



Widening the circle, moving ahead

Microenterprise Best Practices

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Microenterprise Best Practices (MBP) Grant Portfolio Review

Part One: Background, Implementation, and Performance of the MBP Grant Facility

Part Two: MBP Grant Briefings

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October 2000

The two-part paper reviews the implementation and mid-term performance of the MBP Grant Facility and analyzes the 67 grants MBP made between March 1997 and March 2000 for exchange visits, capacity building, and innovation.

“Part One: Background, Implementation, and Performance of MBP Grant Facility” discusses the MBP grant-making process, the overall performance of the grant portfolio, and lessons learned to date.

“Part Two: MBP Grant Briefings” summarize the 67 grants. The briefings are in a standard format, identifying the problem addressed by the grant, proposed outcome, intervention, and results. Each briefing is normally two pages in length.

The grant portfolio review, carried out between May-September 2000, consisted of a desk study of the 67 grants, questionnaires and responses from grantees, site visits to selected grantees, and phone or personal interviews with grantees, USAID staff, and others involved in the MBP Grant Facility.

MBP GRANT FACILITY AT A GLANCE, 1997-2000

- \$2.4M global grant fund to support capacity-building, innovation, and information exchange in microfinance and business development services.
- Through March 2000, MBP awarded 67 grants for a total of \$2M.
- Average grant size was \$32,000.
- Average grant period was one year.
- Organizations working in Africa received almost half of all MBP grant funds awarded.

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The Grant Portfolio: While a global fund, the plurality of grants went to institutions working in



A USAID-funded project, implemented by Development Alternatives, Inc. in collaboration with ACCION International, Foundation for International Community Assistance, Harvard Institute for International Development, International Management and Communications Corporation, Ohio State University Rural Finance Program, Opportunity International, and the Small Enterprise Education and Promotion Network.



Africa, followed by organizations working in Latin America and Asia. The majority of grants were made to unaffiliated, non-US non-governmental organizations, demonstrating an ability to reach beyond more traditional US non-governmental organizations. The majority of grants were made to microenterprise development organizations for financial services, as opposed to business development services. The majority of grants can be characterized as “one-off”—chosen and implemented independently of one another. However, beginning in 1999, MBP took a more thematic approach to its grantmaking as a more cost-effective alternative to “one-off” grants and more importantly as a way to engage practitioners in action research on cutting-edge industry topics, such as new product development for microfinance.

Performance of Grants: A majority of grants have substantially achieved the objectives articulated in their proposals and grant agreements. However, as of March 2000, 24 grants were still in progress and had not advanced far enough along to make a judgement as to whether their grant agreement objectives would be met.

Contributions and Lessons Learned: While the MBP grant portfolio was organized around general grant categories (exchange visits, capacity building and innovation), this structure was not particularly useful in making programmatic decisions nor in culling lessons learned and findings. Thus, the review characterizes grants around the following challenges and trends: microfinance network development; information technology in microenterprise development; ratings, standards and benchmarking; environment and microenterprise development; new product development; and business development services. 35 of the 43 capacity building and innovation grants examined in the review fit in one or more of these characterizations.

Recommendations for the Future: The review recommends that USAID consider supporting a next-generation grant facility that is focused on limited and concrete objectives and follows a more thematic approach.

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