

Microenterprise Best Practices (MBP) Grant Portfolio Review

Part Two: MBP Grant Briefings



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MICROENTERPRISE BEST PRACTICES

Development Alternatives, Inc., 7250 Woodmont Avenue, Suite 200, Bethesda, MD 20814 USA



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by

Steve Mintz, International Development Professionals, Inc.

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Steve Mintz is President of International Development Professionals, Inc., a consulting firm that specializes in applying Internet technologies to development programs and formulating donor assistance strategies. Recently, he assisted USAID's Microenterprise Development Office to assess the effectiveness of the Microenterprise Innovations Project (MIP). Prior to founding International Development Professionals, Inc., Mr. Mintz served as Deputy Director of USAID Missions in India and Thailand. This work included implementing new approaches to strengthen the local private sector and promote enterprise growth. Mr. Mintz received his Bachelor of Science degree in Electrical Engineering from Polytechnic Institute of Brooklyn and holds an M.A. in Public Policy and Administration from the University of Wisconsin and an M.S. in Management Science from Stanford University.

PREFACE

This report, the second of two, provides briefings on the 67 grants MBP made between March 1997 and March 2000 for capacity building, exchange visits, and innovation. The briefings are in a standard format, identifying the problem addressed by the grant, proposed outcome, intervention, and results. To the extent possible, each briefing notes if the grant achieved its specific objectives and contributed to meeting MBP contract performance standards. Each briefing is normally two pages in length. A master list of all 67 grants precedes the briefings.

The companion report, “Microenterprise Best Practices (MBP) Grant Portfolio Review—Part One: Background, Implementation, and Performance of MBP Grant Facility,” is an important prerequisite for those readers interested in the MBP grant-making process, the overall performance of the grant portfolio, and lessons learned.

TABLE OF CONTENTS

MBP GRANTS MASTER LIST	1
MBP GRANT BRIEFINGS	7
MBP CAPACITY-BUILDING GRANTS	
Americas Association of Cooperative Mutual Insurance Societies	7
Save the Children	9
Catholic Relief Services.....	11
Calmeadow.....	13
Instituto de Promocion de la Economia Social	15
Action for Enterprise	17
World Vision, Inc	19
Credit and Development Forum.....	21
Consortio de Promocion de la Mujer y la Comunidad.....	23
CARE International	25
Swisscontact Uganda.....	27
Swisscontact Tanzania.....	29
Ghana Microfinance Institutions Network	31
Themban International Guarantee Fund	33
K-REP Holdings, Ltd.	35
Asia Network for Small-Scale Bioresources	37
Instituto Boliviano de Estudios Empresariales.....	39
Catholic Relief Services.....	41
Collaborative Learning Program (CLP) for Microenterprise Networks in Africa	43
MicroFinance Network.....	48
MBP EXCHANGE VISIT GRANTS	
World Vision Relief and Development Inc.	49
TSPI Development Corporation.....	50
Volunteers in Technical Assistance.....	51
Catholic Relief Services (CRS).....	53
FONDESPOIR	55
Centro de Promocion y Empleo para el Sector Informal Urbano (CEPESIU).....	56
Feed the Children (FTC).....	57
Pwogram Fomasyon Pou Organizasyon Dyakona (PWOFOOD)	59
Get Ahead Financial Services (GAFS).....	60
Opportunity International Russia	61
ACDI/VOCA.....	62
Association of Cambodian Local Economic Development Agencies.....	65
The Black Entrepreneurship and Enterprise support (BEES) TRUST.....	67
Opportunity Industrialization Centers International (OIC)	69
Lift Above Poverty Organization (LAPO)	71

Community Development Foundation (CDF)	72
General Union of Voluntary Societies in Jordan (GUVS)	74
American Near East Refugee Aid (ANERA).....	75
Consortium ALAFIA.....	77
World Council of Credit Unions, Inc. (WOCCU).....	78
Kenya Post Office Savings Bank (Postbank).....	80
CARE-WEDCO	82
PRISMA.....	84
Aid to Artisans Ghana (ATAG)	85
 MBP INNOVATIONS GRANTS	
PEOPLink	86
PrivateSector Initiatives Foundation (PSIF), (now MicroRate).....	89
Fundusz Mikro	91
Reseau des Caisses d'Epargne et de Credit des Femmes de Dakar (RESEAU) ...	92
Groupe de Recherche et d'Echange Technologiques (GRET).....	94
TechnoServe, Inc (TNS).....	96
EMPRENDAMOS	99
Private Sector Initiatives Corporation (PSIC), now MicroRate.....	101
MBP Guide to New Product Development Field Test	103
Credit Line Product Innovation and Implementation in Mibanco (Peru).....	106
Performance Measurement Framework Field Research.....	107

MBP GRANTS MASTER LIST

MBP Capacity-Building Grants

Grantee	No.	Amount	Country	Description
Americas Association of Cooperative Mutual Insurance Societies	MBP-003	\$50,000	USA	Hold two workshops in Latin America to disseminate information on insurance services
Save the Children	MBP-005	\$50,000	USA	Refines a training curriculum on business development for women entrepreneurs
Catholic Relief Services	MBP-006	\$50,000	USA	Develop an internal account management tool kit to increase internal account management capacity in village banks
Calmeadow	MBP-007	\$50,000	Canada	Establish a microfinance policy training institute in Santa Cruz, Bolivia, for microfinance organizations worldwide
Instituto de Promocion de la Economia Social	MBP-013	\$30,000	Peru	Build capacity of microenterprises, public agencies and NGOs involved in recycling in metropolitan Lima, Peru
Action for Enterprise	MBP-021	\$76,606	Botswana	Build capacity of SEPROT, a microenterprise network in Botswana, to design and implement subsector-based business development services
World Vision, Inc	MBP-023	\$88,585	Ethiopia	Build institutional and technical capacity of microfinance network in Ethiopia
Credit and Development Forum	MBP-025	\$73,700	Bangladesh	Conduct training and capacity-building activities in enhanced competency of microfinance NGOs.
Consortio de Promocion de la Mujer y la Comunidad	MBP-028	\$70,000	Peru	Develop and implement a training program for its franchised community bank program
CARE Intl	MBP-033	\$80,000	Mozambique	Provide training and information exchange services to MFIs in national microenterprise network
Swisscontact Uganda	MBP-034	\$80,000	Uganda	Build capacity of five institutions to conduct enterprise-based technical training (EBT) for small-scale carpenters
Swisscontact Tanzania	MBP-035	\$26,000	Tanzania	Develop and sell a franchise business training package to eight MFIs doing group lending
Ghana Microfinance Institutions Network	MBP-037	\$40,000	Ghana	Establish a permanent network secretariat for this active network with 38 institutional members
Them bani International Guarantee Fund	MBP-038	\$65,000	South Africa	Launch "Leveraging Impact with Financial Tools (LIFT)" program to develop the capacity of 50 MFIs to plan for, secure, and utilize commercial credit

Grantee	No.	Amount	Country	Description
K-REP	MBP-039	\$87,163	Kenya	Document and develop training materials on successful debt management systems and strategies based on the experience of five leading MFIs.
Asia Network for Small-Scale Bioresources	MBP-041	\$69,150	Nepal	Improve the capacity of NGOs in Nepal to deliver business development services to microentrepreneurs in the natural products sector
Instituto Boliviano de Estudios Empresariales	MBP-042	\$50,000	Bolivia	Establish an international microfinance training program for MFIs in Latin America
Catholic Relief Services	MBP-046	\$39,500	USA	Edit internal account toolkit for village banks and translate it into Spanish and French (follow-on grant to MBP-006)
Ghana Microfinance Institutions Network	MBP-053	\$25,000	Ghana	Participate in Collaborative Learning Program for Microenterprise Networks in Africa
Association of Microenterprise Finance Institutions in Uganda	MBP-054	\$25,000	Uganda	Participate in Collaborative Learning Program for Microenterprise Networks in Africa
Joint Consultative Committee	MBP-055	\$25,000	Namibia	Participate in Collaborative Learning Program for Microenterprise Networks in Africa
Consortium ALAFIA	MBP-056	\$25,000	Benin	Participate in Collaborative Learning Program for Microenterprise Networks in Africa
Zimbabwe Association of Microfinance Institutions	MBP-057	\$25,000	Zimbabwe	Participate in Collaborative Learning Program for Microenterprise Networks in Africa
The MicroFinance Network	MBP-068	\$39,500	USA	Conduct action research with a working group of network members to develop and disseminate standards for measuring and monitoring customer satisfaction
Community Development and Microfinance Roundtable	MBP-069	\$25,000	Nigeria	Participate in Collaborative Learning Program for Microenterprise Networks in Africa

MBP Exchange Visit Grants

Grantee	No.	Amount	Country	Description
World Vision Relief and Development	MBP-001	\$10,000	USA	Sponsor visit of affiliates in Ethiopia, Tanzania and Uganda to K-REP to learn about K-REP's lending model
TSPI Development Corporation	MBP-002	\$10,000	Philippines	Visit ADEMI in the Dominican Republic to examine their individual lending program
Volunteers in Technical Assistance	MBP-009	\$11,930	Guinea	Visit ACEP in Senegal and CCEI in Cameroon to examine program expansion and institutional transformation issues
Catholic Relief Services, Egypt	MBP-010	\$6,960	USA	Visit Freedom from Hunger in Ghana to learn about the "Credit with Education" methodology
FONDESPOIR	MBP-011	\$5,000	Haiti	Visit MEDA's Prisma project in Bolivia to see how Prisma has achieved financial self-sufficiency
Centro de Promocion y Empleo para el Sector Informal Urbano	MBP-012	\$6,000	Ecuador	Visit organizations assisting recycling microenterprises in Bolivia and Costa Rica to examine recycling and credit methodologies
Larry Jones International Ministries Inc. d/b/a Feed The Children	MBP-014	\$10,895	USA	Sponsor visit of affiliates in Ethiopia, Kenya, and Uganda to RUTEC and Get Ahead Foundation in South Africa to examine MSE credit and training programs
Pwogram Fomasyon Pou Organizasyon Dyakona	MBP-015	\$9,355	Haiti	Visit four MFIs in Honduras experiences in promoting savings and training community bank managers
Get Ahead Financial Services	MBP-016	\$5,440	South Africa	Visit BancoSol and PRODEM in Bolivia to examine their lending methodologies and BancoSol's experience in transforming into a commercial bank
Opportunity International - Russia	MBP-017	\$8,400	Russia	Visit BancoSol in Bolivia to examine BancoSol's credit program and its experience in marketing in financial services
ACDI/VOCA	MBP-018	\$6,505	Egypt	Sponsor visit of Alexandria Association of Home Economies to General Union of Voluntary Societies (GUVS) in Jordan to examine regional models of local management in microfinance programs
Association of Cambodian Local Economic Development Agencies	MBP-019	\$4,252	Cambodia	Visit BancoSol and PRODEM in Bolivia to examine their lending methodologies and BancoSol's experience in transforming into a commercial bank
BEES TRUST	MBP-020	\$9,700	South Africa	Sponsor jointly with the Centre for Social and Development Studies a visit to/from Kenya to explore inter-firm linkages and technology transfer and develop a program for action.

Grantee	No.	Amount	Country	Description
OIC International	MBP-031	\$14,910	Tanzania	Sponsor jointly with PRIDE Tanzania a visit to AMEDP in South Africa and ZAMFI in Zimbabwe to examine experience of forming a microenterprise network
Lift Above Poverty	MBP-032	\$7,718	Nigeria	Visit Grameen Bank in Bangladesh to examine Grameen's loan tracking and monitoring system, their program evaluation procedures, and their banking operations
Community Development Foundation	MBP-036	\$10,000	Nigeria	Organize an exchange visit to Benin, Togo, and Ghana to examine and share experiences with associations of travelling bankers
General Union of Voluntary Societies in Jordan	MBP-040	\$6,340	Jordan	Visit CRS/Egypt to examine CRS' Village Banking Umbrella Model and their on-lending approach, which involves a second-tier institution
ANERA	MBP-044	\$10,000	West Bank/ Gaza Strip	Facilitate visit by Gaza Women's Loan Fund (GWLF) to the Alexandria Business Association (ABA) to examine ABA's lending methodology and receive technical assistance
Consortium ALAFIA	MBP-045	\$10,000	Benin	Visit the Alliance of Microenterprise Development Practitioners (AMEDP) in South Africa to examine and share experiences in network development
World Council of Credit Unions	MBP-047	\$26,049	Philippines	Facilitate visit by five Filipino credit unions to Calpia and CRECER in El Salvador and FENACOAC in Guatemala to examine model credit union development
Kenya Post Office Savings Bank	MBP-051	\$9,991	Kenya	Visit Rural Finance Facility and Nubank in South Africa and the Commercial Bank of Zimbabwe to examine and share experiences in institutional transformation
CARE-WEDCO	MBP-052	\$16,710	Kenya	Visit BancoSol and PRODEM in Bolivia to examine and share experiences in institutional transformation, expansion and new product development
PRISMA	MBP-064	\$3,500	Peru	Visit Calpia in El Salvador to share & exchange experiences in developing new financial products for rural clients
Aid to Artisans Ghana	MBP-065	\$7,000	Ghana	Visit Southern Highland Craft Guild in North Carolina to examine and share experiences in craft retail operations.

MBP Innovations Grants

Grantee	No.	Amount	Country	Description
PEOPLink	MBP-004	\$50,000	USA	Test the viability of establishing a network of NGOs promoting the wholesale marketing of crafts via the Internet
PrivateSector Initiatives Foundation (now MicroRate)	MBP-008	\$50,000	USA	Field test a rating system with 15-20 MFIs in Latin America
Fundusz Mikro	MBP-022	\$61,500	Poland	Develop and test a loan portfolio risk assessment tool
Reseau des Caisses d'Epargne et de Credit des Femmes de Dakar	MBP-024	\$78,600	Senegal	Pilot a health insurance scheme for women microentrepreneurs and their families
Groupe de Recherche et d'Echange Technologiques-Antaeon Moulethan Tchonebat	MBP-026	\$68,027	Cambodia	Pilot health insurance products in 20 Cambodian villages
TechnoServe	MBP-029	\$75,211	Ghana	Establish a working model of an environmental enterprise involved in processing and marketing of shea nut butter
EMPRENDAMOS	MBP-030	\$37,500	Colombia	Develop and apply a risk assessment tool to organizations participating in loan guarantee program.
Private Sector Initiatives Corporation (now MicroRate)	MBP-043	\$35,000	USA	Develop a web site for their rating agency project and publish a monograph using the comparative financial data from the participating MFIs
BancoSol	MBP-048	\$29,000	Bolivia	Field test MBP's Guide to New Product Development with a housing product
ACCION	MBP-050	\$75,000	USA	Implement a line of credit product with Mibanco in Peru
Industrial Enterprise Development Institute	MBP-058	\$10,000	Nepal	Participate in BDS Performance Measurement Framework (PMF) field test
SEEDS (Guarantee) Ltd	MBP-059	\$10,000	Sri Lanka	Participate in BDS Performance Measurement Framework (PMF) field test
Canadian Centre for International Studies and Cooperation	MBP-060	\$10,000	Nepal	Participate in BDS Performance Measurement Framework (PMF) field test
Conservation International	MBP-061	\$10,000	USA	Participate in BDS Performance Measurement Framework (PMF) field test
Swisscontact Philippines	MBP-062	\$10,000	Philippines	Participate in BDS Performance Measurement Framework (PMF) field test
FAIDA	MBP-063	\$10,000	Tanzania	Participate in BDS Performance Measurement Framework (PMF) field test

Grantee	No.	Amount	Country	Description
Kenya Post Office Savings Bank	MBP-067	\$30,000	Kenya	Participate in MBP's Guide to New Product Development field test
Pro Mujer	MBP-072	\$50,000	Peru and Nicaragua	Participate in MBP's Guide to New Product Development field test

MBP GRANT BRIEFINGS

Grantee: Americas Association of Cooperative Mutual Insurance Societies (AAC/MIS)
Country: Worldwide
Title: Capacity-Building for Insuring Microenterprises, MBP-003
MBP Funding: \$50,000
Grant Period: July 1997-June 1998

Problem Addressed: Lack of technical capacity and information on the provision of insurance by microfinance institutions (MFIs).

Proposed Outcome: Information and resources (such as technical assistance and links to insurance companies) for MFIs interested in adding insurance to their product mix.

Intervention: AAC/MIS analyzed the financial impact of insurance protection to lenders and microentrepreneurs in Colombia, Bolivia, and Guatemala, as well as reviewed alternative systems of providing financial protection, self-insurance, member benefit programs, etc. From the analysis, AAC/MIS drafted two monographs on insurance. One described their experience in Colombia, Bolivia, and Guatemala. The other outlined risk factors, mitigation measures, types of insurance, affordability, cost of distribution and impact on lending operations. Upon completion of the monographs, AAC/MIS conducted two, two-day workshops in Guatemala City, Guatemala and Quito, Ecuador on insurance, with participants from MFIs and insurance company providers. At the Quito workshop, MBP's Managing Director presented a session on the challenges and opportunities of serving microenterprise clients. Also, AAC/MIS presented a session on micro-insurance at the 1998 SEEP Annual General Meeting. After completing the two monographs and conducting the two workshops, AAC/MIS prepared a third publication on the basic concepts behind insurance provision.

Results: The grant yielded three publications (in both English and Spanish): "Insuring Microenterprises," which provided information on micro-insurance based on a pilot program in Colombia with Seguros La Equidad; "Impact of Group-Based Insurance Programs in Colombia, Bolivia and Guatemala," which provided information on an evaluation of group-based insurance in those countries; and "Insuring Microenterprise Loans: A Primer for Micro-Finance Institutions," which introduced MFIs to member benefit programs that provide loan protection for clients in event of their death or disability. AAC/MIS distributed the publications to over 200 MFIs in Latin America. All three publications are available at USAID's Development Experience Clearinghouse web site at www.dec.org.

Technical assistance to MFIs was not provided though the grant, as proposed. Also, the workshops did not result in any deals, or linkages, between MFIs and insurance companies.

The outputs of this grant, the workshops and publications, were as much about educating MFIs on insurance products as they were about educating insurers about the potential of the

low-income market. This has much to do with the fact that AAC/MIS is an association whose members are insurance companies. The majority of research currently being conducted in the area of micro insurance, however, tends to be more focused on MFIs than on insurers, although both audiences are important.

When the grant was made, education on the topic was paramount. In some respects, the workshops, and proposed follow-up technical assistance missions, were ahead of the curve. What MFIs needed at the time was nuts and bolts information, which the workshops and publications provided. In fact, these publications were among the first to be published on the topic and contributed to the movement of MFIs toward understanding general concepts and principles relating to the provision of insurance.

Notes: In many respects, the grant to AAC/MIS was a “leading indicator” for MBP that insurance was a growing area of interest for the industry. One year after making the AAC/MIS grant, MBP made two other insurance-related grants (MBP-024 and MBP-026), and based on the interest percolating up from the field, MBP devoted significant resources to explore this topic more formally. As a result, MBP published two research papers (*Providing Insurance to Low Income Households Parts I and II*) in conjunction with Calmeadow and a third “Cautionary Note” on the challenges of insurance provision is soon-to-be-released. It is anticipated that in the next five years, the microfinance industry is likely to see an increase in partnerships with insurance companies and new insurance products geared toward microentrepreneurs.

The grant is now completed, grant agreement objectives were realized and the grant contributed to the MBP contract performance objectives, in the sense that the grant contributed to knowledge in the field of insurance and microfinance. However, it is not felt that the AACMIS grant lead to capacity building, because the grant did not result in concrete assistance, support or linkages with MFIs who might otherwise be interested in adding new financial products to microlending programs.

Grantee: Save the Children (SCF)
Country: Global
Title: Managing the Double Bottom Line: Business Planning Guide for Social Enterprises, MBP-005
MBP Funding: \$50,000
Grant Period: April 1997-September 1999

Problem Addressed: The grantee believed it had a successful microenterprise development model but needed to refine and package the concepts and tools for dissemination to the larger microenterprise industry.

Proposed Outcome: Refined, packaged, marketed and disseminated Women's Microenterprise Networks (WMEN) training curriculum package to microenterprise organizations worldwide.

Intervention: SCF had developed the basic training curriculum for BDS subsector analysis for female entrepreneurs. The MBP grant was to package this approach for external use. Elements included a field practitioners manual, training of trainers (TOT) curriculum, and case studies from several countries and institutions. To market the approach, the Grantee held a two-week TOT workshop to build a strong cadre of trainers among southern NGO community with participants comprising microenterprise organizations with solid experience promoting economic opportunities for women.

However, as the manual was being developed, new SCF leadership began to question the validity of the original approach, which was based on a SCF methodology, women's micro-enterprise networks. This envisioned enabling poor women micro-entrepreneurs to increase economic opportunities and income through services that would alleviate or minimize constraints they face in their businesses. Based on experience largely in Haiti, the WMEN approach transformed itself into a new methodology called social enterprises for women which builds on WMEN but adds greater emphasis on business principles and adds tools and methods to provide a greater business perspective, hence the Planning Guide's title with the "Double Bottom Line" -- both business and social objectives.

Results: All products have now been produced and disseminated. Approximately 500 copies of the guide were published and distributed, internal to SCF and into MFI practitioner community. The guide is available at USAID's Microenterprise Innovations Project web site at www.mip.org, as well as USAID's Development Experience Clearinghouse web site at www.dec.org. On its own, SCF is preparing a second edition.

The final outcome is a manual that equips BDS practitioners with business planning tool for market-led social enterprises. Information, case studies, examples, and planning methodologies are provided. Purposes are to share philosophy and approach to BDS programs; equip practitioners with program planning and management, market research, and business planning tools that can be applied to any type of BDS intervention; and furnish a

guide that can also be used as part of a training curriculum by practitioners providing business education or technical support services.

The Guide embellishes on the lessons learned from the revised approach to BDS services:

1. The need for a focused strategic direction and clear objectives. The heart and soul of BDS is its “double bottom line.”
2. Conduct a thorough market analysis at two levels, the market environment and enterprise. Subsector analysis, though an important tool, is not a sufficient measure of the market potential for a specific industry to justify launching a BDS program.
3. Create a dynamic model, a successful social enterprise that has the ability to maneuver in the marketplace by identifying and entering new markets. BDS models can't be based on fixed program designs and left to stagnate; they must be dynamic and flexible.
4. Install good management and human resources, from selecting a business-oriented partner to hiring the right people and offering the correct incentives.
5. Select product and service mix carefully. Be aware of characteristics that might present complexities that could threaten the enterprise's viability, say seasonality.
6. Financials—plan for capital requirements and manage cash flow correctly.

Notes: The grant was extended twice, taking 2.5 times the original one-year plan. Writing the manual and developing the training curricula took longer than expected, largely because of a realization that the original approach for BDS analysis was not cost effective nor efficient. The very act of preparing the Business Planning Guide forced SCF to critically assess its approach to BDS and make needed changes, in large part based on experience with programs in the Philippines and Haiti. The extra time was required to perfect the new methodology under field conditions.

A second edition will have more materials on accounting, impact measurement, MIS, customer service, fund raising, financing and mixed investments. The second edition should be published by October and will be distributed by SCF.

The grant is now completed, grant agreement objectives were realized, the grant contributed to the MBP contract performance objectives, and it led to capacity building in the sense of contributing to worldwide capability in BDS planning.

Grantee: Catholic Relief Services (CRS)
Country: Worldwide
Title: Internal Account Management Tool Kit for Village Bank Practitioners, MBP-006
MBP Funding: \$50,000
Grant Period: April 1997-May 1999

Problem Addressed: Lack of technical capacity in and tools for managing internal accounts in village banks.

Proposed Outcome: Practical tools for managing internal accounts, using best practices of leading village banking practitioners.

Intervention: CRS, in conjunction with the Small Enterprise Education and Promotion (SEEP) Network’s Poverty Lending Working Group, designed a toolkit to provide guidance to village banking practitioners on using, managing and maximizing the use of the internal account, a client managed funds account used extensively in village bank lending. Members of the Working Group were Freedom From Hunger, FINCA International, Katalysis Partnership, Project HOPE, Women’s Opportunity Fund, and World Relief.

The toolkit was intended to be a “best practices” guide for organizations using the village bank lending methodology and utilizing internal accounts to extend credit and savings outreach beyond that of the loan between the agency and the individual village banks.

Work on the toolkit was a participatory, but lengthy process, with members of the Working Group providing their organizations’ internal account tools (e.g., forms, contracts, policies and procedures, bylaws etc.), as well as input on the various sections. Standardization of the tools was one of the most difficult parts, as the tools from the various organizations differed significantly and issues arose related to the proprietary nature of the tools provided. For the final product, however, all the tools were standardized into “best practice” tools for the toolkit.

To test the toolkit’s usefulness, CRS held two workshops, hosted by members of the Working Group. The first workshop was held in Uganda (hosted by FINCA International) in August 1998. In preparing for the first workshop, MBP worked with CRS to prepare a training guide. The toolkit, including the training guide, was then refined, translated into Spanish, and piloted in Honduras (hosted by Katalysis Partnership) in January 1999. The two workshops provided critical practitioner feedback to CRS. The workshops validated the usefulness and applicability of the toolkit, reinforced the need for the training guide to be an integral part of the toolkit, and demonstrated the demand for foreign language versions of the toolkit.

Results: This grant did not achieve its end result, a final product. However, the grant did yield a field-tested, draft toolkit in English and Spanish. MBP made a follow-on grant to

CRS in June 1999 to complete the English and Spanish version of the toolkit and translate it into French.

Notes: See MBP-046 (\$39,500) for follow-on grant.

The grant is now completed. While CRS didn't produce a final toolkit, the grant did yield a draft toolkit in English and Spanish. Thus for purposes of this analysis, it is felt that grant agreement objectives were essentially met. The grant also contributed to the MBP contract performance objectives, and the grant led to capacity building in the sense of contributing to worldwide capability in village banking accounting.

Grantee: Calmeadow
Country: Worldwide
Title: Creation of a Microenterprise Policy Training Institute, MBP-007
MBP Funding: \$50,000
Grant Period: April 1997-July 1998

Problem Addressed: The need for informed, authoritative, clearly enunciated policy and policy implementation as a critical success factor towards expanding the reach of microfinance.

Proposed Outcome: Establish a microenterprise training institute in Bolivia to increase capacity among key policy makers and decision makers in microfinance institutions worldwide to formulate effective microfinance-related policies, define more competent strategies for deploying resources, and advance the field towards outreach and self-sufficiency. The objective of the institute are to: (a) increase the number of policy makers who have solid knowledge of microfinance and can define policies that are in line with best practices; (b) provide training for decision makers in government, international donor organizations, commercial banks and practitioner institutions; (c) engage policy makers in formulating the vision for microfinance; and (d) become self sustaining with global reach.

Interventions: The Institute made significant progress during the first six months of the grant period, particularly in the areas of institutional design and start-up, market research and marketing, conceptual framework definition, and institutional development. By October, 1997, the Microenterprise Policy Institute had been officially launched with a six member international board of directors; created an operational infrastructure in Bolivia; selected a group of nine highly respected microfinance professionals to be invited to join the Institute's International Fellows Council (eight of nine accepted), and agreed upon a broad research and policy agenda for 1998.

During the second six month period, the Microenterprise Policy Institute's challenge was to develop and test training curricula and materials for the policy training workshops. It was envisioned that these workshops would provide the mechanism through which the Institute could meet the objectives stated above. To accomplish this challenge, the Institute needed to identify key policy and decision makers who would benefit from the program; motivate them to attend a training event; recruit the human resources necessary to develop the materials and conduct the training; and obtain sufficient financing for both the training and the Institute's core costs. However, for reasons noted below, the Institute was not able to meet this challenge.

Because the original methodology proved to be flawed, the Institute sought other ways to make a policy impact during the grant period, some of which have shown success, and plans to develop these further in the future. These other methods were research and publications; study tours; linkages with large institutions that work in the field of microfinance; opening doors at commercial banks; and setting strategic operational policy. The Institute sponsored preparation of two publications in 1998, developed the infrastructure to organize and

implement study tours for high-level delegations of policy makers to Bolivia and neighboring countries, established relations with international donors and other organizations such as the World Bank, UNIDO, UNDP, UNESCO and the Economic Institute; developed a program to train and provide technical assistance to commercial banks; and advised several institutions on setting strategic operational policies.

Results: The Microenterprise Policy Institute was established. The MBP grant permitted experimentation with a variety of mechanisms and strategies for making an impact in policy training. Although the Institute didn't meet all of the objectives initially set in the MBP grant agreement, it has made progress and has accumulated significant knowledge of what works and doesn't in the microenterprise policy arena.

Notes: The grantee has analyzed why it was not able to achieve its original objectives. Three main reasons have been articulated. First, early market and feasibility studies for the Institute confused the identified need for policy training with a real demand for policy training. Perceived need for the Institute's services did not translate into real demand. The individuals the Institute wanted to train were either not interested in being converted to the importance of policies, and/or the Institute didn't have the carrots or sticks to create demand that didn't exist. Second, the Institute's target market was diverse, fluid and did not yield itself to general recruitment aimed at creating demand in the grant period. It took time to identify the right individuals for training in each targeted institution. Third, the Institute was not able to garner sufficient core funding. Although it did receive some project specific support, it did not receive additional funding for the training program nor did it obtain the core funding needed to sustain itself in subsequent years.

The grant was one of the first grants awarded, in April 1997 for a one year period. The grant was extended for another three months. The grant is now completed. Grant agreement objectives were not met, as noted above. Therefore, the grant did not contribute to the MBP contract performance objectives, nor has it led to the desired capacity building in microenterprise policy training for a global audience.

Grantee: Instituto de Promocion de la Economia Social (IPES)
Country: Peru
Title: Information center promoting appropriate technologies for micro and small enterprises, MBP-013
MBP Funding: \$30,000
Grant Period: May 1997-September 1998

Problem Addressed: The grant was awarded to address the working conditions and technology used in the existing small-scale recycling operations in Lima. The grant addresses the: (a) Lack of systematic information on technologies, markets, and international experience; (b) scarcity of technical assistance for micro-recycling enterprises related to technical, health and legal problems; and (c) isolation of recycling microenterprises and need for greater coordination with relevant public and private agencies.

Proposed Outcome: Critical support to the recycling sector in metropolitan Lima, Peru. Aims to benefit range of institutions, from microenterprises to public agencies involved in municipal services and health to NGOs

Intervention: The grant had three main interventions:

1. Built a computerized information system offering current data on institutions, markets, sources of machinery and equipment, and other information relevant to waste collection and recycling with users able to access information via phone, mail, email and in-person. The data bank is also used to publish and distribute bulletin on recycling. In fact, the bulk of the grant developed a recycling database; including bibliography, directory of recycling businesses, sources technical expertise, and market information. Information is inputted regularly but no staff are dedicated to systematic inputting. There are a wide variety of users, including recycling business owners, formal enterprises, community groups, students and NGOs. It is hoped that the database will lead to better market links.
2. Technical assistance to microenterprises in the design, production and maintenance of recycling equipment, preventative health for waste management workers, and environmental law. Technical assistance was provided in three areas: consultancies, training courses and technical documentation. A series of training workshops on technical aspects of recycling were offered related to materials and waste reduction.. IPES offered consultant services to small businesses with its own staff or by contracting specialists. An emerging business area for IPES is environmental impact studies that municipalities now require of small businesses; IPES having developed a model for conducting these studies and training in this area. IPES is also collaborating with institutions to provide training in environmental management and workshop safety to clients. Several technical guides (e.g. for recycling plastic wastes) and newsletter were published.
3. Mobilize, train and support city-wide trade association of entrepreneurs in recycling sector to improve market relations and coordination among various public/private entities involved in recycling. The idea was to strengthen links and coordination between the

various sources of supply and demand in recycling chain including sources of recycled materials, municipal governments responsible for garbage collection and micro and small enterprises engaged in collection, processing, and transformation of recycled materials. This third element hasn't taken off; the idea was premature.

Results: Per the above, a recycling database was established, updated and utilized. Technical bulletins and newsletters on recycling derivative of the database were published and disseminated. IPES produced posters on waste production and published industrial hygiene and safety bulletins. A variety of consulting services were offered on recycling. Products and tools coming out of the grant were methodologies to intervene and provide solutions to reduce solid wastes. IPES is now part of a technical committee on environmental management and brings its expertise in managing domestic, commercial and industrial wastes. There is also an organization for Lima neighborhoods' metal recycling. Other sectors work on the individual enterprise level only.

The first two components, information systems and consulting services, were quite successful and continue to this day. Other USAID and donor assistance has allowed IPES to continue to address solid waste management in other ways. IPES has launched a web site which disseminates information related to this grant. Problems arose on the third component, however. Peru's recycling industry is relatively new, volatile and disorganized. Public awareness and pressure are close to non-existent and municipalities are not supporting recycling. Therefore, IPES approached the third component by training as entry into communities, holding meetings to promote trade associations by material recycled, and planning a process to link buyers and sellers of recycled materials.

Notes: The grant was one of the first grants awarded, in May 1997 for a one year period. The grant was extended once for a total of 17 months. The grant is now completed, grant agreement objectives were largely realized, the grant contributed to the MBP contract performance objectives, and it led to capacity building in Lima.

Grantee: Action for Enterprise
Country: Botswana
Title: BDS Capacity Building of SEPROT: A Network of Enterprise Development Organizations in Botswana, MBP-021
MBP Funding: \$76,606
Grant Period: April 1998-March 2000

Problem Addressed: Lack of innovative methodologies for providing business development services (BDS) to micro and small enterprises in Botswana.

Proposed Outcome: Increased capacity of the Small Enterprise Promotion Trust (SEPROT)'s member organizations, as well as selected other private sector organizations to design and implement subsector based BDS programs

Intervention: The grant was designed to build capacity of master trainers and consultants to the design and implement sub-sector BDS programs. The trainers and consultants were formed into a core group capable of assisting their own organizations and others in design and implementation of cost-effective programs using state-of-the-art methods. Action for Enterprise developed application processes and selection criteria for this core group. Participants entered into memorandum of understanding to outline roles and responsibilities, including a monitoring program. Among the modifications that resulted from experience were decisions to limit the core group of master trainers and consultants to 12 (not 15) in order to limit focus group participation to six.

Workshops with master trainers and consultants were conducted to identify key criteria for subsector selection; ranking promising subsectors and developing working groups, focusing on the top subsectors. The grantee also conducted preliminary subsector research and prepared for a workshop for subsector representatives. Originally three subsectors were planned for but only two were selected: Tourism and construction. The reasons to limit subsectors were based on the desire to focus more fully on two highest ranking subsectors (tourism and construction).

The subsector workshops identified concrete interventions and developed concept papers outlining new initiatives. Then the grant finalized intervention options, developed implementation strategies with workshop participants, and formulated plans to provide continued BDS design/implementation services. Among interventions chosen were:

- **Tourism:** promotion of sustainable linkages between hotels/lodges and MSEs; development of crafts market in capital; promotion of tool/machine rental enterprises in crafts sector; and information dissemination on lending/support funds.
- **Construction:** sustainable newsletter, promotion of building material supply enterprises; and curriculum development for construction trades.

After the concept papers for interventions were completed, the core group members sat for an exam to test their comprehension of subsector tools and methodology.

In year two, the grantee was to track subsector involvement of participants. They developed simple monitoring tools for this purpose. Monitoring was to track company contacts, and new input sources, products and sales.

Results: Action for Enterprise believes that among the most significant results are:

- Developed improved methodology and complete set of training materials for carrying out MSE program design using a subsector approach. Numerous lessons learned on approaches to BDS training.
- The 12 organizations that successfully completed program now carry out sector analysis before planning their BDS initiatives. The participants learned to look at inter-relationships between large and small firms in targeted sectors.

With respect to workshop training participants, all passed their exams and were awarded certificates recording proficiency in the subsector approach to small enterprise program design. Limited follow-up monitoring indicates that several core group members embarked on preliminary implementation.

Notes: Unfortunately, the grantee does not have full information on how much the business services providers trained have applied the subsector analysis approach in their ongoing consultancy work, nor how many of the construction and tourism business activities identified during the workshop sessions have been carried forward.

The grant is now completed, grant agreement objectives were largely realized, the grant contributed to the MBP contract performance objectives, and it led to capacity building in Botswana.

Grantee: World Vision
Country: Ethiopia
Title: MED Institutional and Technical Capacity Building, MBP-023
MBP Funding: \$88,585
Grant Period: April 1998-December 1999

Problem Addressed: Young and inexperienced microfinance institutions (MFIs) in rural and urban Ethiopia need capacity building to enable them to function and operate effectively.

Proposed Outcome: (a) Strengthened/refined MFI strategic management, governance and control; (b) improved quality of MFI services, (c) promoted application of appropriate loan tracking and financial management system; and (d) strengthened nascent MFI network.

Intervention: World Vision took a leadership role in strengthening Ethiopia's MFI industry. The grantee targeted 15 MFIs with a heavy emphasis on training and management information systems and a secondary interest in MFI network strengthening.

A series of six in-country workshops on strategic planning, financial management and management information systems were conducted for which there was a high demand.

The training included (a) MFI board members, senior staff and finance managers on financial sustainability and microenterprise development concepts; (b) MFI financial managers and accountants to improve front-line service delivery with a focus on financial management, ratio analysis and portfolio management; and (c) Accountants and managers in basic financial management and loan tracking. Accountants and credit officers were trained in lending methodologies, targeting and financial sustainability, and training of trainers in MIS application for accountants

A study on establishing an Ethiopian MFI network was carried out. Independently, the Government of Ethiopia sanctioned NGOs to create the Association of Ethiopian Micro-Finance Institutions that was licensed and registered as a single Ethiopian network entity. World Vision and SEEP have supported the governance of this organization. The grant strengthened this MFI network's technical capacity to advance best practices, provide broad nation-wide services to members, and dialogue with Government on policy and regulatory environment.

Results: The microfinance industry in Ethiopia has expanded rapidly in the past several years, and the MBP grant, with its focus on capacity building, came at critical juncture in the development of many young MFIs. In total, Ethiopian MFIs reach more than 600,000 clients. Microenterprise development concepts, financial management instruments, modeling, strategic issues and systems have been advanced in Ethiopia. MFIs can now develop annual and multiyear business plans on their own. These results are felt to be significant by World Vision.

The grantee developed and applied Total Microfinancing Solution software to assist MIS of MFIs (partially supported by this grant). MFIs can now apply different financial ratios to understand their financial position and make appropriate decisions.

The Government of Ethiopia now shows due concern and support to the microfinance sector.

Notes: The MBP Grant was extended four times. What originally was thought to require one year, took more than twice this long. Some of the early delays were due to a changing and more restrictive NGO environment in Ethiopia. In any case, as indicated above, the Government is now more supportive. Also, the MFI network development activities were originally felt to be of secondary importance but gained in priority as AEMFI was established and energized.

The grant is now completed, grant agreement objectives were largely realized, the grant contributed to the MBP contract performance objectives, and it led to capacity building in Ethiopia.

Grantee: Credit and Development Forum (CDF)
Country: Bangladesh
Title: Enhance Competency of Small Microfinance NGOs, MBP-025
MBP Funding: \$73,700
Grant Period: August 1998-May 2000

Problem Addressed: Smaller microfinance institutions (MFIs) in Bangladesh lack capabilities in crucial areas like loan services, savings services, accounts management, monitoring, management and financial information systems, and managing and diversifying risks.

Proposed Outcome: Enhanced technical capacity of 20 members of CDF's lateral, linkage network of MFIs.

Intervention: CDF sets out to improve capacity of these 20 members essentially through: (a) training; and (b) software development and application.

CDF conducted a benchmark study of 30 smaller MFIs in its membership. This study recorded baseline information on participating MFI skills and credit, savings, accounts management, monitoring, management and financial information systems, and risk management.

CDF selected 20 of the 30 as participants in the capacity-building activity. Each participating MFI signed technical agreements with CDF and agreed to pay a percentage of the training costs. Among criteria for selection were credit and savings experience, client coverage, computer access, and outstanding balances. Five were urban MFIs but the rest were rural. CDF then conducted training needs assessments of participating MFIs and information to monitor and evaluate training effectiveness. CDF also collected and documented detailed information on the credit practices and accounting procedures of the 20 MFIs.

Based on training needs assessment, CDF provided best practices training to MFIs in areas like credit and savings management, accounts management, financial management and MIS. Training modules for savings, credit and financial management were developed and training was organized and conducted for twenty participants from partner MFIs.

CDF also developed a best practices users manual on MIS and financial management systems, install MIS/FIS systems, and provide training to 10 MFIs.

CDF developed MIS and FIS software systems, user manuals, and associated training modules. CDF customized these systems for MFI needs and provided the MFIs with technical support. For each participating MFI, CDF installed Micro Banking System software.

Results: Among the results are a series of training modules developed and utilized. Software was developed for microfinance NGOs. As of late 1999, twenty mid-level Bangladeshi MFIs

had installed such software. CDF's product list includes Management Information System, Financial Information System and MicroBanking System. Smaller MFIs are now utilizing information technology to improve performance and productivity.

Notes: The grant was extended twice. What originally was thought to require one year has taken almost two years. Rural MFIs are having a more difficult time operating and maintaining the information technology system, given human resource constraints.

The grant is now completed, grant agreement objectives were largely realized, the grant contributed to the MBP contract performance objectives, and it led to capacity building in Bangladesh.

Grantee: Consorcio de Promocion de la Mujer y la Comunidad (PROMUC)
Country: Peru
Title: "La Chanchita" Community Bank Program Training System, MBP-028
MBP Funding: \$70,000
Grant Period: July 1998-August 1999

Problem Addressed: The demand for microenterprise training is broad, and while there are a variety of training organizations and programs available, the quality and consistency of such training is highly variable. In addition, there is no coordinated and self sustaining system in place to link supply and demand.

Proposed Outcome: Functioning training coordination system for NGOs in a microenterprise bank consortium and franchised community banking program. The system would permit the microenterprise bank consortium to coordinate training requests of NGO members and franchises. The system would give NGO consortium members and franchises access to a centralized computerized data bank of training resources, modules and experts on topics in the bank's training approach for village bank members.

Intervention: The grant: (a) collected existing training materials from each NGO member/franchisee; (b) organized materials by theme and content; (c) drew on the best existing materials to develop training modules in management, production skills, environment, health and self esteem that were designed to be complete, self-contained guides; (d) identified training teams for each theme and train trainers; and (e) standardized the PROMUC training methodology and incorporated this training into their franchise system. The entire Training Coordination System was entitled SISCAP.

The training module components covered: (a) management and technical skills: accounting, costing, business planning, marketing; (b) institutional development: legal constitution, formalization of village banks, financial management of village banks; (c) health and environment: environment and income generation, integrated health and sanitation; and (d) self-esteem: self-esteem and development, recognizing one's capacity, gender, self esteem and income generation.

PROMUC developed SISCAP in a participatory process, working with its consortium and franchises in series of workshops to develop and refine training modules, resources, and information that comprises SISCAP. Participation was important because participants worked years in various sectors and had developed their own training pro-grams.

PROMUC trained individuals from the consortium and franchises to deliver training modules and established a committee to manage SISCAP long-term. NGOs and affiliated franchisees helped develop and support each module through workshops.

Results: The grant permitted PROMUC to address its institutional limitations with respect to training and support systems. The grant permitted elaboration of four basic training modules

covering technical production skills, management, institutional development and health/environment. Each module includes a trainer's guide and other materials that can be applied in different contexts.

The principle benefit of SISCAP is having contributed to developing a training tool for the microenterprise sector. In particular, it allows the NGO members in PROMUC's franchise to use and improve upon their own existing training capacity and design and implement standardized but flexible training for their village banking clients that leads to better results.

Another benefit of SISCAP is that it helps the NGO members in PROMUC's franchise to deal with the problem of high turnover of training staff. With modules, new staff are able to pick up where others have left off. As the future, PROMUC may consider developing instructional videos. PROMUC is believes that the demand for this training will grow, leading to development of new training modules.

Notes: Unfortunately, there is little information in the files to confirm results achieved. PROMUC regrets that there are no statistics at this stage to show the quality of the training planned and executed with the training modules. However, on a qualitative basis, PROMUC can confirm the high satisfaction coming from community banking clients who are better off from having used these training modules.

The grant was extended once for two months. The grant is now completed, grant agreement objectives were largely realized, the grant contributed to the MBP contract performance objectives, and it led to capacity building in Peru.

Grantee: CARE International
Country: Mozambique
Title: Mozambique Microfinance Network and Training (MicroNet-Mozambique), MBP-033
MBP Funding: \$80,000
Grant Period: April 1999-December 2000

Problem Addressed: A lack of capacity throughout Mozambique's microfinance operating environment, and a general lack of understanding of best practice principles among organizations implementing micro-finance programs.

Proposed Outcome: Improved quality of micro-finance in Mozambique by facilitating the emergence and growth of MFIs towards sustainability and greater outreach through application of best practices. This is to be achieved by: (a) Increasing MFI access to information on best practices and appropriate training resources; (b) building on the foundation of the World Bank sponsored Action Research project to strengthen a network of MFIs in Beira, Maputo, and Nampula; (c) building local demand for best practice information and increased access to training and resource materials; and (d) informing the policy dialogue regarding issues of microfinance law, structure, practice.

Intervention: CARE serves as secretariat for a microenterprise network – MicroNet – of some 30 MFIs in Beira, Maputo, and Nampula. The heart of the activity is a series of workshops imparting global best practices and encouraging joint discussion of common issues in Mozambique. The grant builds on the World Bank Action Research program.

Specifically, CARE intends to:

1. Continue newsletter publication and distribution;
2. Identify/support a lead local coordinator for MicroNet in Beira and continue using another lead coordinator in Nampula and Maputo;
3. Assess the effectiveness of first workshops held under aegis of World Bank Action Research project and identify topics for additional workshops;
4. Conduct a survey of existing training packages and program that may be appropriate to use/adapt;
5. Liaise with other training programs to ensure the maximum impact of training investments;
6. Develop additional training workshops based on best practice principles, using local experiences and illustrative examples and serving as steps to higher level courses;
7. Identify additional local trainers and develop "training of trainers" materials;

8. Conduct additional training workshops for two regional networks; and
9. Work with donors and Government to identify a sustainable institutional base for delivery of training and capacity building service to MFIs.

Results to date: For a variety of reasons, progress has been extremely slow. These reasons include the underdeveloped state of the MFI industry in Mozambique; weaknesses of regional network coordinators; low levels of skills following prolonged war; the recent floods; and the start of new donor MFI initiatives (CIDA and UNDP) with which CARE wished to coordinate MicroNet's activities.

In May 2000, CARE submitted a new, revised workplan for the grant. The workplan includes plans for a website; a reassessment of the MFI industry in Mozambique; a workshop to discuss findings; the development of a disaster mitigation strategy; and coordination with other donor activities.

Notes: Little has been achieved up to this point in time. The grant is seriously behind schedule. Therefore, it is too early to know whether the grant will achieve its objectives, contribute to the MBP contract performance objectives, and lead to capacity building in Mozambique.

Grantee: Swisscontact Uganda
Country: Uganda
Title: Build Capacity for Enterprise-Based Training in Technical Training Institutions for Carpentry Sector in Western Uganda, MBP-034
MBP Funding: \$80,000
Grant Period: April 1999-April 2000

Problem Addressed: There are a number of constraints to growth of the carpentry sector in Uganda, among which are a large unsatisfied demand for appropriate technical and business training for carpenters.

Proposed Outcome: Increased capacity of five selected Ugandan institutions to conduct Enterprise-based Training (EBT) for small scale carpenters in which artisans and craftsmen receive technical training not in formal institutions, but in their usual workshop environment.

Intervention: The grant permitted a performance-oriented, step-by-step approach to carrying out the EBT, based largely on successful experiences of Swisscontact with EBT in other countries.

To identify potential institutions, advertisements were placed in newspapers. More than thirty institutions, both government and private, responded. Ten were short-listed and eight participated in rigorous implementation.

Staff from participating training institutions attended a series of seven workshops where they were given assignments to apply or implement points discussed. For each assignment, Swisscontact provided technical assistance and guidance. The workshops were as follows:

- **Understand Small Carpentry Business.** Assignment was to carry out a survey on small carpentry enterprises to determine problems and interest in training. Results were updated data on numbers of small enterprises; better understanding of problems faced by local carpenters and estimates of carpenters interested in training and courses preferred.
- **Establish Training Needs and Conditions.** Assignment was to organize a mini Develop A Curriculum (DACUM) workshop with experienced area carpenters. Results achieved were that training needs and conditions for training were established and 15 DACUM facilitators trained.
- **Developing Curriculum.** Assignment was to design a training plan or curriculum. Results were 6 courses developed and a training manual compiled.
- **Training of Trainers for EBT.** Assignment was for trainers to develop session plans, handouts and other materials. Results were that 20 instructors were trained for EBT.

- **Institutionalizing EBT Training.** Assignment was to set up a correct organizational structure and management systems. Results were that an appropriate structure was set up, and monitoring and reporting systems of EBT training designed were put in place.
- **Designing Promotional Strategy.** Assignment was to collaborate with local associations and administration and prepare fliers. Results were that carpenters, local associations and administrators were informed; fliers circulated; and five promotional workshops held.
- **Identifying & Securing EBT Workshop.** Assignment was to assess and select appropriate workshops, enter in agreements, and make plans. Results were 8 EBT workshops were selected and agreements signed

Results: This approach resulted in improved capacity of five institutions in western Uganda to carry out EBT training for carpenters. These institutions improved service delivery to small carpenters in their local areas and have started to train on their own. Instructors/trainers are now better positioned to offer/deliver better services. Twenty trainers and 15 DACUM facilitators trained in the 5 institutions. Participating institutions have started training of Carpentry Best Practices. Small carpenters now have opportunity to attend training, where otherwise precluded by formal requirements. Training manual is now completed and is being tested in field before final draft made, an outcome of programs in both eastern and western Uganda. The manual was developed to answer training needs that discovered during the survey carried out by institutions and during DACUM workshops. The manual has 14 independent courses; 3/4 of which are technical training and 1/4 business management training. Courses range from design techniques, to costing/pricing, and manufacturing.

Notes: Implementation was facilitated by the experiences of Swisscontact which carried out a similar EBT program in eastern Uganda just months before the program in the west began.

The grant is now completed, grant agreement objectives were largely realized, the grant contributed to the MBP contract performance objectives, and it led to capacity building in Uganda.

Grantee:	Swisscontact Tanzania
Country:	Tanzania and rest of East Africa
Title:	Develop and Franchise a Poster-supported Series of Business Training Sessions for Members of Credit Groups, MBP-035
MBP Funding:	\$26,000
Grant Period:	April 1999-August 2000

Problem Addressed: The need for improved business skills of small and micro-entrepreneurs, who borrow under group lending programs in East Africa and who are often illiterate or semiliterate.

Proposed Outcome: Franchised business training package for microentrepreneurs. Training package to be franchised to MFIs in East Africa (mainly Kenya, Uganda and Tanzania) that offer business training to their clients who are members of credit groups. Goal is to sell eight franchises. Once established, franchises to train about 10,000 microentrepreneurs.

Intervention: A six-part training package, referred to as PIMA (an abbreviation of the Swahili term “picha ni masomo,” which means “pictures educate”), has been developed. The training package includes a manual on training management, a manual on training delivery, a full set of training materials (numbered posters), a five-day training of trainers course, a two-day training of training managers course, and four days of technical assistance. Optional services are available for additional training topics and technical assistance.

PIMA was designed to address training needs of franchised MFIs and their clients. It targets MFIs that use the Grameen Bank model of group lending in East Africa because little effort is required to gather trainees who already meet regularly. PIMA was developed in a participatory fashion, first organizing workshops with potential franchisees. To involve potential franchisees in planning and designing, sessions were held in each of 3 East African countries. Forty-six institutions attended. All participants expressed interest in PIMA and perceived its value in the \$2,000 to \$3,000 range. Their other observations were that PIMA is relevant and innovative, could best stimulate group discussions through less obvious posters, will add value to microfinance institutions, is easy to implement, is inexpensive since entrepreneurs act as instructors, can assist illiterate clients, and should produce durable posters given rural conditions.

Afterwards, a training materials outline and specific content for manuals and topics for posters were specified. Developing the training posters deviated from original plans. A decision was made to use more natural looking pictures, not cartoons since it was felt cartoons wouldn't convey the desired messages. The process of developing pictures was longer than originally anticipated because of the time involved in educating artists and technical difficulties in producing color posters of certain sizes. In any event, three modules with 70 posters completed, more than 200 posters still as drafts. Topics cover marketing, entrepreneurship and financial management.

The training program is now completed. Manuals have been finalized, and are considered concise and user friendly. There is one manual for trainers; another for administrators. The training manual was designed simply to enable small businesspersons to serve as trainers. A logo for the PIMA training package has been developed and registered as a PIMA trademark. Every poster, manual, and brochure bears a logo. The marketing brochure was completed and sent to about 80 institutions.

Preparation of a franchise agreement has been complex. Swisscontact started with contacting franchise consultants in South Africa but finally settled with a Kenyan lawyer who suggested that a development agency would not be an appropriate franchiser to serve as a long-term owner and manager of the franchise and to collect payments. Thus Swisscontact turned implementation over to a Kenyan enterprise development training firm to act as franchisor. Furthermore, Swisscontact decided to prepare a disclosure document for prospective franchisees to increase their confidence level.

Installation of PIMA franchise institutions and backstopping was to begin in August 2000. Time will show whether this program approach actually works.

Results: The PIMA training package has been developed as noted above. Posters, manuals, franchise agreement and associated systems are in place. The question, however, is whether and to what extent Swisscontact finds franchisees as well a questions concerning the effectiveness of the training modules.

Notes: This grant was delayed by approximately five months due to longer times involved in developing the posters and sorting out franchising issues. In any case, the grant is now completed. The grant agreement objectives were largely realized (training packages were developed), but it is too early to know whether the grant will contribute to the MBP contract performance objectives nor whether it will lead to capacity building. These judgements are made because we don't yet know how the actual franchises will work and how effective the poster-based training will be.

Grantee: Ghana Microfinance Institutions Network (GHAMFIN)
Country: Ghana
Title: Establishment of a Permanent Network Secretariat, MBP-037
MBP Funding: \$40,000
Grant Period: April 1999-April 2000

Problem Addressed: The network has grown from 8 to 38 active institutional members, with many more organizations expressing an interest in joining. Founding individuals involved in the network have a primary commitment to their own agencies and can't sustain the level of input necessary to provide quality services as the network's membership grows.

Proposed Outcome: A permanent network secretariat established to provide services to its 38 institutional members

Intervention: The grant has two components. First, GHAMFIN planned to hire a coordinator to carry out and manage functions of the secretariat. This includes: (a) administering network; (b) implementing training; e.g. developing and coordinating delivery of courses, initiating and maintaining relations with external capacity building agencies, coordinating training, utilizing local trainers; (c) linking and sharing information among members -- serving as an information/resource center, responding to members questions, coordinating activities; and (d) acting as a liaison between network and government, donors, and other networks.

Second, to become operationally sustainable in five years, GHAMFIN seeks to establish an endowment fund to support activities and provide resources for the secretariat to implement annual workplans. MFIARN members will pay partial or full fees for member services, e.g. training, that are financed by MFIARN donors, and these fees will be deposited in an endowment fund.

Results to date: Progress through March 2000 includes: First, a series of governance meetings were held that resulted in new name and a final draft of regulations and by-laws; and secondly a training coordinator was recruited to promote training and a series of courses were embarked upon.

The grantee retained legal services to assist its board and membership develop governance documents. The first formal Annual General Meeting will present audited accounts by big eight accounting firm and the new Council Members elected. It is hoped that these transparent processes will encourage membership to respect governance of microfinance institutions. The Annual General Meeting will present findings and recommendations of a technical working group on performance indicators and benchmarking monitoring processes. The working group proposes to adopt CGAP disclosure guidelines for microfinance institutions financial statements. Working group activities were partially funded by the MBP grant.

The training program was piloted with positive results regarding membership participation and willingness to pay fees. MBP subsidized development costs. Courses covered basic bookkeeping, governance and capacity building, and introduction to microfinance. Further training has been identified for: national/international best practices in microfinance; product differentiation, product development and price differentiation in microenterprise environment; loan portfolio analysis, management and delinquency control; cost containment and cost reduction measures; and strategic planning and performance management.

Notes: GHAMFIN was also recipient of a follow-on grant for the Collaborative Learning Program, facilitated by the SEEP Network. Some results described here are also a product of SEEP assistance.

Based on the information in the grant files, the program is still in progress so it is too early to tell whether the grant agreement objectives will be met, whether the grant will contribute to the MBP contract performance standards and most importantly to capacity building in Ghana.

Grantee: Thembani International Guarantee Fund
Country: South Africa
Title: Leveraging Impact with Financial Tools (LIFT), MBP-038
MBP Funding: \$65,000
Grant Period: May 1999-April 2000

Problem Addressed: South African community lending institutions, known as retail financial institutions (RFIs), are unable to obtain sufficient credit from formal commercial banks in order to reach a broader spectrum of economically marginalized borrowers.

Proposed Outcome: Increased capacity of South African RFIs to plan, secure and use commercial credit to reach a broader spectrum of economically marginalized borrowers and to accelerate their own progress towards self-sufficiency.

Interventions: Approximately 50 RFIs will participate in the LIFT program, of which 5 will receive intensive, individualized training in financial engineering (the development and use of financial strategies, resources and tools to achieve organizational objectives such as self-sufficiency). The LIFT program has four goals:

The first is to enhance the capacity of RFIs to ensure and use bank loans on their own and assess the impact of their loans, particularly those facilitated by TIGF guarantees. TIGF will train RFI staff in a variety of financial and operational matters such as submitting and negotiating bank loan applications, and its own staff to provide oversight and administrative support. TIGF will also develop and disseminate a training manual and resource guide for accessing commercial credit.

The second goal of LIFT is to help RFIs secure credit from formal financial institutions for low-income communities by reviewing and approving 5 RFI loan guarantee applications and finalizing such agreements with TIGF and commercial banks.

The third goal of LIFT is to provide lateral learning, partnership building and networking opportunities for RFIs. The grantee will organize a workshop cycle consisting of 3 workshops jointly sponsored by the MicroEnterprise Network of NGOs and the Alliance of MicroEnterprise Development Practitioners. TIGF will also develop and disseminate lists of RFIs, networks and support organizations and international donor agencies.

The fourth goal is to increase the information available to South African and international microenterprise organizations about the impact of financial engineering training and mechanisms, such as guarantee funds, and their implications for best practice models for building RFI capacity.

Of these interventions, as of October 1999, the only activity carried out was a needs assessment of RFIs in the Western Cape of South Africa. The needs assessment was co-financed by Levi Strauss which is also involved in the LIFT program, but just in the Western

Cape. Plans were made, however, to establish a RFI Practitioners Forum to support the third grant goal of lateral learning, partnership building and networking opportunities.

Results: Given that the one and only report received was dated October 1999 and the grantee did not respond to the MBP grant program review questionnaire, very little is known regarding what results were achieved. MBP has made only one disbursement - \$20,000 – for the needs assessment and related costs.

Notes: As far as is known, the grant is behind schedule. It is therefore too early to know if grant agreement objectives are being met, whether the grant will contribute to meeting MBP contract performance objectives and whether it will contribute to capacity building among RFIs in South Africa.

Grantee: K-REP Holdings, Ltd.
Country: Kenya and Eastern/Southern Africa
Title: Developing and Implementing a Best Practices Course on Debt Collection under Solidarity Group Lending, MBP-039
MBP Funding: \$87,163
Grant Period: May 1999-December 2000

Problem Addressed: Increasing difficulty among major MFIs in Kenya in collecting bad and doubtful debts under solidarity group lending.

Proposed Outcome: A best practices course on debt collection under solidarity group lending that will be offered in Kenya and other countries in the East and Southern Africa region for a fee.

Interventions: The original concept anticipated carrying out this activity in cooperation with four of the largest MFIs in Kenya. However, due to a late start-up and changes in management among some of the MFIs, K-REP's new partners in this endeavor are four MFIs based in Kenya, Uganda and Tanzania.

K-REP is carrying out this activity in three distinct phases. In the first phase, K-REP identifies and documents, in a case study format, the most effective strategies and tactics used by the field credit staff of its partners to collect bad and doubtful loans. K-REP also determines the baseline position of the collaborating MFIs through a survey to determine the incidence and level of their delinquency and loan loss experience. At the time of preparing this report, the first phase was underway. Two collection officers were assigned from each institution, except one MFI which provided three collection officers. Each collection officer was assigned to other partner MFIs and were documenting their findings. These findings will be debated in a peer review workshop.

In the second phase, K-REP will use the case studies developed in the first phase to design and prepare a training course focusing on best practices in debt collection. The broad aim of the course is to orient and present effective debt collection options for credit officers involved in solidarity group lending.

In the third phase, K-REP will organize 2-3 pilot training courses, each lasting 2 days, for between 15-30 participants. Participants will come from the 50 MFIs in Kenya who use solidarity group lending. After the pilots, K-REP will review and continue to offer the courses in Kenya and other countries in the region for a fee. A detailed business plan will guide the cost and marketing of the training program in targeted countries. K-REP will also explore partnerships with other training institutions in the region. The baseline survey of debt management practices, the proceedings of participatory workshops in phase one, and the case studies will be published in the last phase.

Results: Due to a late start-up, results were limited at the time this grant activity was studied.

Notes: This grant is a good example of a capacity-building activity, focused on a specific region. This grant is also a good example of a capable institution being overextended; its staff being clearly over-committed at the time this activity was to be executed. It is interesting to note that the grant agreement included the names of key personnel to be supplied by K-REP but these legal provisions were not sufficient to overcome the problems of staff being diverted to other assignments. Further, K-REP underwent a major restructuring during the original implementation period which added to delays. The original one year time frame has thus been extended another nine months.

The grant is behind schedule for reasons cited above. Therefore, it is too early to determine whether the objectives of the grant and the MBP performance contract will be achieved, or whether the grant will indeed result in the anticipated capacity building.

Grantee: Asia Network for Small Scale Bioresources (ANSAB)
Country: Nepal
Title: Capacity-Building of NGOs for Delivery of Business Development Services (BDS) to Clients in Natural Products Sector-Nepal, MBP-041
MBP Funding: \$69,150
Grant Period: June 1999-May 2000

Problem Addressed: There was a perceived unmet BDS demand in Nepal's natural products sector.

Proposed Outcome: Improved capacity of non-governmental and government organizations in Nepal to deliver BDS to microenterprises in the natural products sector. Specific objective are: (a) improved subsector/market analysis skills of institutions serving microenterprises; (b) expanded market and technology knowledge base of institutions; and (c) strengthened long-term capacity of ANSAB and Nepal's Non Timber Forest Products (NTFP) Network to provide BDS and market information to other practitioners and microenterprises.

Intervention: ANSAB conducted BDS training seminars, established a Natural Products Business Service Center, and produced a manual.

1. **BDS Training.** Two BDS training seminars focused on basic skills and tools needed to identify and develop sound businesses. The seminars were also used to refine services that the Natural Products Center offers and provide content for the BDS manual. Sixty participants attended the two workshops, less than the planned 125 participants because smaller workshops (approximately 30 attendees) yielded better results. The workshop objectives were to strengthen the capacity of facilitators working with different types of organizations in local economic development. Basic workshop elements included marketing concepts/applications, NTFP definition/scope, resource inventory and management plans, regulations and institutions, information technology, assessing enterprise opportunities, and an overview of enterprise development plan.
2. **Natural Products Business Services Center.** The Center started operations and has provided NTFP based business services, consulting and training to projects in Nepal. The Government of Nepal, indigenous NGOs, donor forestry projects, forest user groups, the federation of community forest users, companies and entrepreneurs have participated in training and accessed business resources. The Center is continuing assistance in marketing of NTFP's and related products to local entrepreneurs, traders, processors. The Center developed short training modules on market analysis and planning, financial analysis, enterprise development planning and enterprise management.
3. **BDS Manual.** To provide practical tools needed to develop natural product enterprises, ANSAB completed a BDS Manual for the Natural Products Sector. The manual promotes a strategy by which natural product enterprises can be designed to a region's biodiversity while promoting economic incentives and social equity. The manual, as a training tool, targets facilitators working with local communities and is divided into two parts. Part one

provides a comprehensive overview of issues involved in sustainable natural products enterprise development. Part two is a toolkit for starting or improving a natural products enterprise. It is published in English and Nepali. The manual is available at USAID's Development Experience Clearinghouse web site at www.dec.org.

Results: The grantee believes it has been strengthened in the following ways: (a) training design and delivery; (b) documenting and preparing manuals; (c) effective delivery of BDS in natural products to clients; and (d) increased know-how on natural resource management, product marketing and trade related legal issues.

With respect to training, ANSAB has capability to design and conduct training in new fields where previous experience was limited. Systematic session planning and application of innovative and participatory learning techniques in forest enterprise development was tried with success. Written presentation skills improved through development and testing manual with prospective users.

Various organizations access the Business Center. Know-how improved through a review of literature and sharing of experience while designing/delivering presentations. These capacity improvements affected service delivery among ANSAB clients. For example, Government officials now appreciate the need for handing over adequate forest areas to communities for developing sustainable enterprises. NTFP has understood specific issues that need advocacy. Five trainees in the two MBP workshops have raised policy concerns in various forums and published materials. Participants from development projects have been introduced to new approaches to community forestry that help local communities get adequate economic returns from investing in resource management. Several entrepreneurs received training in NTFP enterprise development and now realize the need for holistic business planning.

Notes: The grantee considers the training workshops and manual to be the most successful elements of the grant. ANSAB found it very effective to reach people through training and workshops where direct communications and practical exercises could be carried out. The Business Service Center faces an uncertain future because of sustainability concerns. Training in the capital, Kathmandu, is more sustainable than technical support in remote locations because of the costs involved. While ANSAB is trying to cover costs of its operations, there are limits on how much they can charge given clients' means.

The grant is now completed, grant agreement objectives were largely realized, the grant contributed to the MBP contract performance objectives, and it led to capacity building in Nepal.

Grantee: Instituto Boliviano de Estudios Empresariales (IBEE)
Country: Bolivia for Latin America Region
Title: The International Program to Strengthen Human Resources in Microfinance Institutions (PRE/International), MBP-042
MBP Funding: \$50,000
Grant Period: April 2000-March 2001

Problem Addressed: Meet the growing demand for practical, hands-on training for MFI employees in Latin America.

Proposed Outcome: An international microfinance training program for MFIs in Latin America (PRE/International) that will provide MFI managers in Latin America with the tools they need to address the challenges of a complex, competitive marketplace.

Interventions: The training program is being implemented in cooperation with the Instituto Cooperativo de Capacitacion (INCOOCAP). The training methodology consists of three approaches: (a) World-class teachers with practical experience to guide students through applied learning exercises; (b) representatives from successful MFIs to interact with students by sharing experiences, analyzing and questioning decisions, and allowing students to apply these lessons to their own institutions; and (c) in-depth visits to experienced Bolivian MFIs to expose students to visible, tangible operations that are integrated with the classroom curricula. The target is to training MFI upper and middle management, who are typically planners and decision-makers.

In the first, pilot year, four training modules will be offered in one, two-week cycle with each core course offered both weeks and the two electives offered one week only.

- a. Business planning, a core course, to give participants tools to analyze markets, develop strategies for positioning and growth, and develop systems for implementation and evaluation;
- b. Risk management, a second core course, to explore ways to better measure portfolio quality and give participants tools to examine credit policies, develop information systems, improve internal controls, and evaluate client types and loan instruments;
- c. Regulation and supervision, an elective, to address the major implications of supervision on an MFI's governance, product development, accounting and reporting and external auditing; and
- d. Design and implement new products, another elective, to provide participants with a solid understanding of the critical elements of developing and providing new financial products and services.

Fifty to one hundred middle and upper level managers are expected to attend the PRE/International program in the pilot year. The cost per student will be approximately

\$1,500 for the full two week program, or \$800 for the one week program. IBEE will cover 2/3 of the costs in the first year through course fees. In the second year, IBEE expects to cover 100% of the costs from training fees.

Results: As of the date of this report, no results have been achieved.

Notes: FUNDA-PRO, a Bolivian MFI, submitted the proposal for this activity to MBP in November 1998, with a start date of February 1999 and a completion date of January 2000. However as noted above, the grant was not awarded until April 2000. The reason for this delay was that the other donors involved in the activity (USAID/Bolivia, GTZ, and Plan International) wanted FUNDA-PRO to restructure their approach to institutionalize the training program. As part of this restructuring, FUNDA-PRO solicited bids from qualified training institutions in Bolivia and selected IBEE to implement the activity. With USAID/Bolivia's advice and consent, MBP then awarded its grant to IBEE.

The activity is behind schedule (although the course is now scheduled for November 2000). In any case, it is too early to judge whether grant agreement and MBP grant facility performance measures will be met and whether PRE/International will contribute to capacity building.

Grantee: Catholic Relief Services (CRS)
Country: Worldwide
Title: Internal Account Management Tool Kit for Village Bank Practitioners, MBP-046 (follow-on to MBP-006)
MBP Funding: \$39,500
Grant Period: July-October 1999

Problem Addressed: Lack of technical capacity in and tools for managing internal accounts in village banks.

Proposed Outcome: Practical tools for managing internal accounts, using best practices of leading village banking practitioners.

Intervention: In this follow-on grant to MBP-006, CRS completed the English and Spanish versions of the internal account toolkit and translated it into French. CRS also officially launched the final version of the toolkit at the October 1999 SEEP Network Annual General Meeting.

Results: The grant achieved its end result. The final product was a policy manual, a toolkit for managing and auditing internal accounts, and materials for training seminars. The toolkit provides definitions, outlines objectives, discusses the historical relevance of internal accounts, outlines the relationships between the MFI, formal financial institutions, village banks and borrowers, and outlines policy options for use and management of internal accounts. The toolkit provides more than 50 “tools,” primarily in the form of instructions and forms, checklists, discussion guides, exercises and other lessons for managing internal accounts. All of the materials in the toolkit assume a general familiarity with the fundamentals of village banking.

The toolkit is available on the web at USAID’s Microenterprise Innovation Project (MIP) web site at www.mip.org and at USAID’s Development Experience Clearinghouse web site at www.dec.org. The toolkit is indexed in CGAP’s Microfinance Gateway website at www.microfinancegateway.org and is listed as recommended reading. Also, CRS provided the toolkit to over 30 country programs and information on the toolkit is accessible on CRS’ microfinance listserve. Hard copies are available to members of the SEEP Network and to CRS’ internal network.

Also, this grant contributed to MBP’s overall capacity-building goal of “movement of microenterprise service institutions towards ‘best practices’ in the field,” to the extent that seven leading village banking organizations worked together to produce state of the practice tools for managing internal accounts.

Notes: This activity exemplified MBP’s mandate to promote sharing and information exchange across traditional agency boundaries to develop an industry-wide product. However, the process did prove to be time-consuming and require more technical assistance inputs that anticipated.

In May 2000, CRS conducted a subsequent training on the use of the internal account toolkit in Peru. However, despite the fact that the toolkit is in essence a product of seven different organizations, the toolkit has not been widely used by other village banking practitioners. In August 2000, MBP contacted several village banking organizations regarding their use of the toolkit. The majority of organizations were unaware of the toolkit's existence, including organizations that had reviewed drafts as part of the Poverty Lending Working Group. Some of these organizations mentioned that they had developed their own tools, or in the case of international NGOs, admitted that they had no control over whether or not their local affiliates use the tools developed. Finally, another international village banking NGO admitted to having disbanded use of internal accounts altogether.

And at an industry level, microenterprise best practices have focused on ensuring greater internal control within microfinance institutions, through the creation and implementation of strong policies and procedures, strict internal controls, regular internal and external audits, and more systematized recordkeeping through adequate accounting, portfolio management and MIS systems. This focus has made managing internal accounts more challenging as it has meant wresting control from village banks as a way to minimize risk to the institution.

The SEEP Network is planning to host an consultative workshop on new directions in village banking. The aim is to explore and challenge the thinking of current village bank practices, including internal accounts.

The grant is now completed, grant agreement objectives were realized, the grant contributed to the MBP contract performance objectives, and it led to capacity building in the sense of contributing to worldwide capability in village banking accounting.

Title:	Collaborative Learning Program (CLP) for Microenterprise Networks in Africa
Grantees:	Ghana Microfinance Institutions Network (GHAMFIN), Ghana, MBP-053 Association of MicroEnterprise Finance Institutions in Uganda (AMFIU), Uganda, MBP-054 Joint Consultative Committee (JCC), Namibia, MBP-055 Consortium ALAFIA, Benin, MBP-056 Zimbabwe Association of Microfinance Institutions (ZAMFI), Zimbabwe, MBP-057 Community Development and Microfinance Roundtable (CDMR), Nigeria, MBP-069
MBP Funding:	\$25,000 for each grantee
Grant Period:	October 1999-October 2000

Problem Addressed: Nascent microenterprise networks in Africa striving to improve their technical capacity and knowledge of industry practices and trends.

Proposed Outcome: The SEEP Network Development Services (NDS) program builds partnerships between SEEP and national networks in developing countries and between the networks themselves. The aim of the NDS program is to improve the networks' technical skills and ability to deliver demand-driven services to its membership on a sustainable basis. SEEP, as an implementing partner of the USAID Microenterprise Best Practices Program (MBP), facilitates and coordinates the MBP Collaborative Learning Program which has been integrated into the under the broader umbrella NDS program. Through the CLP, MBP awarded grants to six networks in Africa to participate in a one-year structured learning program. The six MBP funded networks are among the 14 networks worldwide that have partnered with SEEP in its NDS program.

Interventions: The CLP operated as follows:

1. Networks participated in the 1999 SEEP Annual General Meeting (AGM) to develop and define the activities to be implemented in the year-long program.
2. Networks submitted their 2000 work plans and activity proposals to SEEP.
3. Collaborative learning activities for each network finalized in early 2000.
4. Network implementation of collaborative learning activities took place throughout the year with SEEP providing technical assistance and guidance.
5. Networks participated in a mid-term workshop in Ghana in April 2000, organized and hosted by GHAMFIN, for training and information exchange to strengthen network services and technical capacities.

6. Networks shared experiences and built professional relationships over an electronic listserv.
7. Networks participated in the 2000 SEEP AGM to discuss the CLP and present lessons learned.

Network activities (completed and in-progress) using the CLP are as follows:

ALAFIA

- Development of a network strategic plan;
- Training needs assessment and training plan development for members;
- Creation of member working groups;
- Collaboration with other Francophone networks in strategic planning; and
- Participation in SEEP-sponsored meetings/workshop.

AMFIU

- Exchange visit to the South African microfinance network;
- Production of quarterly newsletters;
- Strategic Planning Workshop;
- Two regional training workshops; and
- Participation in SEEP-sponsored meetings/workshop.

CDMR

- Network evaluation/assessment exercise;
- Strategic planning sessions (planned);
- Secretariat Staff Development training (planned); and
- Participation in SEEP-sponsored meetings/workshop.

GHAMFIN

- Performance Standards and Benchmarking Initiative;
- Training Program development; and
- Organization and participation in SEEP-sponsored meetings/workshop.

JCC

- Participation in SEEP-sponsored meetings/workshop; and
- Business plan for a small business information center.

ZAMFI

- Participation in SEEP-sponsored meetings/workshop;
- Governance and Leadership workshop;

- Development of resource center;
- Performance Standards and Benchmarking Initiative; and
- Action research in Business Development Services.

Results to Date:

1. The mid-term workshop in Ghana focused on the key roles and areas of interest of microenterprise networks: capacity building and training; information dissemination and acquisition; performance standards and benchmarking; and regulation and supervision.
2. Direct technical assistance was provided in the areas of governance and leadership, organizational assessment/development and financial sustainability for networks.
3. Linkages were facilitated between networks and key institutions involved in performance monitoring and developing information dissemination strategies.
4. SEEP developed a network assessment tool as a result of the formal evaluation performed of the CDMR network.
5. Network-led training needs assessments were carried out along with governance and leadership workshops; workshops on developing working groups for member organizations; strategic planning meetings.

Collaborative learning among networks is taking place as networks' begin to build relationships and increase their knowledge of one another's activities. These relationships have been fostered through participation in collaborative forums such as the SEEP AGM, the mid-term workshop in Ghana, and electronically over the listserv. Examples include:

- Collaboration between the networks from Francophone Africa to develop business plans for network organizations and to work together to develop a common methodology for advocacy with relation to the government regulations on microfinance activities in Francophone West Africa.
- Collaboration between networks to develop a presentation on network development strategies at the Africa Regional Microcredit Summit.
- Cross-regional sharing of information enabling the relatively new African networks to learn from and share experiences with more established networks in Asia (Philippines), Latin America (Peru), and Eastern Europe (Poland).
- Updates of programs and current country situations affecting network activities over the network listserv.

The CLP is developing a key network development resource: a comprehensive compilation of the participating networks' profiles. This will be posted on the SEEP website

(www.seepnetwork.org) where it will serve as a temporary homepage for those networks who have not developed websites and will provide hyperlinks to those with websites.

The CLP is fostering a network commitment to develop long-term relationships with one another and with SEEP. This commitment was expressed through the agreement by all the networks at the mid-term workshop in Ghana to organize similar annual network workshops.

Notes: The selection process, designed by MBP, of the CLP grantees was effective. The use of the SEEP monograph “Building Lateral Learning Networks: Lessons From the SEEP Network” served as a good foundation for upon which networks based their applications. It also set the stage for the planning of collaborative activities for the network grantees. The choice of the review and selection team brought valuable and different perspectives from three institutions (SEEP, USAID and the World Bank) involved in network development. One outcome of this cross-institutional review exercise was future collaboration in related network development forums and strategy meetings.

Grantee participation in the CLP has been enthusiastic. Each grantee complied with the grant agreement and has used funds for relevant activities. All have been willing to learn from others, share experiences, and serve as mentors to each other. Examples include:

- GHAMFIN volunteered to host the mid-term workshop.
- ALAFIA offered to provide technical assistance to francophone networks interested in developing strategic plans.
- ZAMFI organized space at the Africa Regional Microcredit Summit for discussions/presentation on network development initiatives.
- JCC offered assistance to those networks interested in developing business information centers.
- AMFIU shared its experience in dealing with advocacy and regulatory issues as a participant at mid-term workshop session on the topic of supervision and regulation.

The more successful elements of the CLP were:

- Focused networks on collaboration thus fostering the development of relationships
- Provided a forum to discuss substantive issues facing networks today.
- Broadened the resource pool available to networks for assistance in program implementation.
- Provided models of best and promising network practices.

- Allowed for a funding mechanism that specifically targeted network organizations (thus preventing competition between the network and its membership).
- Assisted networks focusing on or re-defining its strategic goals and objectives

Less successful elements of the CLP were:

- The use of technology to foster communication and collaboration among networks. The network listserv was not used as much as it had been anticipated over the year, however during the mid-term workshop, network recognized the importance of this medium for communication and promised to make more use of it.
- Due to the short-time frame of the grant, there were not opportunities to strongly pursue collaborative action research.
- Due to the relatively small grant award, \$25,000; approximately half of the grant was used for obligatory travel and attendance to the two SEEP AGMs and the mid-term workshop in Ghana.

It is instructive to note that all six CLP grantees responded very favorably to the MBP Grant Portfolio Review questionnaire. At the same time, five of the six grantees recommended various means to increase the activity level, duration and funding for the CLP. This suggests that, from the perspective of the grantee, a single grant of \$25,000 and one year's time is not sufficient to make significant gains in national network development.

The CLP ended shortly after the MBP Grant Portfolio Review was completed. While some impressive results were achieved as noted above, final judgements on achievement of grant agreement objectives, contributions to the MBP grant facility performance measurements, and capacity building should be reserved until MBP has received final reports from the six CLP grantees.

Grantee: MicroFinance Network (through Calmeadow)
Country: Worldwide
Title: Measuring Customer Satisfaction, MBP-068
MBP Funding: \$39,500
Grant Period: March-November 2000

Problem Addressed: As microfinance environments grow more competitive, it becomes increasingly important for MFIs to be attuned to their clients' needs and preferences for microfinance services. MFIs need to learn qualitative and quantitative methods for monitoring and measuring customer satisfaction so that they can reduce client desertion and maximize productivity.

Proposed Outcome: Guide to standards for measuring and monitoring customer satisfaction developed and disseminated.

Interventions: Calmeadow is an institutional sponsor and fiscal agent to the MicroFinance Network, an informal association of leading MFIs. As such, Calmeadow is overseeing action research with the MFN and a working group of MFN members to develop and disseminate a guide for measuring and monitoring customer satisfaction. The guide is intended to be practical, user-friendly and illustrated with case studies. The guide is intended to help MFIs determine acceptable ranges for desertion and adjust policies or management processes that interfere with client satisfaction.

The Network is conducting industry-wide research, including a survey of Network members, and evaluating examples from the field of alternative methods of client satisfaction. The project is exploring how market research and targeting market niches can lead to improved client satisfaction.

The guide is examining six main tools to help measure customer satisfaction: surveys, questions on loan applications, a complaints and suggestions system, a staff feedback loop, "mystery shopping" and interviews, including exit interviews, individual interviews and focus groups.

A draft of the guide is to be presented to Network members for decisions on acceptable standards to measure and monitor client satisfaction, striking a balance between simplicity of data and adequacy of information to cover the range necessary for different MFI types, their clients and products. Based on Network input, the guide will be finalized and disseminated as a Network Occasional Paper in English, French and Spanish.

Results: Grant implementation is just getting underway. There were no reports in the files regarding progress.

Notes: Given the early stages of this grant, it is too early to tell whether grant agreement objectives will be realized, whether the grant will contribute to MBP contract performance standards, and whether capacity building will result.

Grantee: World Vision Relief and Development Inc.
Country: Ethiopia, Tanzania, and Uganda
Title: Exchange Visit, MBP-001
MBP Funding: \$10,000
Grant Period: March-July 1997

Problem Addressed: World Vision East Africa Region credit programs are struggling to identify the most appropriate methodology and institutional model to streamline their lending, reduce costs, enhance income and accountability, train staff, and progress towards sustainability.

Proposed Outcome: Improved understanding of the components of a credit program design which emphasizes financial systems and sustainability, new knowledge and skills in best practices related to group lending, financial management, information systems, and staff/organizational development. This improved understanding and knowledge is applied to World Vision credit programs in East Africa.

Intervention: Fifteen senior staff from the grantee's East Africa region programs in Ethiopia, Eritrea, Kenya, Tanzania and Uganda participated in a twelve day visit to the Kenya Rural Enterprise Program (KREP) in Kenya to examine KREP's lending methodology and institutional model. The visit combined workshops at KREP's main office with field visits to branch sites of KREP's Juhudi Credit Scheme. The workshops focused on five subject areas of interest: project design, operations, including financial systems and information systems; management; institutional development; and practical application in World Vision's East Africa region programs.

Results: As part of the visit, at least one full day was dedicated to developing individualized plans for each country program. Each of the World Vision offices developed follow-up plans in May 1997. For example, World Vision Kenya developed six specific objectives, along with tasks, tools, timing and responsibilities. The objectives were to: refine the microenterprise development policies and procedures for approval by the National Director; develop a management information system for use in each pilot area; separate funding account; identify pilot areas; conduct a baseline survey; mobilize savings and establish lending procedures; and conduct training in the identified pilot areas. By October 1997, a final progress report indicated the status of each of these objectives and tasks and further actions planned for the next fiscal year.

Notes: The grant is now completed, grant agreement objectives were largely realized, the grant contributed to the MBP contract performance objectives, and it led to capacity building in East Africa.

Grantee: TSPI Development Corporation
Country: Philippines
Title: Exchange Visit, MBP-002
MBP Funding: \$10,000
Grant Period: April-November 1997

Problem Addressed: TSPI's individual lending program, targeting a clientele not currently addressed by the group methodologies, has lagged behind and is the smallest of their lending programs.

Proposed Outcome: Increased understanding of, and enhanced capability to implement, individual micro lending programs to complement TSPI's successful group lending programs.

Interventions: Three senior staff members of TSPI visited the Association for the Development of Microenterprises (ADEMI) in the Dominican Republic to examine ADEMI's individual lending program. The ten-day visit focused on areas that the Grantee identified as having gaps in its systems; namely (a) individual lending technology; (b) management information systems; and (c) productivity and incentive systems, all of which are considered to be key success areas for ADEMI.

Results: After the visit, the TSPI participants prepared an initial report that was presented to their senior management. The report identified the key success areas of ADEMI, and compared the microfinance market and environment for the two countries. Recommendations included formalizing the report to present to the Board of Directors, preparing an Operations Manual for individual lending, presenting the Manual to the senior management, and re-training of Account Officers in the new procedures.

The TSPI participants also planned to disseminate the findings gained from visiting ADEMI more broadly; at a seminar and a one week workshop for various microfinance institutions/networks in the Philippines. The success of the exchange visit, ironically, was that TSPI did not eventually expand its individual lending program. TSPI concluded that the factors at work in ADEMI which spelled their success were not present in TSPI and its environment.

Notes: The grant is now completed, grant agreement objectives were largely realized, the grant did not appear to contribute to the MBP contract performance objectives, and it is unknown if it led to larger capacity building within TSPI.

Grantee: Volunteers in Technical Assistance (VITA)
Country: Guinea
Title: Exchange Visit, MBP-009
MBP Funding: \$11,930
Grant Period: April-December 1997

Problem Addressed: Grantee's Guinea Rural Development Project (GREDP) faced issues of internal controls, problems with the incentive-based remuneration systems for personnel, need for new financial products and services, and problems regarding the legal structure of newly formed local institutions.

Proposed Outcome: (1) shared knowledge gained from the visit to Senegal and Cameroon with the GREDP project management staff, organizations in VITA's network of affiliates, and USAID/Guinea; and (2) analysis of programming and institutional options for GREDP and including an implementation and testing plan at the operational level for those procedures and systems judged appropriate for GREDP during its expansion phase through 1999.

Interventions: One observational tour was composed of the National Manager, Assistant Manager for Extension Services, and Chiefs of two branches to the Agence de Credit pour l'Enterprise Privee (ACEP) Project in Dakar, Senegal. The purpose of the trip was to study ACEP approaches to institutional models, credit matters, internal control systems, and staff salary policies. The team recommended a: (1) study establishing a policy that links staff salaries more closely to productivity; (2) study setting up of ACEP's credit approach but more adapted to local conditions in Conakry and PRIDE branches in the interior; (3) study of the possibility of adopting ACEP's best management practices for internal controls; and (4) launching a staff confidence building campaign to create a self-sustaining and viable institution.

The second observational trip to the Caisse Commune d'Epargne de d'Investissement (CCEI) in Cameroon was composed of the Chief of Operations and the heads of two branches. The purposes of the trip to Cameroon were to study CCEI's experiences with financial products, mutual loan societies, institutional frameworks of the CCEI Bank and mutual loan societies, internal control and audit system, and staff salary policies. The Cameroon team recommended : (1) a study to decentralize internal controls and audit services; (2) a study for the possibility of setting up mutual loan societies in rural areas; (3) a study of the possibility of creating a planning and design unit within PRIDE; (4) setting up a monthly staff self-evaluation system; (5) formal establishment of a credit committee at headquarters for individual loans and at branches for joint group guarantee loans; (6) strict adherence to schedules for appointments and meetings; and (7) an increase in the number of similar contacts with other institutions.

Results: Based on these visits, the following decisions and actions were taken:

- PRIDE/Finance introduced a bonus system for individuals and branches to boost staff productivity and increase profits. Preliminary results from implementing the new bonus system during the first two quarters of 1998 were encouraging in terms of increasing productivity of loan officers and improving the outstanding loan portfolio.
- PRIDE/Finance's financial products and methodology were revised to better serve the needs of existing and potential customers, and to improve the retention of credit customers. PRIDE also introduced an improved version of individual loans in the second quarter of 1998 to meet the changing financial needs of the best clients and attract new clients. Thorough revisions of loan approval and issue procedures were being carried out. Major changes in branch organization were planned.
- PRIDE made changes to its internal control practices and considered adapting some of ACEP's best practices for internal controls and audit systems.
- PRIDE started preparing a business plan, the basic approach encouraging management and the heads of service divisions to examine the financial implications of their operational decisions.
- A major staff training program was initiated, such as participation in a Micro-Credit Professional Forum sponsored by the World Bank in Cotonou, on "Sustainability of Decentralized Financial Systems".
- Established a formal credit committee at PRIDE headquarters for individual loans and planned the gradual phase out of the Council of Elders for rural group lending.
- To improve efficiency, PRIDE organized a series of training devoted to "Personal Organization of Work."

Notes: The grant is now completed, grant agreement objectives were largely realized, the grant contributed to the MBP contract performance objectives, and it led to capacity building with GREDP.

Grantee: Catholic Relief Services (CRS)
Country: Egypt
Title: Exchange Visit, MBP-010
MBP Funding: \$6,960
Grant Period: June 1997-March 1998

Problem Addressed: Limited experience in integrated approaches to village banking.

Proposed Outcome: Better understanding and application of best practice approaches to integrating health education and village banking in the Kom el Raheb Community Development Association in Upper Egypt.

Interventions: Grantee sent four individuals for seven days to Freedom from Hunger/Ghana to examine its "Credit with Education" methodology, and to see how Freedom from Hunger/Ghana integrates a health education component into its credit program and what strategies it uses to minimize delivery costs while preserving program quality. The observational visit provided CRS and its Egyptian partner with first-hand exposure to "best practices" in the field of integrated village banking and a conceptual understanding of the advantages and drawbacks of this type of an approach. A follow-up plan was developed, the objectives of which were to develop a set of recommendations based on the experience in Ghana and to incorporate them into the ongoing project; and to expand the ongoing pilot project to other needy areas in Upper Egypt.

Results: CRS conducted the following activities in relation to this follow-on plan:

1. Amendments to the integrated village banking and health project in Upper Egypt were introduced. Examples of modifications included introducing a monitoring system for drop-outs from the village banks; changing the repayment structure from monthly to bi-weekly repayments; developing a format for the financial books at the village bank level; printing member passbooks; and delivering simple accounting, marketing and health education messages to the women during repayment meetings.
2. Health education was introduced to the village banking beneficiaries. The project's extension officers received health training consisting of communication skills and health education. Subsequently, the village banking beneficiaries received health education messages in twenty-minute presentations made by the extension officers during the repayment meetings. Village Awareness Committees were also organized.
3. An expansion, "Village Banking Umbrella Project" was designed and launched. The model includes the selection of an umbrella NGO in each of the governorates that will be responsible for providing institution-building and technical assistance to ten other local NGOs in each governorate.

Notes: The grant is now completed, grant agreement objectives were largely realized, the grant contributed to the MBP contract performance objectives, and led to capacity building in Upper Egypt.

Grantee: FONDESPOIR
Country: Haiti
Title: Exchange Visit, MBP-011
MBP Funding: \$5,000
Grant Period: April-July 1997

Problem Addressed: Preventing and correcting arrears, improving credit distribution to individuals and groups, extending beyond Port-au-Prince, and achieving self-sufficiency.

Proposed Outcome: Learn and apply from experiences in these challenge areas and sharpen FONDESPOIR vision as it matures.

Intervention: The PRISMA Project in Santa Cruz, Bolivia, is a successful microenterprise program that reached financial self-sustainability in four years. FONDESPOIR visited the PRISMA Project to examine technical issues relating to financial management and loan analysis systems; sustainability relating to credit delivery and follow-up; and business development services (BDS). The visit permitted FONDESPOIR to learn from the PRISMA project experience to apply those lessons to its own programs. Three senior FONDESPOIR managers participated in the five-day visit, that also permitted stopovers to other credit and training activities in Bolivia such as BancoSol. After the visit, the participants shared findings and observations with FONDESPOIR's management committee and staff and made recommendations for incorporating those findings into its programs.

Results: FONDESPOIR planned a number of changes in operations, including:

- Concentrate credit officers on specific zones and responsibilities, and remunerate these officers partly based on their performance;
- Reinforce solidarity group lending, with special training underway;
- Completely revise the loan analysis system;
- Clean the loan portfolio, provide for uncollectibles, and examine merits of a new write-off policy;
- Institute a new follow-up system and train new credit officers in this system; and
- Examine possibilities for helping entrepreneurs market their products.

Very little additional information is in the grant files and the grantee did not respond to the MBP Grant Portfolio Review questionnaire.

Notes: The grant is now completed and grant agreement objectives were largely realized. However, the grant did not appear to contribute to the MBP contract performance objectives, and it is unknown if it led to larger capacity building within FONDESPOIR.

Grantee: Centro de Promocion y Empleo Para el Sector Informal Urbano (CEPESIU)
Country: Ecuador
Title: Exchange Visit, MBP-012
MBP Funding: \$6,000
Grant Period: April-October 1997

Problem Addressed: Limited knowledge of regional experiences in working with environmental microenterprises such as garbage collection services and recycling services.

Proposed Outcome: Increased level of knowledge and expertise regarding environmental microenterprises and decentralization of public services in garbage collection and recycling.

Interventions: CEPESIU visited Empresa Municipal de Aseo (EMA) in Bolivia and Asociacion Centgro Ejecutor de Projectors Economicos y de Salud (ACEPESA) in Costa Rica to examine how these programs provide environmental microenterprises -- garbage collection services, recycling services, street maintenance and sweeping -- with both financial and business development services. CEPESIU examined the recycling technologies these two organizations use and the public sector-private sector partnerships the organizations established to increase the efficiency and impact of their services. The trip to ACEPESA also included an examination of its credit program for environmental microenterprises. In total the observational travel included two senior staff for twenty-five days.

Results: After the visit, CEPESIU held a workshop to share its findings and observations with public and private entities involved in the decentralization of public services in garbage collection, recycling, and street cleaning. CEPESIU also submitted a final report highlighting lessons learned from visits to EMA and ACEPESA. However, CEPESIU did not respond to the MBP Grant Portfolio Review questionnaire. Therefore, it is unknown if the exchange visit resulted in any tangible benefits for CEPESIU in terms of their work with environmental microenterprises.

Notes: The grant is now completed and grant agreement objectives were realized. However, the grant did not appear to contribute to the MBP contract performance objectives, and it is unknown if the grant led to capacity building within CEPESIU.

Grantee: Feed the Children (FTC)
Country: Ethiopia, Kenya and Uganda
Title: Exchange Visit, MBP-014
MBP Funding: \$10,895
Grant Period: August-November 1997

Problem Addressed: Feed the Children has a variety of microenterprise development programs that could benefit from identifying and adopting best practices found in other countries.

Proposed Outcome: Learn and apply lessons from three South African microenterprise development organizations to various Feed the Children programs and activities in Ethiopia, Kenya and Uganda.

Intervention: Seven Feed the Children representatives from Ethiopia, Kenya, and Uganda participated in a one week visit to RUTEC, Get Ahead Foundation and the Rural Finance Facility in South Africa, to examine their experiences and methodologies in providing financial and business development services (BDS) to their clients. On the exchange visit to RUTEC, FTC examined microenterprise training programs, including a training of vocational trainers program, which is designed for microentrepreneurs with functional levels of literacy and numeracy and which is accessible to women. On the exchange visit to Get Ahead Foundation, FTC examined three specific areas of interest: (1) use of commercial partnerships in providing microcredit to the urban working poor; (2) technical skills training (plumbing, carpentry, metalworking); and (3) promotion of recycling businesses with street children. FTC examined the housing finance program of the Rural Finance Facility. FTC's follow-up plan consisted of identifying the areas in which it can apply RUTEC, Get Ahead and Rural Finance Facility models and then develop an implementation strategy around those areas.

Results: FTC's follow-up plans identified specific areas where it can adapt or adopt the RUTC, Rural Finance and Get Ahead models: (1) Housing finance for Kenya and Uganda; (2) appropriate technology for microenterprises in Kenya and Ethiopia; (3) separation of financial from business development services in Kenya, Uganda and Ethiopia; (4) application of staff incentive schemes and higher loan ceilings for Kenya and Uganda; and (5) business training as a BDS.

Broken down by country, the following activities were carried out shortly after the visits:

- **Kenya:** The Grantee established community banks in two districts, comprising 25-30 women. Each member received \$50. FTC interviewed for a new loan officer who was expected to begin work shortly. FTC visited a Kenyan NGO that specializes in appropriate technologies, with FTC interested in introducing an oilseeds press and negotiations continuing for the NGO to design more appropriate equipment. In other actions, FTC opened loan fund accounts to receive loan repayments, and planned to hire a

new credit manager to separate out financial and business development services. Plans were also underway to research the potential for housing loan funds.

- **Uganda:** FTC looked into the possibilities of conducting training of trainers and training of potential enterprises courses in Uganda, FTC also began looking into the feasibility of a housing finance program, solicited donor funds to conduct a community production center feasibility study, began separating out financial and business development service programs, and shared information and ideas with a microfinance network.
- **Ethiopia.** FTC surveyed vocational training in skills appropriate for microenterprises; and began to separate out its financial and business development services.

While the above short-term results were reported by FTC, longer term benefits were not reported. Also, FTC did not respond to the MBP Grant Portfolio Review questionnaire.

Notes: The grant is now completed and grant agreement objectives were largely realized, but it is not known if the grant contributed to the MBP contract performance objectives or if it led to capacity building in the participating countries.

Grantee: Pwogram Fomasyon Pou Oganizasyon Dyakona (PWOFOFOD)
Country: Haiti
Title: Exchange Visit, MBP-015
MBP Funding: \$9,355
Grant Period: August-October 1997

Problem Addressed: Grantee is in the first stage of becoming operationally sustainable and needs to address a number of management issues, such as how to manage program expansion, offer value-added services to microenterprises, reduce delinquency rates, introduce a savings scheme, and manage combined microenterprise and social programs.

Proposed Outcome: Increased capacity of the microcredit branch of PWOFOFOD in its effort to become operationally sustainable while expanding and improving its programs.

Interventions: Four staff members and three board members of PWOFOFOD participated in a one week trip to four institutions in Honduras - Project Hope, FINCA, Ven A Servir, and SOLITAS - to examine those organization's experiences in becoming operationally sustainable and expanding their programs. In particular, PWOFOFOD examined ways in which these organizations promoted "greater value-added" microenterprises, managed delinquency, promoted savings, and provided microcredit through social programs (health, drug recovery, etc.) PWOFOFOD's follow-up plan consisted of identifying the areas where it can adopt or adapt the experiences observed and then incorporating those changes in its upcoming programming year.

Results: Based on the exchange visit, PWOFOFOD developed an action plan to promote savings; provide community bank training; move toward operational sustainability; and reduce delinquency. Within six months of the exchange visit, PWOFOFOD had implemented a savings program; worked with its community banks to establish standard bylaws; and developed a training plan and draft credit manual.

Notes: The grant is now completed and grant agreement objectives were largely realized, but it is not known if the grant contributed to the MBP contract performance objectives or if it led to sustained, tangible benefits, as PWOFOFOD did not respond to the MBP Grant Portfolio Review questionnaire.

Grantee: Get Ahead Financial Services (GAFS)
Country: South Africa
Title: Exchange Visit, MBP-016
MBP Funding: \$5,440
Grant Period: August-November 1997

Problem Addressed: Transition from an unregulated into a regulated microfinance institution with retail deposit-taking powers.

Proposed Outcome: Better understand how other organizations made this transition, by examining group methodologies and organizational culture, individual loan methodologies, procedures for decentralized branches, and savings services. Then incorporate those observations into its strategic and product plans.

Interventions: Two Get Ahead Financial Services managers visited BancoSol and PRODEM in Bolivia for one week to examine the group and individual lending methodologies and decentralized administration procedures of both organizations. GAFS also examined BancoSol's saving service.

Results: GAFS participants gained a number of insights from this visit, such as how to work with staff and institutionalize a transformation into a regulated microfinance deposit-taking institution. GAFS learned about the importance of the management information system during this critical stage of a microfinance institution. GAFS also examined certain governance issues that could affect its own transformation.

Notes: The grant is now completed. However, it is not known if the grant agreement objectives were realized, if the grant contributed to the MBP contract performance objectives or if it led to capacity building with GAFS. The grantee's last report discussed its observations only from the exchange visit, not the specific actions it intended to take nor anything on the implementation of those plans. Furthermore, GAFS did not respond to the MBP Grant Portfolio Review questionnaire.

Grantee: Opportunity International Russia
Country: Russia
Title: Exchange Visit, MBP-017
MBP Funding: \$8,400
Grant Period: September-December 1997

Problem Addressed: Lack of exposure on the part of Russian microenterprise practitioners regarding microfinance growth and scaling up, reaching the poorest, and developing clients' businesses.

Proposed Outcome: Better understanding of best practices with respect to microfinance growth and scaling up, reaching the poorest, and developing client businesses.

Interventions: Three staff from Opportunity's Russian partner organizations and one staff member from Opportunity visited BancoSol in Bolivia for one week to examine BancoSol's credit program and its experience with marketing its financial services. Opportunity also examined BancoSol's experience in providing business development services. The grant agreement called for the four individuals to work as a team after the exchange visit to implement the follow-up plan, identify areas where BancoSol credit and marketing policies can be adopted or adapted and make recommendations to Opportunity's local boards of directors on expansion and setting up branch offices.

Results: After the exchange visit, Opportunity International Russia intended to analyze their existing staff and group formation policies and prepare recommendations based on lessons learned at BancoSol. Opportunity International Russia also intended to analyze BancoSol's savings mobilization program and prepare recommendations on setting up a savings program in Russia. However, results are unknown, as the grantee did not submit a final report or respond to the MBP Grant Portfolio Review questionnaire.

Notes: The grant is now completed. However, it is not known if the grant agreement objectives were realized, if the grant contributed to the MBP contract performance objectives or if it led to capacity building with Opportunity International Russia.

Grantee: ACDI/VOCA
Country: Egypt
Title: Exchange Visit, MBP-018
MBP Funding: \$6,505
Grant Period: September-December 1997

Problem Addressed: The Alexandria Association of Home Economics (AAHE), with ACDI/VOCA support, is implementing the Rural Cottage Industries project (RCID) that provides credit and training to women in the New Lands of Egypt. ACDI/VOCA is transferring management responsibilities for the credit component to its Egyptian partner so the latter needs greater know-how and confidence to carry out the credit component.

Proposed Outcome: Introduce AAHE to:

- A simple and successful model of local management of micro-credit schemes;
- ways to support women entrepreneurs; and
- appropriate community credit policies and practices.

This should enhance the capacity of AAHE to independently manage RCID.

Interventions: Five staff members from AAHE and one staff member from ACDI/VOCA participated in an eight-day trip to the community-based microfinance program of the General Union of Voluntary Societies (GUVS) and Ministry of Social Development in Jordan. In addition, an exchange visit coordinator (who initiated the Jordan community credit programs with GUVS and the Ministry of Social Development) participated in the visit. During the visit, the following issues were examined: the role of the community in credit program design; the design process for lending and financial policies; credit officer lending experience in community-managed credit programs; the role of an intermediary agency in supporting community management; and working with women entrepreneurs.

The follow-up plan consisted of AAHE identifying aspects of the Jordanian credit methodology that has relevance to its programs in Egypt, forming a working group to explore the potential for application of the methodology in Egypt, presenting findings and an action plan at a one-day program planning workshop; and ACDI/VOCA providing technical assistance and on-the-job training to AAHE to implement the action plan.

Results: An excellent final report that summarizes activities and results of the visit was written by the exchange visit coordinator that organized and participated in the exchange visit.

The one-day follow-up workshop was attended by 16 participants. Its objective was to review experiences, identify lessons learned, and enable AAHE to identify practical mechanisms for adopting or adapting components of Jordan's credit methodology. It:

- reviewed the exchange visit activities, through reconstruction of the schedule, and sharing stories and photos;
- articulated lessons learned, through discussion about credit methodology, strategy, philosophy regarding community-based credit methodology, and identification of relevant elements; and
- identified implications for AAHE and the Rural Cottage Industries Project where participants selected four elements and worked on action plans to explore/adapt them.

Three aspects of the Jordan credit programs proved relevant to Egyptians:

1. The GUVS program moved beyond development towards expansion and sustainability. As AAHE assumes greater project responsibility, it also needs to move into these stages.
2. The concept of minimalization in Jordan promotes borrower independence and program sustainability. As an integrated credit approach, the Rural Cottage Industries project faces important challenges in devising a formula for sustainability.
3. Jordan's credit program is rooted in the community. Egypt's project has significant interaction between borrower and lender, and can benefit from Jordan's experience.

Participants' learning revolved on four themes. They:

1. Gained new appreciation for borrowers' ability to assess appropriate market opportunities;
2. Recognized the limits of credit programs' abilities to meet borrowers' varied needs;
3. Became more aware of the burden that client training places on program outreach and sustainability; and
4. Deepened their understanding of financial/institutional requirements for sustainability.

Four recommendations proposed as result of the exchange visit were to:

1. A return exchange visit should be hosted for GUVS staff to the Egyptian project—to articulate the programs' characteristics and strengths;
2. AHE should pursue follow-up proposals worthy of further study, including monthly repayments, training fees, administrative fees and borrower selection based on ability;
3. ACIDI should initiate a new stage of capacity building for AAHE; and
4. AAHE should develop a strategy for project sustainability, including financial and institutional mechanisms to ensure ongoing provision of project services.

Notes: Many points mentioned above are well-documented in microfinance literature. One unique benefit of the visit was that it provided participants with an opportunity to experience, first-hand, these program characteristics and to discuss them with program participants in Jordan. For example, AAHE participants initially resisted the principle of minimalist assistance but exposure in Jordan made them understand its wisdom.

Another lesson learned is that there is greater benefit from having an exchange visit part of larger program of support to ensure means of follow-up with the institution that seeks strengthening. Having an exchange visit coordinator participate enhances this benefit as it ensures continuity.

The grant is now completed, grant agreement objectives were largely realized, the grant contributed to the MBP contract performance objectives, and likely led to capacity building within AAHE.

Grantee: Association of Cambodian Local Economic Development Agencies (ACLEDA)
Country: Cambodia
Title: Exchange Visit, MBP-019
MBP Funding: \$6,000
Grant Period: December 1997-May 1998

Problem Addressed: Need for greater knowledge of how to transform into a formal, regulated, deposit-taking microfinance institution.

Proposed Outcome: Greater knowledge in becoming a regulated financial institution, gaining insight into such critical transformation issues such as governance, ownership and financial management.

Intervention: Two senior managers participated in a two-week exchange visit to BancoSol in Bolivia. The follow-up plan called for continuing to implement ACLEDA's transformation action plan based on an UNDP/ILO consultant report. The action plan consisted of three broad stages -- preliminary, transformation and operation activities -- with the exchange visit covering the first two stages.

Results: ACLEDA applied a number of practices examined during the exchange visit:

- Shareholders structure which included the participation of employees;
- External board members (diversification expertise);
- Support committees (establish board and management committees for areas an organization thinks there is weakness);
- Continued relationship between NGO and Bank after transformation;
- Financial and customer services at both head and branch offices;
- Management information systems;
- Staff capacity upgrading; and
- Shareholder agreement.

ACLEDA learned that NGOs that need to transform themselves into a licensed Bank or MFI should include staff in the ownership structure, and diversify board according to expertise needed. ACLEDA also learned to develop tailor-made products and establish fast and convenient credit delivery (right persons, right time and right amount). ACLEDA also learned about the need to move to tailor-made computer systems and invest in staff capacity building.

Notes: ACLEDA felt that those institutions that want to transform themselves into a licensed bank or MFI should visit both BancoSol and PRODEM in Bolivia. An institution that is about to make a transformation can gain valuable insights from visiting more mature institutions that have progressed to the stage that the exchange visitors want to reach.

The grant is now completed, grant agreement objectives were largely realized, the grant contributed to the MBP contract performance objectives, and led to capacity building within ACLEDA.

Grantee: The Black Entrepreneurship and Enterprise Support (BEES) Trust
Country: South Africa
Title: Exchange Visit, MBP-020
MBP Funding: \$9,700
Grant Period: March-April 1998

Problem Addressed: Minimal inter-firm commercial linkages and technology transfer among emerging manufacturing enterprises in Kenya and South Africa.

Proposed Outcome: Greater commercial relationships between emerging firms in Kenya and South Africa.

Interventions: BEES sponsored exchange visits between small enterprise development experts in South Africa and Kenya to explore issues of inter-firm linkages (horizontal and vertical) and technology transfer among emerging manufacturing enterprises in both countries. Specifically, the exchange visits consisted of: (a) Exchanges of experience between researchers, business associations, and service providers; (b) analyses of the sectors and enterprises concerned; (c) investigation of the current extent and nature of, and most effective methodologies for the development of technology transfer and inter-firm linkages; and (d) design of a program to develop these linkages and facilitate technology transfer in the automotive parts and metalworking sectors in the two countries. The visit to Kenya included briefings and debriefings, field visits to four metal working, three garment manufacturing and two service provider sites, and a half day workshop. The visit to South Africa was divided into garment worker and metal worker groups and included a two-day workshop.

Four individuals from South Africa and four individuals from Kenya participated in the two-week long program. Those from South Africa represented BEES Trust, the Center for Social and Development Studies, and the National Informal Steel Development Association. The four individuals from Kenya represented Jua Kali associations of metalworking and automotive component manufacturing subsectors, the National Christian Council of Kenya, and the Institute of Development Studies. In addition, representatives from the two countries' clothing manufacturing subsector also participated in the exchange visits. The follow-up plan consisted of a workshop to finalize program design, in which South African and Kenyan exchange participants attended. The output of the workshop was a detailed program design.

Results: Participants reported some immediate and practical opportunities for collaboration, such as identifying access to superior and less expensive equipment and materials and new fashion designs. The program design workshop identified longer-term activities linked to the Ford Foundation-funded small enterprise networking programme. A survey of the Johannesburg garment industry was prepared as one outcome of the program design workshop. A BEES Trust representative also followed-up with a visit to Kenya to discuss informal progress in the two South African subsectors and initiation of collaborative activities.

While not directly responding to the MBP Grant Portfolio Review questionnaire, BEES Consulting Group faxed an article entitled "The Seamy Side of Johannesburg", as published in Leadership Magazine in South Africa regarding the Johannesburg inner city garment industry which is attempting a comeback using micro and small enterprises. Bees Trust, with financial support from the Ford Foundation, has a three-year plan for this area. According to this article, *"Bees Consulting Group was taken with this vision a few years ago when a great deal of interest was shown by a US aid-funded Kenyan exchange delegation of researchers, practitioners and garment operators. After mooting ideas, the Group has come up with a detailed plan of operation that includes positive developments like..."*

The grant is now completed, grant agreement objectives were largely realized, the grant contributed to the MBP contract performance objectives, and likely led to capacity building within BEES.

Grantee: Opportunity Industrialization Centers International (OIC)
Country: Tanzania
Title: Exchange Visit, MBP-031
MBP Funding: \$14,910
Grant Period: September 1998-March 1999

Problem Addressed: Lack of an organization that serves to bring microenterprise agencies in Tanzania together to share local experiences, define quality standards and act as a forum for a better understanding of client needs and achieving better coordination of support activities among credit agencies.

Proposed Outcome: Examine experiences in forming microenterprise networks and developing strategies for serving network members.

Intervention: The grantee visited the Alliance Microenterprise Development Practitioners (AMEDP) in South Africa and the Zimbabwe Alliance of Microfinance Institutions (ZAMFI) in Zimbabwe and individual network members for seven days each to exchange information and examine experiences of these two networks. Areas examined included: Building standards among microenterprise institutions; providing services in capacity building to network members; providing advocacy in policy reform; developing strategies for membership recruitment and database; creating appropriate venue for identifying client needs; and sustainable programming and expansion strategies. The exchange visit participants included two representatives from OIC Tanzania and one representative from PRIDE Tanzania. The follow-up plan was to complete and put into action a strategic plan for a Tanzanian network microenterprise organization.

Results: The follow-up report analyzes the South African and Zimbabwean network organizations and reaches conclusions on implications for Tanzania. The report also outlines a strategic plan for creating a microenterprise network in Tanzania and includes a draft constitution for the network, to be called the Tanzania Forum for Microfinance and Enterprise Development. The plan has been to create a network for both microfinance and business development service organizations. Participants took an active part in following up on what they learned during exchange visit.

However, just one month after the exchange visit, OIC Tanzania's Executive Director, who led this visit, left his organization. The other two exchange visit participants are still with respective organizations. However, the PRIDE representative transferred from Dar es Salaam to Arusha since the visit, so he has not been able to play an active role in creating the intended microenterprise forum. Thus, the ability of the team to carry forth on the microenterprise network was significantly diminished by changes in positions and locations.

Of the two countries visited, Tanzanian participants clearly favored South Africa. AMEDP was much more established, with permanent staff to spend time hosting the Tanzanian participants. In contrast, Zimbabwean counterparts in ZAMFI had no office staff. ZAMFI managers were busy with their primary responsibilities.

Since the exchange visit took place, the Tanzania Forum had one program event. There are 17 active members of the Forum, although it is still not formally registered. (The potential size is about 100 microenterprise organizations.) One problem the forum has faced is that it has no staff to follow-up and create programs and events. However, the Forum has just recruited a newly-retired UNDP official, who will work part time (20%) to get the Forum operational.

At the same time, a new microenterprise network was created in Tanzania, TAMFI. This network focuses on microfinance only, but has a constitution and has appointed an interim board. It is unclear whether the Forum, if established formally, will work in parallel, or merge with TAMFI.

Notes: This is an example of good proposal, a clear exchange visit agenda, a well-written and documented report, and some follow-up. However, external events may have derailed the purposes behind this grant.

The grant is now completed. However, grant agreement objectives were not realized, the grant did not contribute to the MBP contract performance objectives and the grant has not led to capacity building in Tanzania, for reasons cited above.

Grantee: Lift Above Poverty Organization (LAPO)
Country: Nigeria
Title: Exchange Visit, MBP-032
MBP Funding: \$7,718
Grant Period: September-December 1998

Problem Addressed: LAPO needs efficient management of loan funds to achieve sustainability. Key to this is the need for an efficient loan disbursement and monitoring system.

Proposed Outcome: Greater knowledge of best practice loan tracking and monitoring systems; program evaluation procedures; and the peculiarities of successful microfinance institution operations and procedures as different from conventional commercial banks.

Interventions: An exchange visit of two LAPO managers to Bangladesh for two weeks to visit the Grameen Bank's headquarters, as well as branch offices. During the visit, LAPO examined the Grameen Bank's loan disbursement and monitoring system, and the Grameen Bank's program evaluation procedures and banking operations. The follow-up plan consisted of designing and implementing a training program in loan tracking and monitoring for loan officers in LAPO branch offices.

Results: A number of practices were learned by LAPO: Membership criteria (ensuring that members are native to a village and requesting a guarantee that they won't leave); loan diversification (difference in loan types with conditions and repayment procedures to meet member needs); loan utilization monitoring (involving members and staff at all levels); staff training; and work attitude.

The following practices were reported to have been adopted: Loan diversification (form designed and system developed to consistently monitor loan utilization to forestall default); loan diversification (two new loan types developed with different conditions -- seasonal loans to meet farmer needs and asset loans to purchase income generating assets; and staff (training intensified with induction training upgraded and increased personnel quality).

Notes: The grant is now completed, grant agreement objectives were largely realized, the grant contributed to the MBP contract performance objectives, and likely led to capacity building within LAPO.

Grantee:	Community Development Foundation (CDF)
Country:	Nigeria
Title:	Exchange Visit, MBP-036
MBP Funding:	\$10,000
Grant Period:	May-September 1999

Problem Addressed: Traveling banking is an informal savings and loan practice in Nigeria that usually serves urban and suburban markets, collecting savings and giving small, on-the-spot loans to clients who are mainly women traders and farmers. Traveling banking has been little studied or organized to address critical constraints such as lack of security of depositors funds, limited capacity for providing credit because they operate individually, and limited organizational capabilities because they operate as sole proprietorships.

Proposed Outcome: Gain knowledge and experience in forming and serving national and local networks of traveling bankers, with the goal being formalizing and modernizing services of traveling bankers in Nigeria, and establishing a formal association of traveling bankers in Nigeria.

Intervention: The grant funded an exchange visit of 15 individuals representing both the Community Development Foundation and traveling bankers in Nigeria to traveling bankers associations in Benin, Ghana and Togo to examine the experience of these associations in forming and serving national and local networks of traveling bankers. The associations that CDF visited included ATOCO in Benin, the SUSU Association in Ghana, and MUSOTAL in Togo. CDF and other participants examined the different institutional structures, service delivery programs and strategies, and linkages to microfinance institutions that the associations have developed. CDF's follow-up plan consisted of developing a strategic plan for the establishment of a formal association of traveling bankers in Nigeria.

Results: The following, taken from CDF's follow-up plan, are the major lessons that are being applied in forming a Nigerian traveling bankers association.

1. The interest of clients as well as traveling bankers must be borne in mind when the association is formed. This must be the main reason for starting such an association or else the association will crumble. Any association must continuously improve ways and search for newer services for clients/members.
2. It is important to work in a professional way and let the public realize that traveling banking is a profession too. This will make getting assistance from relevant agencies easier. This is why the Nigerian association is initially starting with the group that went on the visit and why it has sought continued assistance.
3. Obtain assistance of professionals in setting up the association. When necessary, obtain services of other professionals, e.g. a lawyer to advise on the constitution and registration.

Notes: The grant is now completed and grant agreement objectives were largely realized. It is still unknown, however, whether the grant contributed to the MBP contract performance objectives and whether it led to capacity building within CDF. This is based on information from SEEP that the actual traveling bankers association has yet to be formally established as of the date of this report.

Grantee: General Union of Voluntary Societies in Jordan (GUVS)
Country: Jordan
Title: Exchange Visit, MBP-040
MBP Funding: \$6,340
Grant Period: January-April 1999

Problem Addressed: Needs to evolve sustainable lending policies.

Proposed Outcome: Introduce GUVS to an on-lending scheme that covers the costs of both the central and local on-lenders; to learn about a streamlined group lending model which effectively transfers many lending decisions, management functions, operating costs, and capital accumulations to the borrower groups; and to assist GUVS to adopt financially sustainable lending policies.

Interventions: The grant funded an exchange visit for six individuals representing GUVS and board members representing local organizations managing community-based credit schemes for ten days to Catholic Relief Services/Egypt to examine the CRS' village banking model and CRS on-lending approach, which involves a second tier institution. GUVS' follow-up plan consisted of forming a working group to study and implement program adaptations based on the CRS model; holding workshops with local organizations involved in the community-based credit schemes; and providing technical assistance to the local organizations in making program adaptations based on the CRS model.

Results: The most important lesson learned by GUVS was the idea of project insurance that can be applied to the Credit Fund Program GUVS is running. This program is directed towards unemployed individuals from poor families in rural areas. Recently, together with affiliated welfare societies, GUVS started studying the possibility of implementing this idea.

Some national Jordanian NGOs will start microfinance programs with GUVS help. One of the most successful elements of the exchange visit was learning about administrative and financial forms used in credit programs. GUVS is now copying the idea by constructing a customer file system, and applying it in 52 welfare societies that do microcredit.

Notes: The grant is now completed, grant agreement objectives were largely realized, the grant contributed to the MBP contract performance objectives, and likely led to capacity building within GUVS.

Grantee: American Near East Refugee Aid (ANERA)
Country: West Bank/Gaza Strip
Title: Exchange Visit, MBP-044
MBP Funding: \$10,000
Grant Period: June-September 1999

Problem Addressed: The Gaza Women's Loan Fund (GWLF) is a newly-created microenterprise fund that needs to understand, adopt and adapt individual lending best practices for a sustainable microfinance institution.

Proposed Outcome: Strengthened GWLF's capacity in sound microfinance design, methods and operations.

Interventions: ANERA facilitated a peer exchange between the Gaza Women's Loan Fund and the Alexandria Business Association (ABA) in Egypt. This was a second visit to ABA, the first being one year earlier. The peer exchange consisted of a ten-day workshop, hosted by ABA in Alexandria, for all eight GWLF staff -- including management, loan officers, specialists and two executive committee members. The workshop included visits to lending operations. The GWLF learned about the ABA approach to individual lending and compared and contrasted that approach to that of GWLF. Specific topics covered in the workshop included loan policies, lending terms and practices, loan collection, efficiency, program governance and management structure, planning, accounting/information systems, and reporting. The workshop concluded with an exercise to define performance standards that GWLF intended to apply in Gaza.

Results: The following are reported lessons learned from the participants:

- Increase interest rate based on a review of administrative and operational costs, defaults, costs of funds, profit margins and inflation rates.
- Simplify the loan application process; shorten time from application to loan release.
- Use post-dated checks as a guarantee instead of the present system of two guarantors.
- Aim for on-time repayment rate of 95%.
- Check defaulted loans from portfolio.
- Introduce an incentive system for employees based on repayment rates and the number of new applications.
- Improve the MIS and loan tracking system
- Apply an appropriate borrower caseload for loan officers.
- Maximize loan officer time in the field.
- Explore the role of the bank to increase efficiency and reduce operating costs
- Carry out staff performance evaluations on a quarterly or semi-annual basis.
- Reduce the grace period and loan terms in favor of smaller loans for smaller amounts.
- Give priority to applications for working capital and from existing businesses.
- Encourage clients to apply for graduated small loans, rather than one large amount.
- Improve borrower follow-up by loan officers
- Find ways to reach more borrowers with credit.

The plan called for a follow-up workshop facilitated by a microenterprise specialist to apply these lessons learned specifically to GWLF becoming self-sustaining. Unfortunately, a final report was not forthcoming, nor did the grantee respond to the MBP Grant Portfolio Review questionnaire so further results are unknown.

Notes: The grant is now completed and grant agreement objectives were realized. However, for reasons cited above, it is not known if MBP contract performance objectives were achieved or if the grant led to capacity building within the GWLF.

Grantee: Consortium Alafia
Country: Benin
Title: Exchange Visit, MBP-045
MBP Funding: \$10,000
Grant Period: June-September 1999

Problem Addressed: Newly formed microfinance network requires broad capacity building.

Proposed Outcome: Strengthened microfinance network with a strategic plan.

Interventions: The grant funded an exchange visit consisting of four Alafia staff to the Alliance for Microenterprise Development Practitioners (AMEDP) in South Africa to examine and share experiences in developing and implementing programs and services for network members. Alafia and AMEDP discussed and shared experiences in developing and providing capacity-building services to network members; developing and implementing strategies for membership recruitment; creating an appropriate venue for identification of member needs; and planning and running member conferences. During the visit to AMEDP, Alafia also began to develop a strategic plan for its network. The follow-up plan consisted of completing and putting strategic plan into action.

Results: Alafia reported that it gained six key lessons from the exchange visit:

1. It is acceptable to have both microfinance institutions and multiservice NGOs in a network.
2. Networks should have permanent staff.
3. The effectiveness of a network is directly related to degree of motivation of staff and members.
4. Network programs must respond to real needs of members.
5. Networks must effectively articulate its members' interests to government
6. Networks must have a business plan.

These lessons and their application helped Alafia improve service delivery. It paved way for Alafia joining the Collaborative Learning Program and receiving a separate, follow-on MBP grant. Alafia also produced an action plan for its fledging network organization; a series of objectives, activities, time frame, assigned responsibilities, approaches and financing.

Notes: The grant is now completed, grant agreement objectives were largely realized, the grant contributed to the MBP contract performance objectives, and likely led to capacity building within Alafia.

Grantee: World Council of Credit Unions, Inc. (WOCCU)
Country: Philippines
Title: Exchange Visit, MBP-047
MBP Funding: \$26,049
Grant Period: July-September 1999

Problem Addressed: Weaknesses faced by twelve credit unions in Davao City, Mindanao, Philippines with respect to credit methodology and operations, fostering and managing aggressive savings growth, and developing a network to facilitate inter-credit union services and the capability to replicate the methodology in other credit unions.

Proposed Outcome: Strengthened Filipino credit union operations and management for 12 credit unions in Mindanao, Philippines.

Interventions: The peer exchange consisted of a three-week visit by Filipino credit unions to Calpia and CRECER in El Salvador and FENACOAC in Guatemala. Five Filipino credit union managers from Mindanao participated, as did two WOCCU Philippines and one WOCCU staff member. The Calpia visit exposed the team to credit analysis techniques, loan monitoring and collection techniques, incentive programs for staff and borrowers, new credit product development, pricing various loan types, and higher productivity and operational efficiency.

The CRECER visit in El Salvador allowed the participants to observe how Salvadoran credit unions have realized rapid savings growth, protected those savings, and managed rapid growth using a business planning tool under the model credit union methodology. The FENACOAC visit in Guatemala allowed the participants to examine operations of credit unions that have undergone the full spectrum of credit union reform and attained model credit union status.

The follow-up plan consisted of adapting and applying the best practices of Calpia, CRECER, and FENACOAC to operations of these Filipino credit unions.

Results: The following specific practices were applied as a result of the peer visit: Delinquency control and credit analysis, management of human resources, marketing and savings mobilization, internal systems and controls, effective financial structure, and financial specialization.

These practices improved the credit unions' capacity to better serve clients. Delinquency rates went down 25% over last year. The overall reduction in delinquency ranges from 20% to 70% with a consolidated delinquency rate of 19% for May '00. The consolidated net income tripled from 1998 to the present.

Savings are up \$1.6 million. New loan and collection policies were written and implemented at 11 of the 12 partner cooperatives. Diminishing balance loan interest calculation methods were adopted by 7 cooperatives. Four others are beginning the process.

External credit is no longer necessary to support the cooperatives, decreasing overall by 42%. Youth targeted for membership rose 24% over last June.

Incentive programs and branding were very popular and adopted in the Philippines. Two cooperatives have achieved goals necessary to obtain their brand in August this year. Others are working their way toward brand attainment.

Lending practices and loan analysis have been adopted by several cooperatives as a result of what they saw in El Salvador. Traditional approaches are being dropped in favor of these new methods.

Notes: The partner cooperatives had already been introduced to many of concepts that participants witnessed in practice on the exchange visit. Before these visits, however, managers were skeptical whether such practices were achievable. Low delinquency, massive savings growth, internal dependence and businesslike approach to daily operations seemed unreachable. Once the exchange visit participants saw these ideals achieved, they became aware of what even the smallest cooperatives could do for members. Participants began to actively promote financial discipline to their own and other partner cooperatives on return to the Philippines. It was a turning point for program activities.

The grant is now completed, grant agreement objectives were largely realized, the grant contributed to the MBP contract performance objectives, and likely led to capacity building within the participating Filipino credit unions.

Grantee: Kenya Post Office Savings Bank (Postbank)
Country: Kenya
Title: Exchange Visit, MBP-051
MBP Funding: \$9,991
Grant Period: August-November 1999

Problem Addressed: The Kenya Post Office Savings Bank is a large and well established formal bank in Kenya that serves over 2 million Kenyans with a variety of small savings products. Postbank would like to become a lending institution to compliment its savings services.

Proposed Outcome: Develop capability to transform from being strictly a saving bank to becoming a financial institution that also makes micro and small loans.

Interventions: The grant funded an exchange visit by three senior managers to South Africa and Zimbabwe to examine and share experiences in institutional transformation. In South Africa, the participants visited the Rural Finance Facility, Nubank, Khula Enterprises and the Alliance of Microenterprise Development Practitioners. In Zimbabwe, the participants visited the Commercial Bank of Zimbabwe.

With the Rural Finance Facility, Postbank participants discussed and shared experiences in credit methodologies, internal system control, and customer retention. With Nubank, the participants examined experiences in establishing a micro-finance subsidiary and running profit centers. With Khula Enterprises and AMEDP, the visitors discussed issues relating to wholesale finance and regulation of micro-finance institutions. With the Commercial Bank of Zimbabwe, the participants examined experiences in establishing and operating profitable microfinance program.

The follow-up plan consisted of synthesizing lessons learned from the visit and preparing a written proposal for Postbank's board of directors on restructuring, control systems, incentive programs, and new credit methodologies/programs.

Results: The reports submitted did that very thoroughly. The participants wrote analyses of what they saw and implications for Kenya and the Postbank. One report went directly to Kenya's Minister of Finance and outlined the benefits and issues involved in the Postbank offering microfinance services.

Notes: However, the Postbank does not have the authority to move in microlending. What is needed is 1) a change in Postbank's legal standing; and 2) decisions in the Government of Kenya regarding microfinance. These decisions rest with the Ministry Finance and Central Bank. Decisions will not be made for at least another six months to one year; although there is pressure in Kenya to properly regulate microfinance programs. The exchange visit by itself will not break the logjam.

The grant is now completed and grant agreement objectives were realized. However, for reasons cited above, the MBP contract performance objectives and capacity building objectives were not achieved.

Grantee: CARE-WEDCO
Country: Kenya
Title: Exchange Visit, MBP-052
MBP Funding: \$16,710
Grant Period: September-November 1999

Problem Addressed: CARE-WEDCO, a project of CARE Kenya, is providing community-managed revolving loan funds solely to women in western Kenya. CARE WEDCO must transform itself into an independent microfinance institution, achieve rapid expansion to address operational sustainability, and diversify its range of products.

Proposed Outcome: Build the capacity of CARE-WEDCO to allow it to achieve the desired institutional transformation, improve credit operations, and strengthen financial systems.

Interventions: Three WEDCO staff participated in a twelve-day visit to BancoSol and PRODEM in Bolivia to examine and share experiences in institutional transformation, expansion and product diversification. The follow-up plan consisted of synthesizing the lessons learned from the visit, disseminating these lessons in staff workshops, and incorporating lessons learned in WEDCO's institutional transformation plan.

Results: WEDCO has de-linked from CARE and now operates as an independent microfinance institution. The process was not easy but the grantee believes that without the lessons learnt from this exchange visit, it would have been more difficult. The grantee also found the timing of the trip to be excellent, given the issues it was facing in becoming an independent entity. The actual lessons learned are broken down as follows:

- **Institutional Development and Transformation:** The experience of BancoSol transforming from a project of PRODEM was extremely useful for the grantee. One key observation made was that proper systems are critical for an organization that is planning to expand in scale and scope. The institutional form of the independent entity is also critical. Before WEDCO visited Bolivia, the project had been thinking of registering as a company limited by guarantee. As a result of the Bancosol experience, WEDCO registered as a company limited by shares thereby placing it strategically to attract private equity. WEDCO also benefited from understanding the need to reorient project staff from a social welfare development culture to a private, commercial one. WEDCO also learned some lessons from BancoSol regarding the profile and expertise of the advisory/policy making board and has now begun to establish a good professional balance within board membership. Finally, BancoSol had similar problems as WEDCO faced in having the parent just "let go".
- **Credit Operations:** WEDCO observed that it is difficult to cover operational costs with only one product, so has begun to diversify. WEDCO will soon begin to pilot two new financial products: An individual loan scheme and a school fees loan scheme. Second, a major lesson learned in Bolivia was to utilize savings to supplement loan income. Hence WEDCO is now in an advanced stage of introducing a savings product. A third lesson

regarding operations is that it is best to have a balance of micro and larger sized loans so WEDCO now has a policy that up to 20% of its clients are larger in size. Due to this policy, WEDCO has been able to post a surplus for its first time, without neglecting its focus on smaller clients. The last two credit operations lessons learned concern loan appraisal tools which WEDCO acquired from Bolivia and the need to control expansion. Both are being applied to the new independent microfinance institution.

- **Financial Systems:** WEDCO learned how BancoSol is able to obtain data from remote locations through the introduction of wide area networks, and use the phone system to upload data from remote locations. WEDCO is now considering introducing similar systems. Further, WEDCO learned about internal control systems and how important it is to track revenue and expenses on a regional/branch basis.

Notes: The grant is now completed, grant agreement objectives were largely realized, the grant contributed to the MBP contract performance objectives, and will likely led to capacity building with WEDCO.

Grantee: PRISMA
Country: Peru
Title: Exchange Visit, MBP-064
MBP Funding: \$3,500
Grant Period: February 2000 – April 2000

Problem Addressed: Need to diversify financial products for rural clients

Proposed Outcome: Improved capacity to design credit products for rural clients.

Intervention: The grant funded an exchange visit to CALPIA in El Salvador to study financial products for rural clients. The exchange visit was in essence a field practicum for the participant, who is in charge of developing new financial products. (The grantee also received a draft copy of the Spanish version of the New Product Development Guide, and provided MBP with feedback.)

Results: The practices learned during the exchange visit concerned individual lending in rural areas, specifically client selection, monitoring and collections. Based on this learning through the exchange visit, PRISMA is now designing a new credit product for rural clients. For the wider community, PRISMA learned that client selection is critical. The most successful element of the visit was observing work of different staff, from credit managers to field agents. The least successful element was not being able to learn more about CALPIA's financial management.

Notes: The grant is now completed, grant agreement objectives were largely realized, the grant contributed to the MBP contract performance objectives, and will likely led to capacity building within PRISMA.

Grantee: Aid to Artisans Ghana (ATAG)
Country: Ghana
Title: Exchange Visit, MBP-065
MBP Funding: \$7,000
Grant Period: August-September 2000

Problem Addressed: Aid to Artisans is adding ten new handicraft retail shops in Ghana in selected regions. The existing three shops are able to provide important feedback on product development but could contribute more to the financial sustainability of ATAG operational costs.

Proposed Outcome: Improved financial performance of the retail shops and innovative means of making them unique from one another.

Interventions: ATAG will visit the Southern Highland Craft Guild (SHCG) in North Carolina to examine and share experience in craft retail operations. The visit to SHCG will provide ATAG with a good model of a craft retail operation in which SHCG's shops provide 95% of the organization's annual operating funds. In particular, ATAG will examine SHCG's customer service program, marketing program, and unified system for inventory and accounting. Two ATAG shop supervisors will participate in the two-week visit.

The follow-up plan will consist of synthesizing the lessons learned from the visit, providing training to shop staff on lessons learned, and advising ATAG's management on lessons that should be applied to ATAG's expansion plan, sustainability plan, customer service and marketing programs, and inventory and accounting systems.

Results: At the time of preparing the MBP Grant Portfolio Review, the exchange visit had not taken place.

Notes: The grant is in progress. It is too early to tell whether grant agreement, MBP contract performance, and capacity building objectives will be met.

Grantee: PEOPLink
Country: Latin America and Asia
Title: Linking Artisans to Global Markets Via the Internet, MBP-004
MBP Funding: \$50,000
Grant Period: March 1997 – March 1999

Problem Addressed: Test the viability of establishing a network of alternative trade organizations (ATOs) promoting the wholesale and retail marketing of crafts over the Internet.

Proposed Outcome: Wholesale and retail Internet marketing system tested and documented; two partner ATOs trained and equipped to market their crafts over the Internet.

Interventions: PEOPLink intended to:

- Train and equip the two partners to use digital cameras, computers with modems, scanners, color printers and associated software for partners to communicate easily via email transmission of text and full color images;
- Provide ongoing technical assistance to partners via email and facilitate partner-to-partner technical assistance by assigning each partner to master complementary areas and pass on skills to the other partner via email;
- Develop and organize digital imagery, internal information systems on products, processes, producers, raw materials, etc. System intended to use hyperlinked files to maintain this comprehensive database;
- Develop and test a wholesale catalog with at least 50 products placed on an access-restricted Web page where wholesale clients can place wholesale orders directly to the country of origin; and
- Test sales through a retail catalog with at least 30 products from each partner.

This two-year grant was to focus on installing capacity and testing viability in year one and operating a wholesale and retail Internet marketing system and documenting the process and results in year two.

Results: Implementation and results from the MBP small grants program was as follows:

- Two partners were selected: Cooperativa Productores de Molas (CPM) in Panama and ECOTA Forum in Bangladesh. PEOPLink technical staff created training modules on the Web that are accessible from anywhere in the world, covering the basics of file organization, digital imaging, editing and basic web page creation and maintenance. This material is continuously being updated and improved and can be found at <http://www.peoplink.org/training>. Since these training materials are in English, they

presented somewhat of a barrier to the Panamanian partner, but a local consultant helped with translations.

- PEOPLink was able to provide continuous technical assistance to the two partners via email and thereby demonstrated the power of digital communications. Foregoing the expenses of travel, and even phone calls, PEOPLink was able to improve the quality of digital images partners had developed.
- Partner-to-partner technical assistance proved more problematic because of the lack of a common language between CPM and Ecota Forum. PEOPLink overcame these problems by facilitating exchanges between these two organizations and other partners in the region; one in south India for Ecota Forum and one in Guatemala for CPM.
- PEOPLink spent considerable time and effort developing an efficient system for categorizing digital files, clear naming conventions for the entire inventory of images, database management and hyperlinked filing systems. PEOPLink also developed Web pages that can be accessed by partner organizations around the world on techniques, including best practices in digital imaging, merchandising techniques for the Internet, how to use the digital imaging hardware and software and basic product design guidelines. Web pages have limited access so that partner organizations can self-train and PEOPLink staff provide detailed technical assistance via e-mail.
- PEOPLink developed and tested a wholesale catalogue with artisan products placed on an access-restricted web page. A database driven system was created that enables different PEOPLink staff to maintain and expand the wholesale Web site. The current Web wholesale page can be seen at <http://www.peoplink.org/products/wscat1.htm>. One year into the grant, the site had more than 142 items. The partner organizations have also produced web sites. Ecota Forum of Bangladesh produced Web pages for each of its 14 members that can be seen at <http://www.peoplink.org/ecota> with more than 140 individual items, again one year into the grant. Less success occurred with CPM in Panama where the person working on the virtual catalogue wasn't comfortable with Internet technologies.
- PEOPLink developed its retail catalogue to permit secure ordering for prospective purchasers who are concerned about Internet credit card fraud. The catalogue is also fully searchable.

As of May, 1998, the PEOPLink Web site had more than 5,200 hits resulting in 112 invoices with 146 line items with a total value of \$5,417. At that time, 2.1% of the hits resulted in average sales of \$48.36. By August of that year, the New York Times reported that PEOPLink has received 14,000 hits and sold \$30,000 in goods.

Notes: A separate USAID Implementation Program Grant (IGP) was awarded just a few months after the MBP grant was awarded. Amounting to \$300,200, its purpose was to develop an Internet sales and marketing tool to improve the incomes of poor artisans.

PEOPLink worked with three partner organizations with over 1,000 artisan members in Guatemala and the Philippines.

Beyond USAID, PEOPLink received grants from other organizations such as the World Bank and the MacArthur Foundation, essentially for the same purpose, to develop and demonstrate the possibilities of village artisan marketing over the Internet.

Since the initial MBP grant, PEOPLink has grown its network and Internet based services and sales. PEOPLink now has a growing worldwide network of more than 50 trading partners in more than 25 countries serving more than 100,000 artisans. Most of the trading partners are members of the International Federation for Alternative Trade (IFAT) and adhere to the "Fair Trade" practices covering topics such as child labor, workplace safety and environmental responsibility.

PEOPLink has evolved its "toolkit" of equipment, training and procedures that fit into a backpack and cost about \$2000. It enables trading partners to capture digital images, edit and compress the images, document production processes, write simple HTML pages, and upload their Web catalogs directly to the Internet. PEOPLink begins training with on-site visits and continues through on-line support. It is designed for use by non-technical staff of grass roots organization working with communities of poor artisans.

PEOPLink also provides additional services such as on-line trend reports and product development and feedback tools. And finally, PEOPLink provides markets, both retail and wholesale, for a growing range of crafts. PEOPLink purchases the crafts from the trading partners at favorable prices and resells them over the web site.

PEOPLink has been cited and studied by major newspapers from The New York Times to The Washington Post. PEOPLink's executive director spoke at the World Trade Organization meeting in Seattle, and has been cited by the Harvard/IBM Network Readiness Guide as one of the six more creative uses of information and communications technologies.

Yet challenges remain. PEOPLink's reliance on IFAT has limited its sales ability. The IFAT sells mainly into the European market and European buyers have thus far been some reluctant to purchase goods over the Internet. Also, strictly commercial enterprises have grown exponentially on the Internet. There are now several commercial sites that market handicraft products to consumers and businesses around the world. Some have deep pockets and can advertise their services broadly. Thus social ventures like PEOPLink have much more competition today, and this competition is likely to become more intense in the future.

The grant is now completed, grant agreement objectives were largely realized, the grant contributed to the MBP contract performance objectives, and led to an innovation in business development services.

Grantee:	Private Sector Initiatives Foundation (PSIF), now MicroRate
Country:	Latin America
Title:	Rating Agency for Microlenders, MBP-008
MBP Funding:	\$50,000
Grant Period:	April 1997-December 1998

Problem Addressed: Lack of standardized data for reporting microfinance institution (MFI) performance. Ratios and other financial data that are reported by microfinance institutions are calculated differently depending on the audience. This inhibits regulatory oversight and sound investment decision-making by investors, be they donors and social and commercial investors.

Proposed Outcome: Pilot test a rating system for microlenders in Latin America designed to help commercial microfinance institutions gain access to capital markets by enhancing the transparency and reliability of information about MFIs.

Interventions: The grantee pursued four objectives in launching this rating system:

- Design an appropriate methodology for assessing and describing MFI performance;
- Apply and refine the methodology to twelve specific cases (the institutions selected represented a balance between independent organizations and those participating in affiliate networks);
- Analyze data to arrive at normative standards of best practice; and
- Build inter-institutional support.

MicroRate planned to conduct quarterly monitoring of key financial indicators of the participating institutions; to develop a methodology manual based on its experience with these twelve institutions and three others that have already participated in field testing; to delineate categories of similar MFIs within which meaningful comparison could be made; to define normative standards regarding, for example, delinquency rates and administrative costs of the portfolio; and to sponsor a forum to discuss and compare results as a first step in defining a common set of terms and reference points in the microfinance industry.

Results: By December 1998, the grantee had conducted fieldwork at 19 microfinance institutions; from Ecuador, to Dominican Republic, Mexico, Nicaragua, Peru, Paraguay, Uruguay, El Salvador, Guatemala, Bolivia, and Argentina. It had completed comparative analyses for 16 MFIs in these countries. The reports are based on in-depth financial and institutional analyses, updated every six months, and they applied analytical concepts familiar to the finance industry. The evaluations provided information to investors and lenders that are critical to financial commitments to these MFIs. They also had an impact on the evaluated MFIs as they began to see their strengths and weaknesses compared to similar institutions in the region. Also by that time, it had gained revenues from its first two fee-earning assignments.

The grantee has received two other MBP grants: one to establish a web site and monograph to disseminate their reports with the industry at large, and another to set up a rating agency for Africa. Based on these three grants, as well as support MicroRate received from other funding agencies, there are other lessons learned:

- Using more standardized data for financial reporting can allow for greater analysis and the identification of important trends in the development of institutions and financial markets;
- While the market is moving in the direction of more formal, commercialized MFIs, it is not yet there. Therefore the grantee's desire to create a rating agency for MFIs may be premature; and
- Strong, competitive MFIs are more willing to provide financial data and undergo a thorough evaluation. A higher rating provides them with greater leverage and possibly greater access to funding from donors and commercial sources. At the same time, these institutions also recognized the trade-off of having their data and institution opened to outside scrutiny. However, weak MFIs were generally unwilling to provide data and undergo evaluations, not wishing to show the competition their true financial state.

Notes: The grant is now completed, grant agreement objectives were largely realized, the grant contributed to the MBP contract performance objectives and to capacity building, and led to an innovation in the microfinance industry.

Grantee: Fundusz Mikro
Country: Poland
Title: Loan Portfolio Risk Assessment Tool, MBP-022
MBP Funding: \$61,500
Grant Period: January 1999-July 2000

Problem Addressed: Difficulty in maintaining tight control of the default risk during a period of rapid growth in microfinance lending.

Proposed Outcome: An innovative, computerized loan portfolio risk assessment system, or tool, to control default risk at a time of rapid expansion.

Intervention: The grantee is in the process of developing and implementing a loan portfolio risk assessment tool that it will use to control default risk. It is an innovation in the microfinance field because it is more sensitive and sophisticated than traditional credit-scoring processes and provides an early-warning system on loan portfolio deterioration, especially for microfinance organizations that are scaling up their lending operations.

In the first year of the activity, Fundusz Mikro will prepare data for input into the system, obtain software and technical assistance in setting up and using the system, input data, and develop an initial model. Data from all grantee loans (some 8,000) will be loaded into the system. The data on each loan will include information on the borrower, the terms of the loan, and the subsequent payment record. The system will use a series of algorithms to calculate the relative importance of different borrower and loan parameters affecting repayment. The system will provide an overall rating on the quality of Fundusz Mikro's portfolio and a rating on each individual loan. Data on new loans will be loaded into the system regularly. Fundusz Mikro will use output from the system to control default risk, reduce loan transaction costs, and adjust loan product parameters and loan provisioning policies based on system identification of potential defaults.

During the last six months of the activity, Fundusz Mikro will continue to use output from the system to inform its lending operations and control default risk, reduce loan transaction costs, and adjust loan product parameters and loan provisioning policies based on system identification of potential defaults.

Results: Unknown.

Notes: The grant is behind schedule. No progress reports have been received and the grantee did not respond to the MBP Grant Portfolio Review questionnaire. It is too early to tell whether the grant agreement objectives will be met, if MBP contract performance objectives will be achieved, or if the grant will contribute to capacity-building. Further, it is not yet known whether the grant will result in an innovation in the microfinance industry.

Grantee: Reseau des Caisses d'Epargne et de Creit des Femmes de Dakar (RESEAU)
Country: Senegal
Title: Health Insurance Scheme for Microentrepreneurs, MBP-024
MBP Funding: \$78,600
Grant Period: May 1998-April 2000

Problem Addressed: As a result of low-incomes, drastic cuts in public services, and high costs of private medical services, the majority of informal sector microentrepreneurs have difficulties accessing modern health services. To meet medical needs, women resort to using their microenterprises' working capital, borrowing from relatives or moneylenders.

Proposed Outcome: Develop a sustainable, financial service that will improve the poor's ability to access health care services in Dakar, while developing the capacity of the poor to organize, make decisions and manage their health care needs for themselves.

Interventions: RESEAU is a network of microcredit and savings schemes created in 1987 by the international NGO Enda Graf Sahel. It disburses short-term loans for productive activities. At the time of the grant award, RESEAU had more than 12,000 members who are also shareholders.

The grant pilot tests a hospitalization insurance program for approximately 4,000 clients composed of low income microentrepreneurs and their families in Dakar. 75% of the microentrepreneurs participating are expected to be women and their children.

The pilot hospitalization insurance program is intended to assist self-managed groups of 100-400 people that formally agree to form a "mutual society" dedicated to improving the group's access to affordable, quality health care services. The mutual societies are legally recognized, binding agreements between participating members. Once members agree to form a mutual society, they determine monthly prices, which are in the 36-45 cents per capita range but work on an "ability to pay" basis. The mutual societies then negotiate discounts with local health care providers and offer a range of health services to members. A variety of control measures have been instituted, such as photo ID, a waiting period and co-payments. The grantee provides support through training and support of trainers, and management of the mutual societies. On average, it takes 1 1/2 to 2 years for a mutual society to be set up, running and provide health coverage to its membership.

In the first year of the program, RESEAU publicized the health insurance product, negotiated with hospitals for discounts, prepared a business plan, developed management procedures and tools for the program, and collected monthly savings, or contributions to the program. In the second year of the program, RESEAU operationalized the insurance product to cover their clients' hospitalization claims.

Results: As of August, 2000, the following results have been achieved:

- 42 marketing staff have been trained and are active in the field encouraging formation of mutual societies;
- One mutual society has been formed, with 222 members and 770 beneficiaries;
- Another mutual society is about to be established; and
- Several groups in the remaining communities where marketing have taken lace have expressed interest in joining, but they are in a very early stage.

There are a number of strengths, weaknesses, opportunities and threats to this pilot health insurance scheme that are being analyzed as part of a larger MBP research study.

Notes: RESEAU has made substantial progress as noted above but the grant is also behind schedule. It is too early to tell whether grant agreement objectives will be met, whether MBP contract performance objectives will be achieved, or if the grant will contribute to capacity-building. However, it is fair to say that the grant contributed innovation to the microfinance industry. As a result of this and other MBP grants in the area of micro-insurance, MBP pursued a research agenda in micro-insurance and produced three technical papers on issues surrounding micro-insurance.

Grantee: Groupe de Recherche et d'Echange Technologiques (GRET)
Country: Cambodia
Title: Insurance Program for Rural Households in Cambodia, MBP-026
MBP Funding: \$68,027
Grant Period: July 1998-October 2000

Problem Addressed: A recurring problem concerning microfinance activities in Cambodia is the impact of health problems on household budgets. Family illnesses and death wreck previous income generation efforts because they incur very high expenses.

Proposed Outcome: Pilot test an insurance program for rural households in Cambodia. At the end of the grant period, the program should be approximately 35% self-financing and offer the potential for full financial self-sustainability. Approximately 5,000 individuals in 20 rural villages will participate by that time.

Interventions: The major output was the launch of a health insurance system in 7 rural villages near Phnom Penh and training of a local insurance team. One insurance agent, one medical assistant, a medical advisor, two trainers and salesmen were recruited and trained. In order to design a new insurance scheme (based on a very limited experiment), the team carried out two rounds of surveys among former insurance members and non-members households. The objective of these surveys was to assess the impact of the former system, and to understand household behavior. Based on the surveys, a new insurance scheme was discussed with families within targeted villages. After two meetings, the insurance system was launched in 3 villages in June 1999 and in 4 more villages in September 1999.

The insurance scheme is based on several principles. First, families pay an annual premium (less than 2 dollars per person). Second, in exchange, several health risks (such as death, surgery and certain illnesses) that affect a wide target group (men, women and children) are covered. The current system gives members access to two types of services: (a) financial products for serious risks (fixed-rate cash benefits for deaths, critical surgery in the torso, and normal or assisted deliveries after verification), and (b) access to quality health care for selected illnesses by a medical doctor who makes house calls. Following the initial studies, additional services were added: free initial check-ups and covering transportation to hospital expenses.

Results: The second year of the grant has been effective in terms of direct support to help rural households be less vulnerable to health risks. The health insurance system reached 167 families (i.e. 711 insured persons), or 27% on average of total families in the 7 villages. 14 families have been helped for delivery, 4 persons have been compensated for critical surgeries, 3 families have been compensated for the death of one of their relatives. The cash benefits paid out have more or less impact, depending on the health care provider. Insured people are free to go where they wish for care since it was not possible to reach a satisfactory agreement on prices with care providers. Therefore, the more the provider charges, the less significant the help provided by cash benefits. Almost all the insured families have benefited

from quality health care at home at moderate prices allowing them to limit their health care expenses during the year.

Further, a number of lessons have been learned along the way:

- As long as primary health care is not adequate, insurance is not a priority for rural households and standard health insurance financial services for critical risks are not attractive. When health structures are not able to provide quality care then health insurance schemes have to support an existing health structure or to create their own. GRET faced this situation and decided to provide primary health care at home for selected diseases. Thus, the insurance model that GRET is testing is one with cash benefits for critical health risks and health care at home for some relevant diseases that can become serious if not treated quickly and correctly. The health care provided is not free but is available at moderate prices with insurance.
- While many households succeed to put money aside little by little for unforeseen and uncertain expenses, they are less likely to pay (“waste”) money now for uncertain future expenses. Beyond this general trend, Cambodia also has some specific difficulties when talking about insurance. Unlike credit, insurance appears to have no roots within Khmer society. Moreover, solidarity mechanisms are also very limited and focused on religious events (e.g. pagoda maintenance). Familiarizing rural households with the idea of insurance is thus a long process.
- When GRET started, the major challenge was to introduce a new service and a concept to rural households: insurance. The objective was to attract a maximum of people. As a consequence, the method used to establish a premium level and benefit package relied primarily on consensus with families. This resulted in the first premium level being set low. Since new benefits were added and management costs increased significantly to provide health care, the premium level had to rise. The choice was made to increase the premium level in discussion with families. The increase negotiated was significant but not enough for financial sustainability. Consequently, for the insurance scheme cycle 2, the increase needed to improve financial sustainability was rather drastic. The result is a decrease in outreach. Compared to credit where interest rates can easily be calculated, progressive premium pricing is a major difficulty.
- Since insurance and credit are two distinct tasks, each with risks of a different order, it has been decided that the insurance experimentation would not be developed within the framework of credit activities.

Notes: While GRET has not attained the outreach originally anticipated, it has accomplished most of its pilot testing objectives. Thus, for purposes of this study, it is felt that the grant is substantially completed, the grant agreement objectives were met, and the grant contributed to MBP contract performance objectives in capacity-building and innovation. As a result of this and other MBP grants in micro-insurance, MBP pursued a research agenda in micro-insurance and produced three technical papers on issues surrounding micro-insurance.

Grantee: TechnoServe, Inc (TNS)
Country: Ghana
Title: Microenterprise and the Environment: Integrating Enterprise Development with Local Environmental Conservation Efforts, MBP-029
MBP Funding: \$75,211
Grant Period: September 1998-August 2000

Problem Addressed: Communities living near the Red Volta and Morago Rivers in Ghana have been coming into increasing conflict with the elephant populations. Growing human populations encroach onto forest reserves while declining soil fertility results in agricultural activities closer to elephant movement corridors.

Proposed Outcome: Working model of an environmental enterprise involved in processing and marketing of shea nut butter as a diversified income source so that the economic significance of elephant crop raiding diminishes.

Intervention: TNS planned to develop shea nut marketing & shea butter processing enterprises for local women's groups in/around the Volta-Morago Community Elephant Reserve in Ghana in order to reduce the dependence of local communities on food crops so that the perceived economic significance of elephant crop-raiding diminishes. Technoserve intended to provide basic business training to women's groups to plan, assess, and implement shea marketing activities; work with women's groups to encourage market linkages with export companies; and facilitate usage of shea butter processing technologies. The plan was to assist at least 300 potential clients, mostly women; benefiting up to 2,100 family members. Six interventions were planned:

1. **Subsector Analysis of Shea and Shea Butter.** Technoserve conducted a formal subsector analysis of the shea nut butter industry in the targeted region to understand how best to assist women's groups. It revealed that the sector has been depressed due to lower international demand and depressed prices. An earlier stage of the study recommended use of bridge press for processing butter but later financial analyses didn't find this to be cost effective. International markets are depressed and limited local market won't pay premium for higher quality shea butter.
2. **Selection of Women's Groups and Community Organizations.** The plan was to select at least 10 women's groups and 5 community organizations to participate. However, at the maximum level, six women's groups participated in the program in two chiefdoms.
3. **Basic Business Training.** Extensive group training in basic management and business specific aspects of the shea nut program was provided. Topics included record keeping, basic negotiating skills and using post harvest practices to ensure product quality. Extensive group training was also conducted in an inventory credit program as a potential tool to increase incomes and economic opportunities in the project area by using stored

goods as collateral for loans. Peace Corps provided continuous training to women's groups on enterprise management and sustainable natural resource use.

4. **Adoption of Environmentally Sound Agricultural Practices.** The plan was to assist women groups and community organizations to establish measures to reduce elephant raiding and facilitate adoption of environmentally-sound agricultural methods. The plan also including developing monitoring system to gauge the grant's impact on the local environment. This was one of more successful elements of program. Studies and monitoring assessments were carried out as planned. An eco-tourism assessment, studies of the ecological and cultural implications of brush fires, a land use plan and a concept for a regional reserve were conducted. An early warning system for local farmers to reduce elephant crop raiding was successfully implemented. Various environmental awareness meetings were held, including use of traditional leadership with indications that results being achieved.
5. **Access to Export Financing.** TNS planned to negotiate with exporters to obtain financing for groups to purchase, sell, or stockpile shea nuts as local buying agents for exporters. Many discussions were held with exporters but little real assistance was forthcoming. Depressed prices over much of grant period left local commodity prices higher than international markets were offering. There are now attempts to have exporters provide pre-financial support for groups to gather adequate volumes of shea nuts that meet buyer specifications.
6. **Use of Improved Technologies.** The plan was to assist women groups to acquire and use bridge screw press or other appropriate, small processing equipment. While technologically superior in terms of increased labor productivity, better quality and less drudgery, bridge screw press was not financially viable.

Results: The results of this grant were mixed. On the positive side, the conservation activities were accomplished as planned. The organization of a local information exchange was improved under the grant and this seems to have had a positive impact on targeted communities. The early warning methodologies to reduce damages due to elephant raiding were successful. However, the hoped-for income generation effects from shea nut and shea nut butter were not realized due to the harsh physical environment and depressed international prices.

Notes: Because of the mixed results, it was not possible to test the original premise of this innovation grant; that a profit incentive increases the effect of a conservation message. At the same time, some conservation activities succeeded in their own right that may have applicability beyond the grant. TNS also believes it has learned other lessons including that strictly group-owned or community-based organizations may not be the best premise for sustainable business development; and that the power and importance of local traditional authorities and systems should not be underestimated.

The grant is now completed but the grant agreement objectives were not significantly realized; nor was the grant able to significantly contribute to the MBP contract performance objectives and fully realize its innovative features.

Grantee: EMPRENDAMOS
Country: Colombia
Title: Analysis and Evaluation of the Risk of NGO Intermediaries' Financial Resources in Colombia, MBP-030
MBP Funding: \$18,865
Grant Period: July 1998-July 1999

Problem Addressed: Inability to compare the financial health among microfinance institutions in Colombia that receive loan guarantees from the grantee

Proposed Outcome: An innovative, computerized risk assessment system, or tool, that can be used to analyze and measure the financial health of the thirty microfinance organizations that the grantee provides loan guarantees to; along with a nationwide database of consistent, quality financial information on the performance of Colombia's MFIs.

Interventions: During the first six months of the activity, EMPRENDAMOS prepared data for input into the system, obtained software and technical assistance in setting up and using the system, and collected and inputted the data monthly. EMPRENDAMOS generated statistical and analytical reports from the system and made these reports available to the microfinance community in Colombia quarterly.

In the last six months of the activity, the grantee continued to collect and input data on a monthly basis. EMPRENDAMOS also continued to generate statistical and analytical reports from the system every three months and shared them with the microfinance community in Colombia.

Results: EMPRENDAMOS accomplished much of what it set out to do. The grantee benefited directly since the risk assessment tool improved its support to microenterprises, especially regarding the treatment of historical and comparative figures. The institutions that provide credit to MFIs also benefited. MFIs have benefited indirectly because of the flow of resources to microenterprises. Many MFIs have changed and fixed their financial reporting based on rankings and results.

EMPRENDAMOS learned some valuable lessons. The most important learning that took place is accumulating up-to-date information to establish indicators to evaluate the microfinance industry in Colombia. For example, some primarily deliver health services. Learning from this grant has particularly benefited the apex organization, EMPRENDER, which is now using the new methodologies.

The most successful element of this grant was producing a flexible methodology for evaluating individual microfinance institutions and evaluating sector trends. Another success was starting to develop quality standards and codes of conduct for microfinance institutions.

Less successful was the collection of data because some institutions were jealous and did not want to publish information that others could see. Further, putting together financial information was very difficult, balance sheets and other financial reports had to be reconstructed to fit the new format. Other complications were changes in the financial system, superintendency of banks and new financial sector rules put in place as the MBP grant was being carried out.

EMPENDAMOS published a monograph to disclose its evaluations, as well as document the process and indicators used to evaluate the individual microfinance institutions. The monograph, entitled “Análisis y Evaluación de Riesgo de las ONG’s Intermediadoras de Recursos en el sector de la Microempresa,” is available at USAID’s Development Experience Clearinghouse web site at www.dec.org.

Notes: The grant is completed. EMPENDAMOS largely accomplished its grant agreement objectives, contributed to MBP contract performance, contributed to capacity building in within EMPENDAMOS, and created an innovative product.

Grantee: Private Sector Initiatives Corporation (PSIC), now MicroRate
Country: Latin America
Title: Rating Agency Project Results Reporting, MBP-043
MBP Funding: \$35,000
Grant Period: June 1999-April 2000

Problem Addressed: Need to share information on ratings reports

Proposed Outcome: Web site for the Rating Agency Project, or MicroRate, and publication of a monograph on the status of microfinance in Latin America. These are products that will benefit the larger microenterprise community and also help market the services of MicroRate.

Interventions: The web site and monograph build on and use the comparative financial data and reports on the 21 microfinance institutions that were evaluated by MicroRate since 1996 (supported in part by MBP grant, MBP-008). The objective of MicroRate is to increase linkages between capital markets and MFIs, stimulating growth of the microenterprise sector and increasing incomes and employment for the poor.

The web site aims to provide MicroRate with a distribution channel and marketing tool for MicroRate's information products and services. The web site is designed to provide basic information on trends and best practices in MFI operational and financial management. Additional information, such as individual MFI reports and statistical analyses, will be available for a fee. Reports will be available in English and Spanish. The site was first launched in October, 2000, but is presently limited in its offering.

The monograph has been drafted but not yet published. The draft discusses and analyzes the state of microfinance in Latin America, drawing on the data gathered through MicroRate. It draws some interesting relationships and trends. The report is to be available in English and Spanish and disseminated to MFIs, donors, potential investors, creditors, and academics through the MicroRate web site, as well as through MBP. The monograph will serve to provide information on the MicroRate methodology and results to date in order to build general acceptance and standardization within the industry for a future rating service, based on objectively verifiable information, that can help MFIs tap commercial funding sources.

Results: As noted above, the web site, www.microrate.com, has just been launched, but needs to become more robust. The monograph is in draft and has been reviewed. Some interesting trends were identified that may aid in the development of concrete benchmarks for MFIs.

- Higher levels of competition in a given market have forced MFIs to be more efficient and have resulted in lower interest rates for clients.

- The more formalized the MFI (i.e. regulated by the Central Bank, able to take deposits and extend other types of financial services), the operationally and financially stronger the institution tended to be.
- The higher leverage an institution had, the higher level of operational efficiency it had. Institutions with higher leverage were also found to be more profitable.
- Increases in efficiency are in part related to growth, but there are no clear economies of scale. Once institutions have reached a portfolio of at least \$2 million, they can be just as efficient as institutions that have loan portfolios of \$70 million.
- In urban markets, group lending has been found to be less efficient than individual lending, and not necessarily the most cost-effective way to reach clients either.

More general lessons learned from MBP support are found in the discussion of MBP -008 grant.

Notes: The grant is nearing completion. It looks like grant agreement objectives were largely realized, the grant contributed to the MBP contract performance objectives and to capacity building, and led to innovation in the microfinance industry.

Title:	<i>MBP Guide to New Product Development</i> Field Test
Grantees:	BancoSol, Bolivia, MBP-048 Kenya Post Office Savings Bank (KPOSB), Kenya, MBP-067 Pro Mujer, Nicaragua and Peru, MBP-072
MBP Funding:	\$29,000 for BancoSol \$30,000 for Kenya Post Office Savings Bank \$50,000 for Pro Mujer
Grant Period:	July 1999-June 2001

Problem Addressed: Need to increase and strengthen the range of appropriate and customer-centric financial products and services offered to microentrepreneurs.

Proposed Outcome: A field tested, systematic process for designing, pilot testing and launching new microfinance products and services.

Interventions: The MBP research component developed a guide, *The MBP Guide to New Product Development*, for MFIs to use in expanding their product line to create offerings for specific microfinance segments. These thematic grants are the final step to test the guide.

Grantees use the Guide to design, pilot, and/or launch a microfinance product. Field testing includes:

- Product design: form multi-disciplinary team with product champion and undertake market research to determine product characteristics;
- Pilot test: identify goals and evaluation criteria, select test site and duration, and offer product to document and analyze results; and
- Launch: Design promotional campaign, identify distribution channels, and build up institutional capacity.

MBP works with grant recipients to monitor the field test, provide technical assistance, and share results and products of grant funding with the microenterprise industry at large.

Grantee responsibilities include:

- Use the Guide to design, pilot, and/or launch a financial product. During orientation, the Grantee and MBP determine the phase(s) to use the Guide.
- Provide MBP with at least 5 completed worksheets from the Guide. During the orientation, the Grantee and MBP determine the final number and type of worksheets.
- Provide MBP with three, one-page completed questionnaires (one for each phase) critiquing the Guide's methodology and usefulness as a self-instruction manual.

- Participate in an orientation to the Guide and field testing process.
- Provide other data and information as requested for the final Guide.
- Identify a point person to liaison with MBP project researchers.

MFIs were selected among those with a demonstrated record developing new products and having at least 5,000 active clients. The first grant went to BancoSol in July 1999 to use the Guide to develop a housing product. However, because of delays in getting the Guide ready for field testing and translated into Spanish, BancoSol did not begin the field test until August, 2000, using the Guide to develop a pawn loan product instead of a housing product. The second grant was made to KPOSB in March 2000 to roll-out a streamlined savings product. The third grant was made to Pro Mujer in July 2000 to develop new lending and savings products at its affiliates in Nicaragua and Peru.

Thus, the only active grant during the conduct of this study is with KPOSB. Their new product is the Bidii Savings Account. The Bidii savings account has an affordable deposit well below \$10 to open and maintain; allows flexible withdrawals at no extra charge, interest earned is tax free, and customer deposits are government guaranteed.

The idea behind the Bidii Savings Account is to provide a flexible savings instrument. As a result of thorough customer surveys (part of the new product development process), PostBank learned that small vendors would most value a savings account that permitted overnight deposits and speedy transactions. Vendors are concerned with security and do not want to carry much money home with them after closing their shops.

Bidii Savings Account holders will have a plastic card to replace the passbook. The minimum amount to open a Bidii account will be about \$10. Monthly statements of deposits and withdrawals will be provided in lieu of a passbook. The Bidii system will be computer-based, but because most PostBank outlets are not wired to each other, these accounts will be domiciled; that is only available for transactions in one designated branch. However, since many of the targeted customers run fixed shops/stalls, this is not an issue for many vendors. The customer service level aims at two minutes to carry out the transaction, another value of customers surveyed in developing this new product. No extra charges will be levied for this flexible service.

KPOSB is proud that the Bidii Savings Account was designed in a multidisciplinary fashion, allowing for ownership across institutional boundaries. The participating branch manager was also very proud of his direct participation in designing this new product -- a first for KPOSB. The Guide was utilized extensively. KPOSB was about to begin its three-month pilot testing to take place in a peri-urban area of Nairobi at the time of this study.

Results: The Guide was beginning to be tested at KPOSB at the time of this study. Implementation at BancoSol and Pro Mujer was about to commence. The KPOSB grant has gotten off to a good start, with the new product design carried out in a multidisciplinary fashion and with a focus on what customers want.

Notes: Implementation of the KPOSB grant is in progress. The other grants were just getting underway at the time of this study. In any case, it is too early to know whether grant agreement objectives will be met, whether the grants will contribute to the MBP contract performance measures, and whether they will contribute to capacity building or innovations.

Title: Credit Line Product Innovation and Implementation in Mibanco (Peru)
Grantee: ACCION International
MBP Funding: \$75,058
Grant Period: March 2000 – July 2001

Problem Addressed: Need to offer better service at a lower cost to Mibanco’s best customers to reduce deseration rates of these customers and increase profitability.

Proposed Outcome: A new financial product that is tailored to the need of Mibanco’s lucrative repeat borrowers and increases the financial viability of Mibanco through increased scale and scope of services.

Interventions: To implement the activity, ACCION and Mibanco developed a three-phase plan: 1) design and development; 2) pilot testing; and 3) commercialization.

In the design and development phase, ACCION provided technical assistance to Mibanco to define the parameters of the product prototype to be pilot tested. The pilot testing phase involves introducing the prototype in a limited number of markets/branches to provide a “reality check” on the research and refine the product. The pilot test is designed to help predict the product’s future market acceptance. The commercialization phase covers the product roll-out in the event of a successful pilot. ACCION and Mibanco anticipated that at least one-fourth of Mibanco’s 28 branches will offer the product within one year of roll-out.

THE ACTIVITY OFFERS THE PROMISE OF SEVERAL INNOVATIONS FOR THE MICROFINANCE INDUSTRY:

- Adapting technology and know-how from the conventional banking sector to develop accurate predictors of default risk based on qualitative and quantitative characteristics of microentrepreneurs;
- Opening up entirely new markets and economic relationships between microenterpreneurs, as the line of credit product is a cash facility that microenterpreneurs can use for purchases and sales with other microentrepreneurs. Unlike smart cards, the line of credit product does not require an installed infrastructure at the point of sale.
- Reducing operational costs and developing the systems (ABC – activity based costing, TQM – total quality management) to track these costs.

Results: At the time of this study, the activity was in the design and development phase.

Notes: It is too early to know whether grant agreement objectives will be met, whether the grants will contribute to the MBP contract performance measures or lead to innovation.

Title:	Performance Measurement Framework Field Research
Grantees:	Industrial Enterprise Development Institute (IEDI), Nepal, MBP-058 SEEDS Guarantee Ltd, Sri Lanka, MBP-059 Canadian Centre for International Studies and Cooperation, Nepal, MBP-060 Conservation International, Guatemala, MBP-061 Swisscontact Philippines, Philippines, MBP-062 FAIDA, Tanzania, MBP-063
MBP Funding:	\$10,000 for each grantee
Grant Period:	November 1999-March 2001

Problem Addressed: Lack of a structured compilation of best practices to assess the performance of business development services (BDS) that would assist practitioners in assessing and improving their own BDS services, identify better performing programs from which to extract best practices, and establish standards for the industry and funding criteria for donors.

Proposed Outcome: Practical and valid tools and techniques for measuring the performance of business development services programs developed and tested.

Interventions: The Performance Measurement Framework (PMF) was jointly developed by MBP and the International Labor Organization (ILO), under the Donor Committee on Small Enterprise Development. The approach taken was to:

- Create a PMF learning network of grant awardees;
- Field test as the foundation for global performance standards;
- Develop standard tools for data collection and analysis, to assess the validity, practicality and usefulness of the PMF, and to modify the framework according to field experience;
- Network supported by three technical experts in BDS to help formulate tools and techniques and prepare the final manual;
- The network interacts virtually on a list serve, through occasional real time internet discussion, and in two in-person workshops: The first was the Donor Committee BDS conference in Hanoi, April 2000; and
- Grants costs for participating in meetings are paid directly by MBP. Participants also receive visits from a technical expert to provide advice and technical exchange.

Grantee responsibilities are to:

- Review the PMF and comment, via list-serve, on its applicability to their program, and suggest possible tools to collect and analyze data;
- Review tools developed and form a consensus about standard tools to use;
- Collect and report baseline data using the tools, comment on performance and suggest changes;
- Collect and report performance data using tools, six to ten months later. Comment on performance and suggest changes;
- Participate in in-person workshops;
- Provide data and information for the final PMF manual; and
- Review and comment on the final PMF manual.

Six organizations were selected to participate in the PMF. Selection criteria included organizations that have active BDS programs with plans to serve over 200 clients, that have monitoring and evaluation capabilities, staff to participate, English language skills, and Internet access. All awards were made in November, 1999.

The status of all grant are essentially the same since the PMF ties all activities together. All grantees applied for grants to further strengthen their existing BDS monitoring and evaluation systems. PMF was more comprehensive than the grantees had so they bought into the concepts, e.g. examining market conditions. All six grantees participated in conceptual discussions during an orientation phase that was very useful to understand the philosophy of developing and providing market BDS. A test of the baseline impact survey was completed as planned for most grantees.

Some grantees received a technical support visit during the impact study preparation. Support did not bring significant change in planned activities and methodologies. The rest of the support came from the listserv and common decisions were made on almost all issues. The posted guidelines have not yet been utilized, therefore significance can't be measured. The process of interaction was useful for grantees getting acquainted.

The Hanoi conference changed the concept, direction, objectives and administration for the PMF. It caused confusion and put the program on hold for an extended period of time. The conference raised questions among grantees whether the completed baseline impact survey is still valid.

The listserv broke down twice. Interaction and discussion on the concepts during initial orientation phase were very active. However, lively discussion stopped during methodology

development, implementation of activities, and feedback. The Program was not clear on in-person meetings, for example in Hanoi, and not all participants attended.

Results: The PMF is on hold after the Hanoi Conference, as noted above. Results are therefore not certain. The overall objective of the program may be moving from a concept of field testing a proven approach, to action research. Aside from the conceptual changes, there were a number of implementation problems, such as the breakdown of the listserve, questions as to whom could attend the Hanoi conference, and pauses in interaction with and among grantees that caused confusion among grantees.

From grantees that field tested the PMF, lessons are less clear and are still incomplete at this point in time. A number of grantees felt that the PMF provided good tools for evaluating and monitoring the effectiveness BDS. Grantees identified the following as successful tools: Impact questionnaire development, impact methodology guidelines, field surveys and marketing tool development. However, the grantees also agreed that the framework needs much refining, a view that is also shared by MBP and USAID. The underlying logic and basic assumptions of the PMF need further analysis and grounding in field research, as does the PMF's link to the new, emerging market development paradigm. Further, grantees testing the PMF felt that a performance evaluations system for BDS needed to be developed on two levels. The first level would address basic program evaluation standards that would seek to evaluate common BDS goals (outreach, sustainability, scale et.), while level two would address more specific indicators. One suggestion was made that the PMF be structured into "modules" that correspond to the given BDS goals, because some BDS providers do not have the goal of "developing BDS markets." (This is a donor goal.) However, BDS providers might be concerned with sustainability.

Notes: Despite the present circumstances, grantees believe the completed baseline survey gave useful information to assess the market position and the impact of training of their BDS programs. The PMF gave grantees the idea of looking at markets, program sustainability and impact on enterprises. Some grantees intend to adopt these concepts, irrespective of the eventual evolution of the PMF.

The grants are behind schedule for reasons cited above. Therefore it is too early to assess whether grant agreement objectives will be met, whether the grants will contribute to the MBP contract performance standards, and whether the grants will contribute to capacity building and innovations in the microenterprise industry.