package is to be presented.

1.5) The immediate time span of the Business Plan is for the implementation period of the training program; that is until December 31, 1999. The intention being that it should be revised on an annual basis. The projections however, cover the three- year span of the AMIR project, until December 31, 2001. This will allow strategic decisions to be made based on the best available financial projections covering the life span of the AMIR project.

2. OBJECTIVES OF THE TRAINING PROGRAM:

The objectives of the Business Plan are to design a Microfinance training program with the following characteristics of quality, outreach, and financial sustainability:

2.1) Program Quality:

The objectives of the Training program regarding quality are as follows:

1) The implementation of a training program for microfinance with a curriculum that will be relevant to the particular circumstances for Jordan and the surrounding region.

2) The program will be practical, rather than theoretical, in nature. It will focus on Abest practices@ of microfinance, and on establishing and managing financially self-sustainable programs.

3) The course will include training on all methodologies of microfinance.

4) The quality of the program will be such that its diploma, as either a APractitioner@ or AExpert@ in microfinance, will be widely respected and sought after throughout the region.

2.2) Outreach:

The objectives regarding outreach are:

1) To attract attendees from

(i) NGOs operating microfinance programs.
(ii) Commercial banks and financial sector organizations with a microfinance client base.
(iii) Public Sector Institutions which have an interest in microfinance.
(iv) Other interested parties, such as donors
(v) Rural and urban practitioners.

2) Over time, to become a regional center for microfinance training , meeting the needs of practitioners in the Middle East, North Africa and the Gulf.

3) Over time and once the on campus program is established, to develop an Arabic language distance learning mechanism using internet technology supported by multimedia tools such as interactive self-teaching CD ROMs , for use throughout the region.

2.3) Cost Effectiveness/Financial Sustainability:

To make the program financially self-sustainable at the training institute level within three years, and based on an income fee of JD 250 per participant, it is proposed that the AMIR project fund the necessary costs which will include curriculum development, training the trainers and a contribution to capital start-up and other selective ongoing costs. These are estimated at JD 501,540- (US$706,394 over the three year period)

2.4) Quantitative Goals:

The goals are driven by AMIR's contractual obligation namely.

1. In the immediate term, to have 10 "accredited experts" graduated and 40 practitioners trained by the end of calendar year 1999.

2. In the longer term, have 55 "accredited experts" and 120 practitioners trained by the end of a year three period ending December 31st 2001.

3. DEMAND/NEEDS ASSESSMENT FOR A MICROFINANCE TRAINING PROGRAM IN JORDAN:

3.1) The Potential for Growth of Microfinance in Jordan:

The potential for microfinance in Jordan is well documented. A recently commissioned survey[1] estimates that the potential demand for both individual loans and group loans to small and microentrepreneurs could range up to JD 258 million and JD 63 million respectively (p.56) Included in these global demand figures are loans for working capital, medium term, and long term purposes. The size of individual loans requested would vary from JD 100 (group lending methodology) up to JD 7,000. On the other hand, the supply of loans to this potential market during the last twelve months totaled just JD 300,000. This demand/supply Agap@ indicates that microfinance has the underlying demand to grow very rapidly, and will require a variety of loan delivery methodologies. But the main constraint to achieving this growth, while simultaneously accomplishing sustainable microfinance programs, is the limited managerial and technical capability for implementing such programs in the Kingdom.

3.2) The Need for Microfinance Training :

1) Clearly, there is considerable scope for the introduction of new microfinance practitioners in Jordan, as well as for the expansion of existing programs, if the demand for microfinance is to be met. Furthermore, the quality of the existing programs needs to be improved, primarily through the adoption of microfinance best practices. An USAID funded study[2] of existing practitioners identified both quantitative and qualitative training needs that are currently unmet. The quantitative needs included training in business planning, managing growth, financial administration, portfolio management, risk evaluation and loan pricing. An unscientific study undertaken by this consultant of various organizations found loan repayment rates ranging from 70%-97% of loans disbursed. This finding supports the view that the need for such training is widespread. Qualitative needs that were identified by the survey respondents include client selection, client relations, product development, marketing, expanding outreach, legal and regulatory constraints, human resources management and how to access funding. All respondents of the survey indicated that they considered training in the design and management of Management Information Systems (MIS) to be extremely important. The report concluded that; Athere is an enormous need for the creation of a standardized microfinance training program. Best practices are virtually unknown in Jordan, and the nascent microfinance industry is in desperate need of both basic and advanced qualitative and quantitative training in microfinance institution management and operations@.[3]

1 The Demand for Microfinancial Services in the Micro and Small Scaled Enterprise Sector in Jordan-July, 1998.

2 Jordan Training Initiative Concept Paper-November 1, 1998.

3 Jordan Training Initiative Concept Paper-November 1, 1998: Executive Summary page 2.

2) Based on the surveys that were conducted, the study concluded that training was needed at two levels, a basic training course and an advanced training course. The basic program would be targeted primarily at the loan officer and field agent level, while the advanced program will be targeted at the managerial/oversight level. It was proposed that attendance at the advanced level would require successful completion of the basic level course. Furthermore, it was recommended that the Training program take the approach of having acknowledged experts in microfinance (both local and expatriate) initially train the local trainers, who would graduate from both levels to become accredited experts, and trainers, in microfinance. These trainers will then proceed to train the practitioners. Finally, the study recommended that the Training program should be housed in an existing institution, rather than creating a new institution solely for the purpose of the Training program.

3) The Training Initiative Concept Paper estimated the actual demand for training by existing and prospective practitioners, in Jordan and the surrounding region over the next four years, as follows:

	Year 1	Year 2	Year 3	Year 4
Practitioner	50	60	60	60
Expert	20	15	15	15

4) Years 1-4 would be the peak years for attendance at the training program, as microfinance rapidly expands through the region. For Year 5 and thereafter, continued attendance at the training program would be driven by the attrition of existing microfinance practitioner staff, and their replacement. Additionally, some marginal growth in new microfinance programs will be generated as the population and the economy of Jordan, and the surrounding region, expands.

4. ROLE OF THE TRAINING PROGRAM IN THE DEVELOPMENT OF MICROFINANCE IN JORDAN:

4.1) The training program will play several roles in the development of microfinance:

1) It will be a center of learning for microfinance in the region. This goal will be achieved by establishing a high quality curriculum, and by the training program acting as a focal point for the collection of data and information on microfinance. This data/ information will be established in the form of a library, and an electronic database, which will be accessible to students and practitioners of microfinance alike.

2) The training program will train trainers and practitioners on an ongoing basis through a series of courses. These courses will be a mixture of the standard curriculum, which will be offered annually, plus a series of continuing professional education seminars.

3) The training program will keep current with new developments in microfinance, at both the academic and implementation levels. This knowledge will be disseminated to practitioners, and other interested parties, through the ongoing continuing professional education (CPE) sessions and the library and database.

4) The training program will act as a link between the informal financial sector (NGOs) and the formal financial sector (commercial banks with microfinance programs), thus helping increase co-operation between the two. Furthermore, it will act as a conduit to the Central Bank and the Ministry of Finance, alerting them to the effects that proposed changes to financial and regulatory requirements will have on microfinance.

5) The Training program will help emphasize the focus of microfinance on women by highlighting gender issues, and encouraging attendance by women.

6) The Training program will undertake a monitoring and follow-up role on the effectiveness of its training, to ensure that such training remains appropriate to what is required throughout the region.

4.2) In undertaking these roles, it will be important that the Training program remains independent of pressure to support certain lending policies for social or political reasons. IBS=s acquiescence to these pressures will weaken its commitment to best practices in microfinance.

5. PROFILE OF THE PROPOSED PARTNER AND THE BENEFITS THAT THE PARTNER PROVIDES:

5.1) The Jordan Training Initiative Concept Paper recommended that the proposed Training program collaborates with an existing training institution in Jordan, rather than establish a new structure from scratch. The Concept Paper then recommended two existing institutions as potential partners for the Training Program, namely the Institute of Banking Studies (IBS) and the Center for Consultation, Technical Services and Studies-University of Jordan (CCTSS)

5.2) IBS has been identified as the preferred partner, but no final decision has been made. This Business Plan pre-supposes that IBS will be the operating partner for the training program. But the plan is written so that should another partner be chosen, the Business Plan can be adapted to the new partner with minimal disruption.

5.3) The strengths, weaknesses, opportunities and threats of working with IBS have been identified as follows:

5.4) Strengths:

1) IBS has the necessary infrastructure in place. This includes:-

   (i) Faculty/trainers who are familiar with finance/banking and are professional trainers.

   (ii) The necessary physical infrastructure in the form of buildings, communications and support services.

   (iii) The capacity to expand into microfinance by expanding its existing support services (databases, MIS systems, training mechanisms) rather than having to establish new ones.

2) The leadership is enthusiastic about the prospect of working in the field of microfinance.

3) IBS has a good reputation as a training institute, which will add to the cache and recognition of the Microfinance Training Program.

4) IBS is well connected to, and supported by, the formal financial sector. Thus, it will be a useful conduit through which to bring the needs of microfinance practitioners to the attention of the formal financial sector, and to fiscal and monetary policymakers.

5) The collaboration with an existing institution will be not only a cost-effective approach, but it will also enable a fast start-up for the training program.

5.5) Weaknesses:

1) IBS is unfamiliar with microfinance. *Discussion of Weakness and Recommendation: This is an unavoidable weakness, since the aim of the project is to establish a training program for microfinance where currently one does not exist. The strategy of initially training a cadre of trainers, who are skilled in microfinance, to then train practitioners will ensure that this weakness will only exist at the outset of the Training program.*

2) IBS does not have the facilities to provide field training . *Discussion of Weakness and Recommendation: A major problem for the design of the Training program is the likely reluctance of successful microfinance practitioners to share details of their operating procedures and practices with potential rivals. One possible way to overcome this reluctance is to have practitioners from Jordan, or surrounding countries (e.g. Egypt), attend a one-two day workshop in which they would share their experiences with attendees. Alternatively, they might come for a longer period and participate in the class discussions.*

3) After initial enthusiasm for the training program, IBS may lose interest in the venture, either due to unforeseen costs, or managerial overload. *Discussion of Weakness and Recommendation: This potential problem will be overcome by: (i) clear communications and full disclosure of the proposed training program, and by highlighting what are each parties' responsibilities and duties. (ii) The understanding that this is a high profile program that will add to IBS's reputation as a high quality training institution throughout the region. (iii) The goal of making the training program self-sustainable after the end of the third year.*

5.6) Opportunities:

1) The possibility of considerable cost savings by adapting IBS's existing training programs to meet the needs of the Training program with minimal changes. This is an opportunity to create considerable savings in terms of time and costs.

2) These proposed courses, by using IBS's facilities and by drawing on their experience, should be more easily adaptable to distance learning. Moreover, the curriculum and individual course content will be easily updated to allow for the ongoing developments and advancements in microfinance.

3) For IBS, the microfinance program is a splendid opportunity to further advance its reputation throughout the region as a training center.

5.7) Threats:

The threats to the success of the training program are as follows:

1) The quality of the training program is such that it fails to attract sufficient candidates. *Discussion of Threat and Recommendation: This risk will be minimized by the combination of careful planning of the curriculum, the training program's commitment to best practices, and the use of monitoring and feedback to ensure that the curriculum is meeting practitioners' needs. This threat is considered to be a low-level risk, if the training program is well managed.*

2) The failure of microfinance as a development finance tool in Jordan. *Discussion of Threat and Recommendation: Given the success to date of microfinance programs which have followed best practices, and the potential demand for microfinance services, this threat is considered to be a low- level risk.*

3) The creation of a competitive Training Program. *Discussion of Threat and Recommendation: There is some possibility of this occurring, with both the World Bank and UNDP considering this option. However, the AMIR/USAID program is the most developed at this time, and with IBS has selected the most eligible partner with which to implement a training program. This threat is considered to be a medium level risk.*

4) The Training program is unable to attract sufficient high caliber trainers to guarantee a quality curriculum. *Discussion of Threat and Recommendation: This threat most likely will surface during the first training round scheduled for late 1999, since attracting individuals to attend, and graduate, from the courses is not considered to be an issue. The possibility of this risk is mitigated by establishing a cadre of 15-20 trainers, as opposed to an expected demand for trainers by the training program of 3-4 individuals at any one time. Secondly, as a back-up expatriate trainers from within the region could be recruited at short notice. With an estimated cost of, say, US$ 200 a day plus per diem of US$175 a day, a consultant for a full 8 weeks would cost US$9,600 in fees US$ 9,800 in per diem, a total of US$19,400. While expensive, one regional trainer could provide support to the local trainers for the length of the course, thereby enabling the course to be conducted on schedule.*

6. CLARIFY THE LEGAL POSITION OF THE TRAINING PROGRAM, AND IDENTIFY WHETHER ANY GOVERNMENT APPROVALS ARE REQUIRED:

6.1) Prior to proceeding further with the Training Program, it is necessary to clarify whether there are any legal requirements that have to be met before the Training program can be implemented. These possible requirements will include, but are not limited to, the following:

1) Ascertain whether the partnership between AMIR and IBS needs to be established as a separate legal entity. Also, whether it needs to be legally registered under any government regulation or statute.

2) Whether clearances are needed from any Government Ministries.

3) Confirm that the arrangements between the parties in the Training program to transfer funds meet any Central Bank requirements.

6.2) A Partnership Agreement for the Training program/Training Institute will need to be prepared and signed by AMIR and IBS. This agreement should cover, but not be limited to, the following issues:

1) The tenor, or length, of the training program.

2) The responsibilities of the various parties.

3) The details of which party provides funding for each component of the Training Program.

4) The management structure as agreed by both parties.

5) A `mechanism for arbitrating disputes.

6) The governing body of law (presumably Jordanian Law)

7) The circumstances under which, and the details of how, the partnership agreement can be canceled by either of the partners.

8) The form, content, and frequency of reporting on the activities of the Training program.

9) The issue of copyright. The agreement should contain clauses stating that the training material remains the copyright of USAID, and that IBS has the right only to use the manuals in Jordan.

6.3) A Jordanian Attorney must undertake the review of both the proposed partnership structure, and the partnership agreement. Both parties should jointly select him. Legal costs of JD 2,000 have been included under Administration Support for this service.

7. INPUT COMPONENTS REQUIRED IN ORDER TO MEET THE QUALITATIVE AND QUANTITATIVE GOALS OF THE TRAINING PROGRAM:

In order to meet the qualitative and quantitative goals noted in Section II of this Business Plan, the following required input components have been identified: Curriculum, Trainers, Training of Trainers, Course Materials, Infrastructure Support, Administration Support, and Reporting Monitoring & Evaluation.

7.1) OVERVIEW OF THE PROPOSED BASIC STRUCTURE OF THE TRAINING PROGRAM:

1) Due to the range of subjects included in the curriculum, and the varying backgrounds and skill levels of the potential attendees, it is proposed that the Training program be divided into two levels. A basic or Apractitioner@ level, and an advanced or Aexpert@ level.

2) The basic level will focus on the field agent/ bank loan officer level of staffing, and will concentrate on the field level application of microfinance. Graduates from this level will be classified as Amicrofinance practitioners@.

3) The second level of training will focus on the managerial, oversight, and planning level of staffing in microfinance organizations. Attendees of the second level will have graduated from the first level, and when they have completed this second level, they will be classified as Amicrofinance experts@.

4) Attendees/`beneficiaries of the Training program, however, will not be limited to microfinance practitioners. Several financial institutions have expressed interest in sending staff not directly involved in microfinance for training in certain aspects of the field (e.g. MIS specialists and loan officers) Consequently, the Training program will be designed on a modular basis, so that non-microfinance staff can attend a particular module that is relevant to them. This approach will help broaden the knowledge about, and interest in, microfinance throughout both the financial sector and the public sector.

5) The overall length of the Training program is set at sixteen weeks, with levels 1 and 2 taking approximately 8 weeks each. As noted above, both the practitioner and expert levels will be divided into modules. Each module will consist of formal classroom training and private studies. The formal classroom sessions will consist of a series of three hour lectures, held after regular office hours, either twice or three times a week. Between these lectures, private studies assignments will be set, and at the end of each module an examination will be held.

6) Level 1 courses will have an optional credit component feature to allow for the different lending methodologies that can be used by practitioners. Each level 1 course will concentrate on either an individual lending methodology, or on a group lending/village banking lending methodology, but not both. This approach is proposed so that the level 1 practitioners will not be confused by multiple lending methodologies, which will not have any bearing on their daily duties. It is planned that the Training program will offer two Level 1 programs each year. Based on demand, the management can elect to have 1 complete training course for each of the two methodologies, with that particular course being held annually. Or, for each level 1 course they can divide the class into two groups for the credit modules, according to whether the individual attendees are interested in individual lending or in group/village lending. Then, after these individual modules have been taught, the two groups would form back into one class for the remainder of the course. During the train the trainers component, however, the trainers will be taught both lending methodologies.

7) Level 2 courses will focuses on the managerial, oversight and performance measurement aspects of microfinance. As such it will be dealing with better educated attendees, who will know and understand the basics of finance in general, and microfinance in particular. Furthermore, the attendees will have been earmarked by their sponsoring institutions as being management material. Consequently, it should not be necessary to divide the class into separate components by either the methodologies being used, or to meet the social requirements of the more conservative elements of Jordanian society. The graduates of this Level 2 will be experts in microfinance. They will form the basic cadre from which future managers trainers in microfinance will be drawn.

8) To build this core of knowledge about microfinance, a Atrain the trainers@ approach is being taken. A group of potential trainers will be identified and trained in all aspects of microfinance as it applies to Jordan. The trainers= training program will be based on the Training program curriculum, which they will be expected to teach. The microfinance experts who will conduct the Atraining of the trainers@ part of the Training program will be recruited specifically for this course either from Jordan or from overseas.
9) The details of the Training program itself, as discussed hereunder, is Shorebank Advisory Services= proposal for the curriculum and delivery of such a training program:

7.2) TRAINING CURRICULUM AND ITS DELIVERY:

7.2.1) Training Course Objectives:7.2.1) Training Course Objectives

1) The curriculum recommended below is based upon the courses proposed in the USAID funded Jordan Training Initiative Concept Paper of November 1, 1998. Following Shorebank=s visit to Jordan in December, it has been adapted in two main ways:

> 1) The Basic Course is now designed so that a portion of the course is separated into two parallel tracks for individual and group lending methodologies. Most target microfinance institutions contacted expressed an interest in one of the two types of lending and agreed that, given the completely different skills and tools of the two methodologies, it is preferable for loan officers to concentrate on one.
>
> 2) To meet the objectives of the training as laid out in this Business Plan, the training content has been weighted towards practical micro lending skills, while retaining the necessary theoretical base.

2) The Training programwill be developed to teach best practices drawn from the experience of microfinance institutions world wide. It will be designed to fit the needs of microfinance practitioners, and will also be of interest to high-level students of microfinance such as managers of funding organisations, government departments and business consulting companies. The intention is to create a training program to be taught in Arabic by well-trained Jordanian trainers. Over time, it is hoped that the training program will become the prime centre of microfinance training and expertise in the Middle East.

3) The training program will be offered in the form of two modular courses: the Basic Course in Microfinance, for credit officers and the Advanced Course in Microfinance, for managers and senior lenders. Full accreditation as a microfinance expert will require completion of both courses and passing tests in both course levels.

4) The curriculum will be designed with three aims in mind:

> 1) Provide students a sturdy, practical grounding in microfinance from both a local and international perspective.
>
> 2) Provide students a full understanding of the process of making a micro-loan based on best practice.
>
> 3) Focus on the areas of microfinance identified as weak in Jordan.

5) To give students the benefit of practical experience, practitioners from the Middle East region will be invited to a discussion meeting during each training course to talk to students about their experiences

6) The Basic Course in Microfinance:

The key weaknesses identified of microfinance in Jordan as identified by lenders are:

1. Overemphasis on collateral as criteria for credit decisions.
2. Lack of objective reality checks **B** reference checking, assumption checking, due diligence.
3. Lack of monitoring.

7) The Basic Course is targeted at both new and experienced microfinance lenders, and will be designed to help improve their skills in the above areas. It is also the base, or introductory, course for practitioners who seek full accreditation as microfinance experts.

8) Overall, there will be a focus on the importance of sustainability and on best practice lending. In view of the weaknesses identified, the Basic Course will be designed to give participants a grounding in the development of microfinance internationally; focusing on the lessons learned by microfinance institutions in other parts of the world. It will then look at the Jordanian context and discuss what the industry in Jordan can learn from international experience. It then moves on to a practical training in microfinance lending from marketing loans through credit analysis, disbursement, monitoring and collection**.** Training will also include the value and need for beneficiaries to be trained in entrepreneurship and basic accounting practices e.g. developing a P/L and cash flow management etc.

9) The Advanced Course in Microfinance:) The Advanced Course in Microfinance

This course will be designed to provide microfinance managers with the necessary tools to run fully sustainable microfinance programs. The Course will focus on design of portfolio information, management of its collection, analysis of information and response to indications of problems. There will also be a business-planning element using among other financial models, that used by CGAP as well as human resource management. As with the lenders, the course seeks to give these managers an international perspective, so the course will provide case studies from organisations around the world. Given the tendency of Jordanian microfinance institutions to under price loans, this course will stress the importance of sustainability and teach participants how to implement stringent principals of efficiency in their organisations. For a microfinance program to be successful and sustainable, management must clearly understand, and buy into, the program. It is strongly recommended that all hands-on managers take both courses. A good manager needs to fully understand the tasks of his/her loan officers.

7.2.2) Curriculum Schedule and Content:.2.2) Curriculum Schedule and Content
1) Basic Training in Microfinance:

Days	Module	Sessions	Teaching Tools	
0.5		Introduction to the course and warm up exercise	Hat with names of participants	G, I
2.5	1. Themes in Microfinance. Themes in Microfinance	a. What are micro-enterprises? b. Why are they important? c. The development of microfinance institutions internationally. d. Microfinance in Jordan. e. Case studies of a micro NGO and a micro bank. f. Why lend to them? g. Importance of sustainability h. Exploring lending methodologies: group, village banking, and individual. i) Role of savings and of training .	Chart for lists of micro entrepreneurs Score board Chart of sample microfinance programs from around the world. Chart of microfinance activities in Jordan. Exercise on sustainability Case studies	G, I
2	2. Market Analysis and Product Design	a. Identifying the target market B key defining features b. Market research c. What are the needs of micro-entrepreneurs? d. How can credit help / harm your customers? e. Reaching the market cost effectively. f. Choosing a lending methodology g. Pricing the loans h. Making the product flexible i. Product improvements	Questionnaires Group exercise on needs and how to meet them Case about dangers of credit Pricing exercise	G, I
2	3. Overview of credit analysis	a. 5 C's. b. Why do borrowers repay? c. Is the customer always right (due diligence)? d. Is collateral important? e. Measuring your customer's market	Role play on character Pens and ties marketing game Target practice	G, I

6	4(a) Accounting and Financial Analysis	**Introduction to Accounting**: a. What is accounting? b. Basic Balance sheet c. Basic income statement d. Basic cash flow e. Where do the numbers come from? **Financial Analysis**: a. Calculating cash flows b. Financial ratios **Structuring Loans:** a. Who makes the decision? b. The main elements of structuring **Encouraging SavingsEncouraging Savings** **Full case studyFull case study**	Exercises in compiling simple financial statements. Exercise using cash flow to determine loan amount and term	I (G)
6	4(b)Managing (b)Managing the Group and the Power of Savingsthe Group and the Power of Savings	**Managing the GroupManaging the Group** a. Group selection b. Group charters and plans c. Training d. Discipline e. Stepping loans **The Power of Savings**: a. Savings as security b. Savings as capital c. Savings as power **Managing high volume**: a. Loans per loan officer per month, b. increasing volume while maintaining quality **Full case studyFull case study**	Incentives to repay. Stepping loans. Promise of access to future loans. Training the group. Importance of monitoring visits.	G
1	5. Dealing with Problem loans	a. Early detection b. Most common causes c. How to react	- slide presentation - case studies	
2	6. Working with your client	a. Customer calls b. (a) Step-by-step for individual	- Role-play where a model customer comes in for a first interview. Students can be	G, I

1	7. Marketing Micro loans	a. Managing your reputation b. Regional specialisation c. Promotional materials d. Hit the streets	Marketing planning schedule Idea generation game	G, I
1	Practitioners= discussion session	Roundtable discussion with practitioners on solving daily operational problems.	No fixed format. A Brief presentation by the practitioners followed by Q & A.	
2	Exams			

26 days total

2) Advanced Operations and Financial Management:

Days	Module	Sessions	Content / Exercises
1	Introduction to course	Introduction of participants Warm-up exercise Case study of strong, sustainable program	Focus on reasons why sustainability is crucial. The positives of profit B ability to increase capital. Aim B achieve sustainability but still service target market.
1	Designing your product	Group versus individual Security B collateral, peer pressure, others Target market SWOT analysis	Strengths and weaknesses of the alternatives. Students to assess their own organisations using SWOT
3	Profitability, Productivity and Efficiency	Identifying the key drivers on the income statement for branch profitability. Top 10 questions and indicators for a quick assessment of branch performance. How to calculate key ratios for profitability. Loan Pricing B Islamic versus western methods. Use of fees in addition to interest. Measuring productivity and efficiency of the Branch. Indicators for determining success in reaching defined target group.	- Staff productivity (exercise) -Interest rate calculations - Pricing loans - Analysing the branch income statement - Ratio and trend analysis - Branch profitability exercises 1&2 - Key profitability calculation exercise

Days	Module	Sessions	Content / Exercises
3	Managing Credit	Four key goals of the branch in managing credit The costs of delinquency and slow repayment Five steps for monitoring and managing portfolio delinquency (using APO and other tools) How to assess the adequacy of the branch loan loss reserve Managing delinquency and controlling default How to calculate Portfolio Yield Setting and enforcing lending procedures	Managing risk. Avoiding delinquency Understanding the real costs of delinquency. Healthy balance between portfolio growth and quality. Portfolio diversification Measuring portfolio at risk Case exercise on current and overdue loans. Exercise on dealing with delinquency Identifying the sources of risk Reserves, yield Case exercise 2: APO Danger of restructuring
2	Managing Savings	Why are savings important? Pro=s and cons of different saving schemes What indicators or ratios can managers use to check: outreach (i.e. penetration of the target group), savings growth, cost of funds and member discipline? What questions should managers ask for each of the indicators? How can you measure individual staff productivity with respect to savings? (Suggest an indicator that will measure team effort)	Savings and the bank / ngo Savings and the customer Cost of funds exercise Customer service exercise
2	Creating a team	Staff selection Controlling decentralisation Staff Appraisal and Motivation Training Incentive schemes	Staff as an asset not a cost Focusing on customer service Job descriptions and evaluation forms B setting objectives and measuring results. Dealing with staffing problems Role plays and discussion exercises

Days	Module	Sessions	Content /Exercises

2	Forecasting and Budgeting	The two most important benefits of forecasting and budgeting Business planning the key elements of forecasting branch performance and cash flow for the next year The Five Steps of Forecasting Understanding the importance of a Areality check@ on a budget or forecast	Importance of setting strategy, objectives and goals. Practical examples of how to set up and reality-check the plan. Reality Check exercises Diagnostic exercise
2	Managing your Information	Garbage in = garbage out B designing your information needs Selecting an information system Access to information B designing efficient but secure systems within the organisation Internal controls	Computer lab work
1	Applying your skills:	Case studies of organisations outside Jordan	Analysis of credit portfolios taken from other programs B managers are to identify problems and propose possible solutions
1	Discussion with experts		
2	Exams		
Total = 20			

Additional topics to those outlined above could include advanced training in business management skills for micro and small enterprises, bookkeeping, cash management and marketing.

7.2.3) Training Style:.2.3) Training Style

1) The training will be provided in the form of extremely participatory workshops. Most modules will include exercises and mini case studies. There will also be full case studies for group and individual analysis. These will be a combination of international examples and cases written especially for the Jordanian context. Trainers will use role-play, group work, games, and video recording. Computer workshops are possible but they will require some basic computer literacy, which is likely to vary greatly amongst the attendees. Computers could be used for cash flow analysis for the Basic Course and for analysis of portfolio information for the Advanced Course.

2) The examinations at the end of the course will reflect this style of training . There will be four components of the final grade:

written,
class participation,
financial analysis, and
Group presentation of case problem.

7.2.4) Cost of the Course Curriculum:

1) At this stage an RFP is being issued to seek competitive bids for curriculum development. Shorebank, who assisted us in developing this business plan have estimated that they will need three calendar months to prepare the course curriculum as outlined above.

a) The team that will work on the project will consist of senior trainers (daily rate US$ 692), and junior trainers (daily rate US$ 559) The estimated days work required for the project is 88 senior trainer person days and 44 junior trainer person days.

b) This team will be supported by a Quality Control staffer (US$858 per day) for 3 days, and a project administrator for 6 days (US$ 572 per day)

c) Other administrative and communications costs are estimated at $2,875, and there is an incremental margin charge of 7%.

d) The Shorebank's preliminary estimate to develop the curriculum is JD 80,302 or US$ 113,101 for 1999. An additional JD 15,628 (US$ 22,000) has been budgeted during the year 2000 for further revisions to the training materials.

2) Other costs of the course curriculum component are JD 9,900 for the Arabic translation of the training text, and JD 16,400 for printing and binding of the manuals in Jordan.

3) Based on the assumptions underlying the business plan, AMIR will fund curriculum development with IBS paying for the printing and binding of course material (JD 16,400 or US$ 23,400)

4) Cost details are attached in Schedule 3.

7.3) TRAINING THE TRAINERS:

The training provider will hold an intensive Atrain the trainers@ course, with the goal of providing a cadre of excellent trainers who will be able to teach practitioners over the next three plus years.

7.3.1) The Number of Trainers Needed for Program:

Based on discussion held with the staff of IBS, there should be at least three trainers for each course level. This will allow for some specialization amongst trainers, e.g. one trainer could concentrate on marketing and client selection, while another would focus on the qualitative and quantitative themes of best practices. This ratio implies a total number of 6 attendees/ trainers for the train the trainers segment. This number, however, leaves little room for attrition amongst members of the training team, or for scheduling conflicts that might arise for the individual trainers themselves. With these issues in mind, and considering that the incremental costs of training , say, 15 additional trainers will be minimal, it is proposed that 20 individuals be identified and trained as trainers so as to allow for attrition. Additionally, in the long term this will allow for considerable module specialization amongst trainers, as well as providing depth to the training team.

7.3.2) The Selection Process for, and Qualifications of, Potential Trainers:

1) The selection process is crucial and should be conducted very carefully. It appears that there will be considerable interest in the Atrain the trainers@ course. To canvas for ideas, and to help coagulate interest in the Program, it is proposed that a half- day workshop be held in January, 1999. Potential trainers and representatives from the banking and financial sectors would be invited to the meeting, during which the training concept would be explained, ideas solicited and contacts with potential trainers established.

2) After the marketing plan is under way, an interview committee should be established, consisting of representatives from AMIR and IBS. It would be useful to have a representative of the Training Implementer participate on the interview committee as well. If this is not possible, a trainer already working with one of the Gaza-West Bank projects should be retained. For example, Mazan.

3) Ideally, the trainers group would be composed of professionals from a variety of relevant backgrounds; predominantly micro-practitioners, business consultants, bankers and professional trainers. The names of trainers currently working with IBS should also be reviewed for possible candidates.

4) As a guide for the interview committee, and as input into the train the trainers marketing plan, a proposed job description for trainers is attached (Appendix 3)

7.3.3) Train the Trainers Course Content:

1) The training course for trainers will need to give trainers a grasp of the concepts of microfinance, and the ability to teach in a workshop style. The curriculum of the Atrain the trainers@ course will therefore be composed of the contents of each module of the Basic and Advanced courses, plus sessions on teaching style.

2) The schedule of the train the trainers course will depend partly on the availability of the selected trainers. The length of the training will be equal to the length of the Basic and Advanced training s together (120 hours) Additionally, the formal courses will be reinforced by anecdotal training that the microfinance experts feel will add to the value of the individual courses. Although the potential trainers would be expected to pick up the material faster than their eventual students, they will need additional workshops on teaching styles and practice sessions.

3) There are two possible training schedules for the train the trainers component.

> 1) The first alternative is for two intensive courses of two weeks at five hours per day, five days per week (50 hours of training) These would be separated by a break of two weeks for the participants to study and internalise the information. There would then be one week of revision and workshops on training styles two weeks later (20 hours of training) From our surveys of potential trainers, this seems a manageable schedule, although practitioners will need to get approval from their employers to finish work in time to attend the course.
>
> 2) The second alternative is for a ten week course, with training sessions of three 4-hour sessions, or four 3-hour sessions per week, scheduled regularly throughout the component. There is also support for this approach, given the smaller disruption it will cause for attendees.

4) No final decision has been made as to which approach to adopt. For budgetary purposes, however, the ten-week course (option 2) has been used, on the basis that it is the more expensive approach. Consequently, any financial adjustments resulting from this decision would be downwards rather than causing an increase in overall costs.

7.3.4) Obligations of the Trainers to the Training Program:

1) Trainers will receive the train the trainers course free of charge. The value to potential trainers of this training is a combination of the opportunity to earn additional income by teaching at the IBS, and the opportunity to gain a high profile as a microfinance expert. There is a real danger of participants taking the course in order to use the materials and the skills in their own consulting practice, or to train their colleagues at work. This would clearly seriously dissipate the usefulness and the market position of the training courses offered by the IBS. To minimise this risk, trainers attending the course will be required to sign an agreement with AMIR making two formal commitments:

1) That they will not under any circumstances use the materials provided to them except in co-operation with AMIR, or its successor and

2) That they commit to make themselves available to teach for AMIR in at least one course per year over the coming three years. If they are unable to fulfil this commitment, they may be asked to pay back a portion of the training costs.

7.3.5) Quality Control:.3.5) Quality Control

1) The course will be subject to a series of evaluations, and there will be opportunities and various stages to redesign the curriculum.

1) Course materials: Shorebank will provide a controlling editor to ensure content quality, standardization of style, comprehensiveness and coherence of the training materials. The Jordanian trainers will evaluate the course material during the train the trainers course and suggest changes. Following the train the trainers, the training materials will be adjusted before the first real course begins.

2) Train the trainers: Trainers will be evaluated on:

Understanding of the material **B** tested in written form
Ability to teach in workshop style **B** tested in mock classes

Only those who pass these tests will be accredited to teach in the IBS.

3) Training courses:

An expatriate trainer will be at the start of the basic and advanced classes to monitor the initial training . Students will be asked to evaluate their trainers at the end of the first courses and teacher=s certification to teach the course in the future will depend on student evaluations.

7.3.6) Establish a Marketing Plan to Recruit Potential Trainers:

1*)* The marketing plan to recruit the 20 trainers for the training program should include the following steps:

1*)* Review the roster of trainers currently maintained by IBS for their efficacy as trainers for the Training program, and prepare a short list of potential candidates.

2*)* Prepare a direct mailing to consulting firms, independent consultants and NGOs working in the field of development finance, alerting them to the establishment of the Training program, and requesting from them expressions of interest in becoming trainers.

3) A general advertisement in the local press, requesting expressions of interest.

4) Post a notice on IBS= web page on the Internet.

5) Conduct the half-day workshop about the training program and invite attendees to apply for admission.

2) From this general pool of candidates, the 20 best applicants should be invited to attend the Atrain the trainers@ training . This will allow for a dropout rate of 25%, while still providing a training pool of approximately 15 qualified trainers.

7.3.7) Identify Expatriates Need to Train Trainers and Establish Terms and Conditions for Their Contracts:

1) These individuals must be widely recognized as experts in the field of microfinance. One lead trainer should be hired to head the overall train the trainers program. His/her duties will include co-ordinating the training , to ensure a seamless connection between the various modules of the course. The individual trainers themselves will be recruited globally, and should include individuals with practical experience in microfinance, especially in the Middle East.

2) In addition to the lead trainer, three to four other trainers should be hired on a rotating basis to form a complete training team.

3) Using the ten-week option for training the trainers as the budget model, total person days for the train the trainers component is estimated at approximately 155 person days of expatriate time. This will consist of 70 person days for trainers in total (assuming a 6-day workweek) plus 8 man-days for travel, and 20 more person days for course preparation. The use of 4 individual trainers on a rotating basis is planned for. The lead trainer is budgeted for 57 days in total, and will consist of three short trips. There are 36 person days budgeted for on the ground time in Jordan, 10 days for course preparation, 6 days for travel, and 5 days for debriefing. Standard USAID per diem will be paid ($175 per day, allowing for a 7 day week), plus economy round trip airfare.

4) For budgetary purposes, the daily fee for the lead consultant is set US$692 per day, while the other trainers, who will be a mix of seniors and juniors, will be costed at a blended rate of $625 a day. These costs are as per Shorebank Associates= estimates.

5) Continuing Professional Education of the Trainers will be held annually, starting in year 2, and will consist of three half days of training , spread over one week. For the first two years, an expatriate expert will conduct this component.

7.3.8) The Training Timetable:

As noted above, the ten-week course has been used for the purposes of the Business Plan/Budget. On this basis, both levels will last for 5 weeks. Level 1 is scheduled to commence on May 2, 1999 and will conclude on June 6, 1999. Level 2 then will commence on June 7, 1999 and will conclude on July 12, 1999.

7.3.9) Estimated Cost of Selecting and Training of Trainers:

1) The costs are training the trainers component of the Training program fall into two categories. The first category is training the initial cadre of trainers, who will be available for training . The section component, to be incurred in years 2-3, represents the costs of continuing professional education for the trainers. This training will keep the trainers abreast of ongoing developments in the field of microfinance.

2) Costs for the start-up year (1999) are estimated at JD 134,596 (US$ 189,571)

3) The annual costs for the continuing professional education are estimated at JD 7,500

4) The combined costs for the term of this business plan will be JD 149,804 (US$ 210,991) Details are contained in Schedule 4.

7.3.10) Party Responsible for Paying for These Costs:

It is proposed that with the exception of course material totaling JD 1,700 which will be paid for by the IBS, all of the costs of this component be paid by AMIR.

7.4) COSTS OF PARTICIPANT TRAINING:

7.4.1) The Training Timetable for 1999:

The training of the practitioners= level 1 course will start on July 19, 1999, and will conclude on September 13, 1999. Two courses will be offered, the first will specialize in individual lending and the second will focus on group/village banking. These two level 1 courses then will be immediately followed by one level 2, which will start on September 20, 1999 and finish on November 15, 1999. The practitioners= courses will meet 5 times every two weeks.

7.4.2) Direct Costs of Trainers:7.4.2) Direct Costs of Trainers

1) As noted above, a cadre of 15-20 individuals will be trained as trainers for the training program. However, not all of these trainers will be working simultaneously on the various courses. It is estimated that each level of the training course will require 3 local trainers and an international expert. But not all of the trainers will be hired simultaneously, nor will they each be hired for the entire course.

2) The local trainers will be lecturing for 60 hours (20 3-hour sessions) at both the practitioner and expert level courses. Fee costs for each local trainer is projected at JD 53 per hour (US$ 75) of teaching time.

3) The expatriate expert will conduct one module in the practitioner level module, which includes 3 days of training . This will require a ten-day stay in Jordan for the expert. For the expert level course, the expert will also teach one module with 2 days of training , necessitating a one-week stay in Jordan. Additionally, two travel days are budgeted for each trip.

4) This expatriate will be paid the standard expatriate package (see par. 7.3.7.3)

7.4.3) Indirect Costs of Trainers:

Normally, IBS pays its lecturers a fee of up to JD 400 per course for the preparation of training materials, etc. In the case of the Training program, however, the trainers will be provided with the training materials, so the need for most of this expense is eliminated. A small allowance of JD 50 per module has been budgeted for in the case of local trainers, however, to cover their incidental costs of preparing for their modules.

7.4.4) Scholarships to Attend the Boulder Conferences on Microfinance:

To help keep Jordanian trainers and practitioners of microfinance current with developments in microfinance, and to provide motivation to both students and trainers, it is proposed that 10 individuals be selected annually to attend one of the several microfinance courses held by the Economics Institute in Boulder, Colorado. The attendees will be selected jointly by the Head of the AMIR Program, and by the Dean of IBS. Candidates will be drawn from both students and trainers. The scholarships will include fees, the standard board and lodging package, and the airfare.

7.4.5) Total costs of the Component:

Total costs of this component of the training program over the three year period is approximately JD 163,210 (US$ 229,873)

7.4.6) Partner Responsible for Paying these Costs:

It is proposed that these costs will be paid by both IBS (JD 31,493; US$ 45,000) and AMIR (JD 131,716 US$185,515)

7.4.7) Details of these costs are included in Schedule 5.

7.5) DIRECT COURSE COSTS:

7.5.1)Based on discussions with IBS, the following items are normally classified as direct course costs: lecturers fees, teaching course materials, costs of coffee breaks, direct staff overtime, cost of class photograph, pads and folders for attendees, costs of certificates of graduation, and per diem for rural attendees. The following expenses are included under these classifications:

1) Lecturer's Fees: These have been budgeted as a stand-alone expense item under Trainers' Costs.

2) Teaching Literature: Normally, this includes the training manuals, photocopied articles and other handouts prepared by the Trainers. For the Training program, however, the training manuals are being provided to the trainers as part of the training package. However, in addition to receiving the training materials, each trainer will receive a small stipend of JD 50 per course. This will be to cover the costs of identifying and copying materials not contained in the training manuals which the trainers feels will add to the quality of the course. This item has also been budgeted separately under Trainers' Costs.

3) Coffee Breaks per Course: IBS's tradition is to provide two coffee breaks per session, at which coffee, tea, soft drinks and petites fours are served. These costs are estimated at JD 15 per day per course.

4) Direct Administration Costs: While each course is in progress, administrative staff person the offices of IBS, to provide necessary support services. These staff are paid on an overtime basis in addition to the standard remuneration package. This staff back up also will be necessary for the Training program. This incremental support is estimated at 2.5 people per day per course at a daily rate of JD 10 each per day.

5) Per Diem for Rural Attendees: To encourage rural attendees to participate in the training , it is proposed that they be paid a daily per diem of JD 30, to help defray their transportation and living expenses. An annual attendance of 20 rural practitioners has been forecast, and it is anticipated that on average they will each spend 36 days in Amman. Any expenses over and above this budgeted amount of JD 720 per attendee per level will be paid for by the attendee's sponsoring institution.

6) Other Direct Course Costs: These costs consist of the Certificates of Graduation (JD 50 per course), the class photograph (JD 15 per course) and writing pads and folders (JD 2 per attendee)

7) Equipment Required by Course Attendees: The attendees at both the practitioner and expert level courses will need calculators for the financial analysis components. They, or their sponsoring institutions, will be expected to provide this equipment at their own cost.

7.5.2*)* As a general policy, IBS does not allocate indirect costs or general overhead expenses (e.g. electricity, cost of administrative staff) to individual courses. This issue was raised with Mr. Mohommad Mouaget (Training Assistant), and he indicated that IBS would not allocate to the Training program any proportion of these costs, since they are included in IBS's overall budget. Consequently, no provision has been made for indirect administrative or overhead costs in this Business Plan.

7.5.3) Total costs of This Component: The costs of this component over the three year period is estimated at approximately JD 77,000 (US$ 110,000*)*

7.5.4) Partner Responsible for Paying these Costs: As part of its commitment to rural microfinance in Jordan, AMIR will pay for the per diems for the rural practitioners totaling approximately JD 68,100 (US$97,300*)* The remaining costs of approximately JD 8,700 are for the expense of IBS.

Details of these costs are contained on Schedule 6.

7.6) CAPITAL COSTS/INFRASTRUCTURE:

7.6.1) The following items of capital expenditure required for the Training program are identified:

Construction/Lecture Room Costs:
Teaching Equipment for the Courses (computers, overhead projectors, VCRs etc)
Offices/Studies for Trainers.
Library/Data Base for storing material on Microfinance.

7.6.2) Extensive discussions have been held with senior management of IBS (particularly Mr. Mouaget) covering what incremental capital outlays will be required to support the Training Program. The basic assumptions for these estimates are that there will be approximately 3 courses (levels) taught annually, and that the average class size will be 25-30 attendees.

1) Identify Construction/ Lecture Room Costs: IBS feels that with the projected level of courses, no additional capital expenditure will be needed to house and support the incremental courses that the Training program will impose.

2) Required Teaching Equipment for the Courses (Computers, Overhead Projectors, VCRs, and Monitors): These types of capital costs are provided for in IBS=s annual budget, which is funded by their sponsors. Currently, the training facility is well equipped with this type of equipment, and no immediate expenditure is required. However, the Training program will make extensive use of these types of assets, and thus will contribute to their depletion. Consequently, a replacement cost has been included in the Business Plan for the following items:

	JD
One PC	1,500
One VCR/Monitor	600
One Overhead Projector	250

3) Offices/ Studies for Trainers: Currently, lecturers at IBS share a community Acommon room@ for course preparation and coffee breaks. This room will be available to trainers of the Training program. Additionally, the Assistant Dean indicated that, if additional space/offices were necessary, they would be made available. Consequently, no cost allocation has been made for this item.

4) Upgrade Library and Establish Database for Microfinance: IBS currently has a large library on-site, with plenty of room for expansion. In terms of the physical library, no incremental costs are anticipated. Regarding the preparation of a Database, it appears that the IBS has the computer hardware on site for constructing a database, but would probably need assistance in designing, programming, and implementing the database itself. The cost of a competent programmer would approximate JD 800 a month and the time required is estimated at 4 months.

7.6.3) Estimated Cost of Infrastructure Requirements: The overall capital expenditure costs of the Training program are projected to be JD 5,800 (US$ 8,300*)*

7.6.4*)* Details of the costs are contained on Schedule 2.

7.6.5) Party Responsible for Paying for These Costs: It is proposed that these costs will be paid by AMIR/USAID.

7.7) ADMINISTRATIVE SUPPORT/COURSE MANAGEMENT COSTS:

7.7.1) Administrative Support has been identified as the direct incremental support costs that IBS will incur to support the Training Program. These costs have been identified by IBS as: Support costs of upgrading the MIS system to meet the Training Program=s reporting requirements and financing for the Marketing Plan for the Training program.

1) Accounting/ MIS: IBS=s existing accounting system is on a parallel tracking basis, as currently they are upgrading from a manual to a computerized accounting system. The computerized system uses the windows operating system, and is written in Foxpro language; an elderly but adequate language. Neither the manual system, nor the existing computerized system, is capable of producing the detailed reports that will be required to adequately review, and monitor, the Training Program.

IBS will not be able to meet the monitoring and reporting needs of the Training program without upgrading their existing accounting/ MIS system as an entire unit. Their existing computerized hardware appears to be sufficient for the task, and the Foxpro package should be adequate to meet their needs for the time being. While IBS has a computer programmer on their staff, they will probably need some systems analysis and programming assistance to successfully complete this systems upgrade. In order to expedite this upgrading, it is proposed that the Training program provide some funding for this task, specifically to pay for the costs of a systems analyst and an external programmer. These costs are expected to be modest, since the entire exercise should not take longer than six man months. With the cost of systems analysts and programmers estimated to be JD 1,500 a month, funding totaling JD 9,000 is proposed.

2) The Marketing Plan: The marketing plan is discussed in detail under the Marketing Plan section. Its total, one time, costs are estimated at JD 3,700.

7.7.2) Party Responsible for Paying for these Costs:

It is proposed that AMIR will pay for both of these costs.

7.7.3) Details on these costs are included on Schedule 7.

8. REPORTING/MONITORING & EVALUATION:

The following reporting requirements for the Training program have been identified. The reports have been classified as either financial reports, or performance reports.

8.1)Financial Reports: The following financial reports have been identified.

1) Reports to AMIR/USAID during life of Grant:

(i) Monthly funds flow statements to AMIR/USAID, classifying expenses by pre-arranged categories, and comparing these expenses against the budget.

(ii) Detailed monthly listings of expenses by voucher number, supported by original invoices, vouchers etc.

(iii) End of grant report, summarizing all costs by line item.

(iv) Direct operating costs per course level and course module.

2) MIS Reports Required by IBS:

(i) Classify direct costs incurred by course, and charge these costs to the correct course expense codes.

(ii*)* Monthly cash flow statements of course revenues and expenses for the Training program in general, and each course in particular.

(ii*)* Monthly Revenue Statements and Balance Sheets for the Training Program.

3*)* These reports will need to be accessed from the accounting/ MIS system. This can be done by using either a report writer software program, or by structuring the database files in order to generate this data.

8.2) Performance Reports:

1*)* Monthly reports on the number of training program applicants, attendees and graduates. This information should be available by module, the courses applied for, and the attendees' sponsoring institution.

2*)* Individual reports on the progress of each attendee.

3*)* End of module grading reports of trainers by attendees.

4*)* End of course performance grading by attendees, providing feed back on the applicability, practicality, and quality of the individual modules and the overall course. Suggestions for improvements will be requested.

5*)* Performance evaluations for Trainers.

6*)* At intervals of six months and twelve months after the end of their course, attendees will be canvassed to obtain feedback on how they have been able to apply the course material to their microfinance programs. Suggestions for improvement in the course curricula will be requested.

8.3*)* These reports will be generated by either the accounting/ MIS system, a report writer package, or by a custom designed EXCEL program.

8.4) The Capacity of Existing System to Meet these Requirements:

1*)* As detailed under the Administrative Support section of the Business Plan, IBS's existing MIS/Accounting system is incapable of producing the reports required without a partial upgrade of their systems. The costs of this upgrade have been identified as being software related, and consist of systems analyst and programming support. These costs have been estimated at JD 9,000 on a one-time basis. While the system is being upgraded, reports will have to be generated from the existing “running in parallel” systems (manual and computerized) and EXCEL spreadsheets.

2*)* These costs have been included in the budget under Administration Support (Schedule 7*)*

9. ORGANIZATION AND COURSE MANAGEMENT OF THE TRAINING PROGRAM:

9.1) Staffing:

1) The Training program will be an integral part of the normal course curriculum to be offered by IBS. As such, the responsibility for conduct of the Training program on a daily basis also should be integrated into IBS=s existing management structure.

2) Consequently, the Academic Assistant=s Office (Mr. Mahommed Mouaget) will have responsibility for the academic performance of the Training program.

3) The daily administration and financial reporting for the Training program will be the responsibility of the Administration and Financial Assistant of the Institute (Mr. Faisal Nowairan)

4) Both of these officials report to the Dean of IBS, Dr. Haddad, who will overall responsibility for the Training program.

5) The Dean then reports to the Board of Directors, which is composed of representatives from the formal financial sector, and relevant government departments.

6) The advantages of this integrated approach of management are threefold:

With the management of the Training program imbedded within their normal management structure, a greater sense of ownership of the Training program by IBS will be created.

It will be more cost effective than establishing a separate, stand-alone management structure.

It will boost better integration of microfinance into the commercial sector, since the commercial sector will see that it is considered to be completely integrated into banking training , thereby encouraging the idea of Aone stop shopping@ for training .

7) The staff who will be the key to the success of the Training program will be the Trainers themselves. They will report to Mr. Mouaget as the Academic Assistant. It is extremely important that the quality of the Trainers be carefully monitored and controlled. To this end, at the end of each module, attendees will be asked to evaluate their trainers, as noted earlier. These evaluations will be reviewed by Mr. Mouaget, and if the trainers is found wanting, he/she will be replaced.

8) By including the program management chain of command within the existing management of IBS; very few incremental operational policies, procedures and practices will need to be prepared. The main exception to this conclusion will be guidelines for the required reports for the Training program, which will be needed by the Accounting Department. These guidelines should be prepared by the Systems Analyst when he/she is helping upgrade IBS=s MIS system.

9.2) Reporting and Overview:

The details of the reporting requirements for the Training program are outlined in section 8. These reports will be forwarded simultaneously to IBS=s internal management and to AMIR. Provision should be made to allow for regular meetings between IBS and AMIR to discuss results, problems and evolving ideas about microfinance. These meeting should be event driven, but must be held at least quarterly. AMIR will have the responsibility for reporting to the USAID office. USAID, however, should reserve the right to meet directly with either AMIR or IBS, should it decide that circumstances require such a meeting.

10. BUDGET FOR THE TRAINING PROGRAM:

10.1) The attached budgets and forecasts must be considered preliminary at this stage due to the following reasons:

1) The approach for training the trainers has not been finalized.

2) The costing data provided by Shorebank is tentative

3) Final agreements have not been reached with the local partner

10.2) When these decisions have been made, the budgets and the Business Plan itself can be finalized. In the meantime, the figures discussed throughout this paper must be considered tentative.

10.3) The attached budgets and forecasts are based on the following assumptions:

1) Inflation: Inflation is estimated to be 5% per annum, using 1999 as the base year.

2) Foreign Exchange Rates: The JD/US$ rate is assumed to be JD0.70/US$1 for the tenor of the projections.*2) Foreign Exchange Rates* The JD/US$ rate is assumed to be JD0.70/US$1 for the tenor of the projections.

3) Anticipated Class Size: Attendance at the classes will range from 25-30 attendees.

4) Number of Attendees: This is based on the estimates provided in the SOW.

5) Duration of Class Room Sessions: Training sessions will last for approximately three hours each, commencing after normal work hours. The expected attendance time would be from 3.p.m until 6.00-7.00 p.m.

6) Pay scales for Local Trainers: Trainers will be paid JD 53 per hour (US$ 75) for each class room session.

7) Cost of Expatriate Training and Preparation of Curriculum: These costs are based on estimates provided by Shorebank Associates.

8) Off-Site Remote Learning: No provision has been made in the Business Plan, or the budget, for this component of the Training Program.

9) Intensity of Courses: The intensity of the train the trainers course has not been finalized. For the purposes of the budget exercise though, it has been assumed that their training will last for ten weeks and they will meet 3-4 times a week. Attendance at the regular training session is scheduled for five times every two weeks.

10) Attendance from the Rural Areas: These attendees will receive a per diem of JD 30 per day, to cover their transportation and living costs in Amman during the tenor of the training . This ongoing annual cost will be paid for by AMIR for the term of the project.

10.4) The overall cost of the program has been estimated at JD 515,589 (US$ 726,181) These costs will be funded by AMIR (JD 501,540, or US$ 706,394), and IBS (JD 14,049, or US$ 20,070) IBS: amount being calculated after the receipt of fee income- (JD 50,000 or US$ 71,430) Full details of these expenses are detailed in Schedule 1

10.5) Using the above estimates, the financial sustainability of the Training program at the institute level (i.e. for IBS) is 49% for 1999, 78% in the year 2000, and 121% in 2001.

10.6) The Major Items in the Budget are as follows:

1) The Trainer Provider: Major costs for 1999-2001 have been estimated as follows:

	JD	$
Curriculum Preparation	87,551	123,311
Training the Trainers	148,048	208,518
Trainer supervision and Continuing Professional Education	131,716	185,515
Total 217,107TOTAL	367,315	517,345

These costs (which are before the allocation of the 10% overhead charge) represents 40% of the direct costs of the budget. Given the impact that the training provider will have on the sustainability of the Training program, the quality and appropriateness of the curriculum itself, and the cost of this service, the proposal put forward by Shorebank needs to be carefully reviewed and the costs justified. Clear performance goals for the training provider need to be established, and the payment of their fees should be tied to their achievement of these goals[4].

2) The cost of 10 scholarships per year to the Microfinance Course in Boulder Colorado. These costs will be incurred in US$ and will amount to approximately $ 250,623 (JD 177,943) over the three year period. They represent 23% of the total costs of the Training program before the charge for overhead. This budget item should be considered to be an optional expense, since only students or trainers who really merit attending the course should be sent. However, provided the students/trainers are of sufficient caliber, this expense is justifiable due to the motivation it will provide to students/ trainers, the opportunity it presents

[4] The author is not expressing an opinion about the quality or the cost of the proposal that has been presented. Rather, it is being suggested that the sound business practices of carefully reviewing all bids, looking for the most cost effective alternatives, and setting performance criteria be followed when one contract represents such a high percentage of the overall budget costs.

of keeping Jordanian practitioners abreast of current developments, and the profile it will give Jordan in the field of microfinance.

3) The costs of Continuing Professional Education (CPE); This service can be provided by the contracted training provider, or independent consultants can be used. This cost (3% of total costs) is considered critical to the ongoing success of microfinance in Jordan. It represents a cheap way to keep trainers and practitioners current with developments in the field, and will enable them to learn what techniques and practices practitioners are experimenting with in other countries.

4) Overhead: This cost has been calculated as a flat 10% of the direct costs that have been budgeted for the different components of the Training program. The purpose of including this charge is twofold. Firstly, it allows for the tentative nature of the curriculum preparation expenses and the train the trainers costs, which on revision may be increased. Secondly, it will also cover the minor cost underestimates and omissions that inevitably occur when preparing budget forecasts, thereby obviating the need of having to re-present the budget when minor cost overruns occur.

10.7) Fee Income Payable by Attendees:

1) A decision, in principle, has been made to charge attendees a fee for the two levels of the Training program. The issue was raised with potential sponsoring organizations, (Queen Alia Fund, DEF, JWDF) and they agreed, in principal, the fees should be charged.

2) The fee issue was discussed at length between AMIR and IBS and a decision has been made that the attendees, or their sponsoring organizations, will be charged JD 250 (US$ 357) per level. If there is considerable opposition to this scale of fees, the fee amount will be re-considered. Trainers will not be charged to attend the train the trainers program.

3) For budgeting purposes it has been assumed that in 1999 there will be forty attendees in the Level 1 course (JD 10,000), and ten attendees in the Level 2 course (JD 2,500) During the years 2000 and 2001, it has been assumed that they will be 60 attendees for the Level 1 courses and 15 attendees for the Level 2 courses.

10.8) Sensitivity Analysis:

1) The largest line item in the budget is the costs of staff fielded by the training provider, totaling approximately JD 151,000 (US$ 216,000) in direct costs, and JD 10,500 (US$ 15,000) in the 7% incremental fee charge. If these fees could be negotiated down 15% from the projected levels, the total cost of the Training program would decline approximately JD 24,000 (US$34,000) Since these costs will be financed by AMIR, this reduction would not improve the financial sustainability ratios.

2) Fees payable to the local trainers. For its regular banking and finance courses, IBS pays its trainers JD 35 per hour spent in the classroom. For the Training program, however, IBS has proposed that the trainers be paid JD 53 per hour spent in the classroom. If the trainers are paid the standard IBS fee of JD 35 per hour, the operating costs of the Training program would drop by JD 3,240 in 1999, JD 3,400 in the year 2000, and JD 3,575 in 2001. The financial sustainability ratios were then be 52% in 1999, 91% in the year 2000, and 158% in 2001.

3) The Overhead Charge of 10% of Total Costs. As noted above, this line item allows for an increase in the estimated costs for those items for which the final figures are not available, and to allow for cost overruns of small, individual expenses. If this Aprovision@ is deleted, the overall costs of the Training program falls by approximately JD 54,000 (US$ 77,000) and AMIR and IBS= costs fall JD 48,400 (US$69,000) and JD 5,823 (US$ 8,300) respectively. The financial sustainability ratio would rise to 54% in 1999, 86% in the year 2000, and 133% in 2001.

4) The major repeat operational costs that AMIR is budgeted to fund are the ongoing CPE costs, and the per diem costs of attending Level 1 courses for employees of rural finance programs. If AMIR requests IBS to pay for the ongoing CPE costs, it will reap a saving of JD 15,000 ($21,5000) over the term of the project. However, the financial sustainability ratios will decline to 60% in the year 2000, and to 81% in 2001. Should the rural program attendees per diem costs be transferred to IBS, AMIR budgeted outlays would decline by JD 68,000 (US$ 97,000) but the financial sustainability ratios would decline to 27% in 1999, 40% in the year 2000, and 48% in 2001.

10.9) Costs per Graduate:

1) Based on the above figures, the average cost per graduate from each level over the three- year term of the funding project will be JD 3,410 (US$4,870) before their fees are taken into account. Net of these fees the average cost is JD 3,122 (US$ 4,460)

2) After allowing for the capital start-up costs (primarily training the trainers, curriculum preparation and costs), the average annual operating cost in 2001 declines to JD 206 (US$ 294) per graduate per course, which is more than covered by the projected fee of JD 250 per course.

10.10) Foreign Exchange Risk:

1) The proposed budget for the Training program has a large degree of built in protection from currency exchange fluctuations. This is due to:

> 1) The major offshore costs, paying the training provider and the costs of the Boulder Course scholarships, will be incurred in US$ and funded in US$.
>
> 2) IBS: expenses will be mainly incurred in JD and the course fees will be paid in JD.

10.2) The main risk is that the AMIR grant, which is funded by US$, could suffer from a US$ devaluation against the JD. This would then impact those costs which are being funded in US$ but are incurred in JD, which are estimated at about JD 100,000. Should the US$ decline against the JD by 20% (which is considered unlikely), the cost to the Training program would be a shortfall in funding of approximately US$ 28,500. This risk, and cost, are considered to be manageable.

11. SOURCES OF FUNDING FOR THE PROGRAM:

11.1) The cost of the Training program will be funded from three sources.

1) AMIR/USAID: USAID, through, AMIR will be funding the start-up costs of the Training program. These costs are estimated to be JD 501,540 (US$ 706,394) over the three year term.

2) IBS: IBS' gross costs will be JD 64,000 (US$ 91,500) over the three- year period. The fees to be charged to the attendees will reduce these costs, however.

3) Course Attendees: The attendees, or their sponsoring institutions, will be contributing JD 50,000 (US$ 71,500) to the costs of The Training program.

12. THE SCHEDULING OF THE COURSES:

12.1) Based on the estimated demand for the Training Program, the following timetable for practitioner and expert levels of courses over the next three years is as follows:

Calendar Year 1999:	2 Practitioner Courses 1 Expert Course
Calendar Year 2000:	2 Practitioner Courses 1 Expert Course
Calendar Year 2001:	2 Practitioner Courses 1 Expert Course

12.2) Of the two practitioner courses scheduled for 1999, one will focus on individual lending and the second on group lending methodologies. This split approach will enable fuller class participation by all attendees, since female practitioners with more conservative values will be able to participate fully in their group without suffering any embarrassment.

12.3) From the two practitioner level courses scheduled in 1999, it is anticipated that at least 10 participants will progress to the expert level course and graduate as microfinance experts in December, 1999.

12.4) In the years 2000 and 2001, the management of the Training program will have to decide whether to divide the two Level 1 courses into one course devoted solely to group lending course and a second course devoted solely to the individual lending methodology. Or, to have two courses with just the credit components separated out into the different methodologies.

13. MARKETING PLAN FOR THE PROGRAM:

13.1) As noted in Par. 3.2.4 of the Demands/ Needs Assessment for the Training program section of the Business Plan, demand for the proposed training is estimated at 230 practitioners and 65 experts over the four-year period. In order to ensure the success of the Training Program, a marketing plan to attract attendees will be implemented. The marketing plan will emphasize not only the quality and relevance of the curriculum itself, but also the high reputation of IBS as a training institution. The marketing plan will consist of the following components:

> *1*) *Brochures:* A Training program brochure will be prepared, modeled on the existing brochure that the IBS uses to advertise its current course offerings. 500 brochures will be prepared, at an estimated cost of JD 1,500. These brochures will be circulated throughout the Kingdom's formal financial sector, and the NGO community.

2) *Receptions:* The launching of the Training program will be announced at a reception to be held at the IBS facilities in Amman. The reception will be hosted by the Governor of the Central Bank of Jordan, and the USAID Director. 150 guests are forecast to attend, and the guest list will be targeted to the formal financial sector, and the NGO community. Press and television coverage of the event will be arranged. A second reception will be held at the IBS's facilities in Aqaba to publicize the availability of the course in Southern Jordan. This second reception will be smaller and will be hosted either by the regional representative of the Central Bank, or by the Dean of the IBS. Attendance is estimated at 50 people. A similar reception could be held in Irbid. The cost of these receptions is projected at JD 4 per person, or JD 1,000 in total.

3) *Personal Contacts:* Two influential individuals will be requested to network amongst potential attendees and their parent institutions. The governor of the Central Bank will be requested to raise the importance of microfinance in general, and the relevance of the Training program in particular, with the heads of the Commercial Banks during their regular meetings. Secondly, Dr. Haddad, Dean of the IBS, will also be prevailed upon to network with both the formal financial sector, and the NGO community, to interest them in the Training program.

4) *Newspapers:* Articles about the Training program will be written and circulated in the Press. Additionally, advertisements will be run in various selected newspapers to bring the Training program to the notice of potential attendees. Costs of this advertising campaign are estimated at JD 200.

5) Television: There are various television programs about microfinance available in North American television stations (e.g. PBS) Discussions should be held with Jordan TV about making available airtime for such a program, and having a Jordanian television personality host it. The costs of this program are estimated at no more than JD 1,000.

13.2) Cost of the Marketing Plan: The overall cost of the Marketing Plan is estimated at JD 3,700. These costs have been included in the Administration Support Costs section of the Budget.

13.3) Party Responsible for Paying for these Costs: It is proposed that these costs will be paid by AMIR.

13.4) Timing of Implementation: The Marketing Strategy will need to be designed and implemented during June-August, 1999. The strategy will start with the formal announcement of the Training program at the reception in early June, which will form part of the press announcements and coverage. The announcement on the website will coincide with the reception.

13.5) Following the formal announcement, the Governor of the Central Bank will be requested to notify the formal banking sector of the benefits of the Training program. Simultaneously, Dr. Haddad will network with his contacts. This networking will be followed up by a mailing campaign of the brochures.

13.6) The costs of the Marketing Plan are included under Administration Support (Schedule 7)

14. TIMING OF IMPLEMENTATION:

The timing for the implementation of the Training program is as follows: -

14.1) Timing-Steps to be Undertaken and /or Completed in March , 1999

The following decisions will have to be made during March to establish the Training program:

1) Formalize the selection of the local partner. Initially this is presumed to be IBS. The general terms and conditions of the partnership should be outlined in a AHeads of Agreement@ between AMIR and IBS, which must be signed as soon as possible, so as to allay any future misunderstandings between the partners. The management of IBS should obtain tentative approval of the partnership from its Board of Directors. If IBS elects not to proceed with the partnership, or the general terms and conditions of the partnership cannot be agreed upon, AMIR should immediately initiate discussions with CCTSS.

2) The curriculum needs to be finalized with the US training provider. Then, if the curriculum is acceptable, an agreement for the preparation of the training manuals and the delivery of the initial training courses needs to be finalized, and a contract signed

3) Finalize the roles and responsibilities of the partners under the Training Program.

4) A legal advisor should be retained to advise on the legal position of the Training Program, prepare the legal agreement between AMIR and IBS, between the Training program and the Training Provider. This advisor then should prepare the agreement for signature.

5) The partners sign the Training program Agreement by March 31, 1999.

6) Commence a joint review by AMIR and IBS of the Training Program=s MIS/Reporting requirements. Assistance to be provided to IBS to upgrade their systems will consist of systems analysis and computer programming.

7) Host a half-day workshop for potential trainers during which the idea of the train the trainers approach, and the Training program, would be discussed. Ideas and suggestions would be solicited.

14.2) Timing-Steps to be Undertaken and/or Completed in April, 1999:

1) Commence preparation of the Course Manuals. This work is to be undertaken by the Training Provider.

2) Complete the identification and recruitment of potential trainers.

3) Identify and recruit Expatriate Trainers for the Train the Trainers Sessions and for the first round of practitioners= training courses.

4) Upgrading of IBS MIS/` Reporting requirements (ongoing)

14.3) Timing-Steps to be Undertaken and/or Completed in June , 1999:

1) Complete the upgrading of IBS MIS /Reporting system.

2) Commence Marketing Plan to attract practitioners to the Training program.

3) Start Arabic translations

4) Commence Level 1 Train the Trainers Course. Start date: June 16, 1999

14.4) Timing-Steps to be Undertaken and/or Completed in July, 1999:

1) Complete Level 1 Train the Trainers course on July 31, 1999.

2) Complete Arabic translation of Level 1 training manual by July 31, 1999.

3) Complete the marketing plan and have recruited at least 50 attendees for the first round of practitioners courses.

14.5) Timing-Steps to be Undertaken and/or Completed in August, 1999:

1) Commence Level 2 Train the Trainers course on August 1, 1999.

2) Commence Arabic translation of Level 2 Training Manual on August 1st.

14.6) Timing-Steps to be Undertaken and/or Completed in September, 1999:

1) Start Practitioners level 1 courses Sept 1

2) Obtain feed back on Levels 1 and 2 courses.

14.7) Timing-Steps to be Undertaken and/or Completed in October, 1999:

1) Complete the two Level 1 courses for practitioners by October 31st, 1999

14.8) Timing-Steps to be Undertaken and/or Completed in November, 1999:

.1) Commence Level 2 course for practitioners on November 1st , 1999.

2) Commence revision of Business Plan for 2000.

<u>14.9) Timing-Steps to be Undertaken and/or Completed in December , 1999:</u>

1) Complete level 2 course for practitioners.

2) Based on feedback from Trainers and Attendees, review and revise the course curriculum for Levels 1 and 2.

2) Complete revision of Business Plan for 2000.

14.10) The above timetable (which is outlined in flowchart form in Schedule 8) is tight. This is dictated by the desire to design and implement a quality training program, while at the same time meeting USAID=s funding requirements of graduating 40 practitioners and 10 experts by the end of calendar year 1999.

14.11) The schedule is predicated on trainers attending the Train the Trainers courses for 10 straight weeks with 3-4 meetings per week. According to IBS= faculty this is a challenging, but not unrealistic, goal in the Jordanian context. This schedule is also partially driven by the need to minimize the time expatriate trainers will be teaching the Train the Trainers courses in Jordan, thus minimizing the costs of the Training Program.

14.12) The attendees at the practitioners training courses will then be attending courses for 8 weeks for each level, totaling 16 straight weeks of courses. Each course will meet 5 times every two weeks. Again, this is considered to be reasonable in the Jordanian context.

However, timing of the level 2 program could be challenging for participants since it falls during the start of the holy month of Ramadan.

15. CRITICAL BREAKPOINTS IN THE IMPLMENTATION OF THE BUSINESS PLAN:

15.1) The following issues have been identified as being decisions, or actions, which if not executed smoothly, will result in the poor implementation of the Training Program

1) The implementing partner must be finally selected, and the partnership agreement completed by March 31, 1999.

2) The training provider for the Program must be identified and work must commence on the Training Manuals by April 1, 1999. It has been projected that the provider will need at least three full months to produce good quality manuals. The English language manuals must be completed by June 30, 1999.

3) The applications for the trainer positions need to be carefully screened. It is absolutely critical that those who accepted to the Training program are not only good trainers, but they must also have practical lending experience. Additionally they must be sympathetic to the needs of the attendees, many of whom may only have a secondary school education. In this regard, the recruitment process for trainers should not be limited to existing lecturers of IBS and commercial bank staff, but should also include microfinance practitioners and NGO employees.

4) The first batch of attendees for the practitioners' training course, commencing in August, 1999 must be extremely well qualified to be either practitioners or experts in microfinance. The Training program must be seen as graduating high quality individuals. If this is accomplished, these graduates will be ambassadors for the Training Program, and their professionalism will help generate demand for training .

5) Monitoring and Feed Back will be critical to the success of the Training Program. At the end of each training course feedback will be solicited from both the lecturers and the attendees. This will be followed up by other requests for feedback from practitioners, after they have had some experience in applying what they have learnt to practical situations.

6) The continuing professional education component needs to be effective. All trainers will need to keep abreast of developments in microfinance, and the CPE courses must be designed to accomplish this. Practitioners should also be invited to attend these sessions.

16. OUTSTANDING ISSUES THAT NEED RESOLUTION:

The following issues will need to be resolved as soon as possible.

16.1) Co-ordination Between the Syllabus being prepared for the Training program *and Technical Assistance Program for Jordan National Bank and Jordanian Womens= Development Fund:*

1) Under the Sustainable Microfinance Initiative component, the Training program project is being implemented simultaneously with the Technical Assistance Program for the Jordan National Bank (JNB) and the Jordanian Women=s Development Fund (JWDF) Both the Training program and the Technical Assistance project have the same goal, that is the establishment of sustainable microfinance projects in Jordan. Consequently, there will be considerable complimentarity between the two initiatives which, if ignored, could lead to either considerable duplication of efforts, or the establishment of conflicting goals, policies and procedures.

2) To avoid this occurrence, it is proposed that the two projects be carefully coordinated by the AMIR Head Office. This co-ordination should include regular meetings (say every second month) between the two project operatives during the design and implementation stages of the two projects, at which curriculum concerns and practical issues and differences would be aired and resolved. Moreover, the Training program managers (IBS) could gain valuable practical insights into microfinance by meeting with the staff of JNB and JWDF, and learning first hand the problems that practitioners face on a daily basis.

16.2) Cost Recovery from Attendees:

The actual amount of fees attendees are to be charged for the training courses. Decisions will also have to be made as to the mode of payment.

16.3) Accreditation:

It is strongly recommended that practical experience be built into the Training Program. Since this can only be done on a limited basis during the courses themselves, it is suggested that while graduates would be rated as practitioners and experts after graduation, they would only be Aaccredited@ after a certain period of practical experience. This practical experience must be linked to Ahands on@ loan portfolio management, resulting in a high loan repayment rate. The graduate, and his sponsoring institution, must present proof to IBS of this practical experience before accreditation can be awarded.

17. NEXT STEPS:

The following actions need to be taken as soon as possible:

1) A Heads of Agreement covering a broad outline of the goals of the Training program, and each party=s duties and responsibilities, needs to be signed with IBS. This will set the general terms and conditions of the partnership between AMIR and IBS. As such, it will help prevent any misunderstandings from occurring at a later date. If a Heads of Agreement cannot be signed with IBS, discussions with CCTSS about a partnership should start immediately.

2) Select the designer and implementer of the training curriculum, and agree with the implementer the course curriculum.
3) Select legal counsel to clarify the legal standing of the proposed partnership, and commence work on drafting the agreement

4) The costings for the budget need to be finalized.

5) The fee rate for attendees must be set.

6) Commence preparing the Marketing Plan for recruiting trainers for the Atrain the trainers@ segment.

18. CONCLUSION:

18.1) This Business Plan has been designed as a working document to help the various parties involved with the Training program carry out their duties and responsibilities, so that the Training program will achieve its goals. It is also designed so that it can be used in several other roles as well; including marketing, and monitoring and evaluation. Its modular format means that its contents can be tailored to meet the needs of the end user.

18.2) The total costs of implementing the Business Plan for the three year period ending in 2001 is estimated at JD 515,589 (US$ 726,181) This cost is apportioned between AMIR (JD 501,540- US$706,394) and the proposed local partner IBS (JD 14,049- US$ 20,070) These numbers are conditional until results of the a current RFP for the cost of the curriculum preparation and training of the trainers is finalized. While seemingly expensive, these costs must be considered in the light of establishing a high quality training institute in Jordan, so that the microfinance programs can more effectively and more cost efficiently serve the end users than has been the case to date.

18.3) The approach taken in the preparation of the Business Plan has been based on the recommendations in the Concept Paper dated November 1, 1998. This document stated that the Training program should be housed within an existing training institute, and should be include both a practitioner level curriculum and an expert level curriculum. Based on discussions held with the management of AMIR, IBS is considered the leading candidate to be the local partner for the Training Program, and they appear to have the facilities required to make the Training program a success. Final negotiations about the terms and conditions of the partnership, however, will need to be finalized as soon as possible. On the other hand, should it be decided not to proceed with IBS as the local partner, discussions will have to be opened with CCTSS immediately, if the demanding goals of the overall project are to be met.

18.4) The curriculum and the train the trainers components of the Training program have been prepared by Shorebank, and are included in the Business Plan. These provide a good outline of what appears to be a well thought out curriculum and implementation plan, which should be appropriate for the Program. Again, though, decisions must be made soon about the selection of the Training Provider. This is particularly relevant since it will take three calendar months to prepare the curriculum. Throughout the initial twelve month period, though, there will be considerable review and feedback on the curriculum to ensure that it meets the required standards, and that the quality of the training is of the highest level.

18.5) Since a train the trainers policy methodology has been adopted, the hiring of high caliber trainers is critical to the long term success of the Training Program. Considerable attention must be focused on selecting a solid cadre of trainers, who not only will be experts in microfinance, but also will be able to create a good rapport with a disparate group of students.

18.6) The quality of the students will also be important to the overall success of the Training Program, particularly the first batch, who will attend during the second half of 1999. This class of 1999 will act as ambassadors for the Training Program, and will market the quality of the training to other potential attendees. To ensure that sponsoring institutions will send their best candidates, it has been decided that the attendees should pay JD 250 per course. This will not only encourage attendees to take the course seriously, but it will also help defray expenses. Further to this matter, two Level 1 courses have been scheduled for 1999, so that the Training program will meet its mandated goal of graduating 40 practitioners and 10 experts by the end of the year.

18.7) Under the terms of the overall project, the Training program must achieve financial self-sufficiency by the end of calendar year 1999. Based on the attached budgets there will be a budget surplus for the year 2001. This surplus will result in a financial self-sufficiency ratio of 121%.

18.8) The key parameter to meet the objectives set out in this Business Plan is time. The scheduling of the work flow is tight, but doable. Of critical importance though is ensuring that the training provider can commence work on the curriculum preparation by the beginning of February. If this is not accomplished, the chances of the Training program meeting it time performance will be considerably diminished.

APPENDIX 1:
LIST OF DOCUMENTS READ DURING THE COURSE OF THE CONSULTANCY.

Jordanian Training Initiative Concept Paper-Final Report. Melissa Gentry/Chemonics International. 11/1/98.

Policy Environment for Financial Services to Micro and Small Enterprises in Jordan-Final Report. Reese Moyers/ Chemonics International. July, 1998

NGO Assessment and Assessment of Bank Interest-Final Report. EDI. 6/30/98.

The Demand for Microfinancial Services in the Micro and Small Scale Enterprise Sector in Jordan-Final Report. Mayada Baydas (FINCA)/Chemonics International. July, 1998.

Pre-Feasibility Study for the BJ Microfinance Company-Final Report. Chemonics International/ AMIR. November, 1998.

Award/Contract Between USAID/Amman and Chemonics International

Chemonics International; Access to Microfinance and Improved Implementation of Policy Reform in Jordan-Proposal

Institute of Banking Studies Annual Report, 1997.

Institute of Banking Studies Training Activities, 1997.

Institute of Banking Studies Training Activities, 1998.

Institute of Banking Activities Brochure, 1998.

Designing the Microfinance Program. MAS International

LIST OF DOCUMENTS READ DURING THE COURSE OF THE CONSULTANCY.Jordanian Training Initiative Concept Paper-Final Report. Melissa Gentry/Chemonics International. 11/1/98.Policy Environment for Financial Services to Micro and Small Enterprises in Jordan-Final Report. Reese Moyers/ Chemonics International. July, 1998NGO Assessment and Assessment of Bank Interest-Final Report. EDI. 6/30/98.The Demand for Microfinancial Services in the Micro and Small Scale Enterprise Sector in Jordan-Final Report. Mayada Baydas (FINCA)/Chemonics International. July, 1998.Pre-Feasibility Study for the BJ Microfinance Company-Final Report. Chemonics International/ AMIR. November, 1998.Award/Contract Between USAID/Amman and Chemonics International Chemonics International; Access to Microfinance and Improved Implementation of Policy Reform in Jordan-ProposalInstitute of Banking Studies Annual Report, 1997.Institute of Banking Studies Training Activities, 1997.Institute of Banking Studies Training Activities, 1998.Institute of Banking Activities Brochure, 1998.Designing the Microfinance Program. MAS International.

APPENDIX 2:
INDIVIDUALS INTERVIEWED DURING COURSE OF CONTRACTINDIVIDUALS INTERVIEWED DURING COURSE OF CONTRACT

Institute of Banking Studies:
Dr. Adeeb Haddad, General Director
Mr. Mohommad Al-Muaqat, Asst. General Director

USAID:
Mr. Gerald Anderson, Senior Private Sector Advisor
Ms. Rula Dababneh, Project Management Specialist

World Bank:
Ms. Judith G. M. Brandsma, Private Sector Development Specialist

Queen Alia Fund:

Dr. Amir Bakir, Director/Small Business Development Project

Jordanian Womens= Development Society:

Ms. Niveen Abboushi, Executive Director
Ms. Amil Halaby, Area Supervisor
Ms. Rydah Abdulhadi, Field Agent
Ms. Alia Jafar, Group Leader/ Borrower
Four Ladies (names not provided) Borrowers.

Development and Employment Fund:

Mr. Marzouq Hadid, Director General

Jordan Loan Guarantee Corporation:

Mr. N.I. Al-Ashkar
Mr. M. S. Hammami

Jordan National Bank:

Mr. F. Al Werr

Industrial Development Bank

Mr. T. Z. Wahbeh

UNDP

Ms. A. Khalifah

APPENDIX 3:

JOB DESCRIPTION FOR TRAINERS

AMIR

Access to Microfinance & Improved Implementation of Policy Reform

Funded by the United States Agency for International Development

offers: a Atrain the trainers@ course in Microfinance Best Practices

AMIR is a broad-based private sector development initiative designed to increase economic opportunity for Jordanians through private sector growth. The Program has components focusing on microfinance, economic policy reform and improved service delivery capability for business associations.

The Microfinance component of the Program aims to facilitate the development of a financially sustainable microfinance industry in Jordan based on internationally accepted microfinance best practice. To enhance the understanding of Abest practice@ , sustainable micro credit in Jordan, AMIR is establishing a training institute in Amman which will offer two modular training courses in microfinance. It is likely that this training program will be created in partnership with the Institute for Banking Studies (IBS) and it is anticipated to become a unique center of microfinance expertise in the Middle East.

AMIR will be holding an intensive”train the trainers” course in mid-1999 to be taught by foreign microfinance experts. The aim is to produce a cadre of high level Jordanian experts accredited to teach on the AMIR microfinance training programs. The course is being offered free of charge to selected candidates. However, trainers who pass the train the trainers course and are accredited to teach, will commit to teaching at least one course each year; starting in August, 1999. Teaching will be reimbursed at IBS hourly rates.

Accredited trainers will train, on a part-time basis, classes of up to 30 practitioners and experts in microfinance. Trainers will teach these classes in a workshop style, following course materials and teachers= notes prepared in advance by AMIR. They will, however, be expected to maintain a continuing interest in developments in the microfinance field and to up-date their knowledge constantly to maintain the quality of their training skills.

<u>Qualifications:</u>

University graduate; preferably in Economics or Business Administration, from a recognised institution,

At least five years experience either in training or with a bank, business or financial advisory company or microfinance institution

Strong understanding of financial analysis

Clear communicators, both verbally and in the written word

Willingness and ability to acquire workshop-style teaching methods

Willing and able to commit to an intensive schedule for the train the trainers program.

Willing to remain current with best practices in microfinance as these practices evolve. Strong interest in the microfinance field. In this regard, certain trainers, as well as some course attendees, will be selected periodically to attend the Economics Institute's course in microfinance at Boulder, Colorado.

Bilingual in English and Arabic

Experience in training is desirable but not essential. More important is a desire and an ability to teach and a strong commitment to obtaining a level of excellence in the microfinance field.