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MALAWI MICROFINANCE NETWORK (MAMN)

STRATEGIC BUSINESS PLAN 2007-2009

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MALAWI

MALAWI MICROFINANCE NETWORK (MAMN) STRATEGIC BUSINESS PLAN

Deepening the Microfinance Sector in Malawi (DMS) project

Contract No.GEG-I-00-02-00013-00 Task Order 804 under the

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ACRONYMS

AFMIN	African Microfinance Network
CUMO	Concern Universal Microfinance Operations
DMS	Deepening the Microfinance Sector
HIV/AIDS	Human Immune Virus/Acquired Immune Deficiency Syndrome
HIVOS	Humanist Institute for Cooperation with Developing Countries
ICT	information and communication technology
MAMN	Malawi Microfinance Network
MCCI	Malawi Chambers of Commerce and Industry
MFI	microfinance institution
NGO	nongovernmental organization
PRIDE	Promotion of Rural Initiatives and Development Enterprises
UNCDF	United Nations Capital Development Fund
UNDP	United Nations Development Programme
USAID	United States Agency for International Development

EXECUTIVE SUMMARY

The Malawi Microfinance Network (MAMN) Strategic Business Plan for the three years ending December 2009 was formulated after consultations with stakeholders, including MAMN members, the Reserve Bank of Malawi, the United Nations Capital Development Fund (UNCDF), government officials, and other development partners.

This plan begins by highlighting the performance of the network for the last three years, which shows that a number of achievements have been made, including establishment of a secretariat in Lilongwe, the ability to source donor funding (MAMN was able to source 100,000 euros for running of the secretariat), conducting training sessions for its members, and creation of positive relationship with the Malawi government. The achievements also include development of strategic alliances with development partners such as the United Nations Development Programme/UNCDF, the Humanist Institute for Cooperation with Developing Countries (HIVOS), USAID via the Deepening the Microfinance Sector (DMS) project, and the European Union, and putting in place best practices and good governance parameters.

These achievements have been made while MAMN still faces challenges, including:

- Lack of acceptance resources to support activities of the network
- Lack of political will and inability to enforce the code of conduct
- Narrow income base for the network
- Political interference in member institutions
- Lack of specialized national training for microfinance institution (MFI) staff, among others

Nine strategic issues have been identified and listed in this business plan. These have been summarized to form a basis for the formulation of major objectives. The plan has put in place several strategies with greatest potential for improving the performance of the network in the next three years. Some of the strategies to be followed are:

- Development of strategic partnerships with local and international institutions to promote best practices and lobbying
- Amendment of the trust deed to be in line with developments in the MFI industry
- Increasing membership base of MAMN by attracting all institutions involved in microfinance
- Development of a legal and regulatory framework and policy on microfinance
- Financial sustainability and resource mobilization
- Capacity building for MAMN secretariat and MAMN members

The strategic business plan is supported by a budget (in Appendices 2-5). The plan also contains an implementation plan in a matrix format that provides guidance for members on monitoring progress.

1. INTRODUCTION

This strategic business plan defines the goals, strategies, objectives, and financial plans of MAMN for January 2007 to December 2009. USAID's DMS project provided technical/financial assistance that facilitated development of this plan.

The document is a product of a series of discussions with key stakeholders (including the DMS project and UNDP/UNCDF) involved in microfinance in Malawi; this culminated in a planning workshop in Zomba on August 23-25, 2006. The workshop involved 14 of the 17 members of the network and other stakeholders, including the Reserve Bank of Malawi, UNCDF, the Ministry of Agriculture, and the Ministry of Industry, Trade, and Private Sector Development.

2. BACKGROUND

The Malawi Microfinance Network Strategic Business Plan covers January 2007 to December 2009. Until the workshop, participants looked at MAMN with different perspectives. Some saw it as a grouping of MFIs; others identified MAMN as an umbrella body of institutions involved in microfinance. The following are MAMN mandates:

- To be a self-regulating body
- To represent and speak on behalf of its members
- To lobby on behalf of its members for creation of a conducive operating environment
- To ensure that members abide by the code of conduct
- To set best practices among the member MFIs
- To provide services for its members in terms of information, training, advocacy, and building strategic partnerships
- To ensure that members comply with industrial norms
- To develop membership criteria
- To provide a unified front for lobbying government, development partners, and regulatory bodies

2.1 FACTORS AFFECTING MAMN'S IDENTITY

- Current and future composition of MAMN
- Absence of a policing and follow-up mechanism to handle violators of the code of conduct
- Lack of a clear understanding of the ideals of the network by its members
- The existence of a conflict between regulatory and advocacy objectives
- MAMN's inability to disseminate information and technology

2.2 MAMN MANDATE

MAMN is grouping of MFIs, whose powers are derived from the trust deed, which provides services to its members through the following objectives:

- To develop, promote, and regulate MFIs' activities, instilling good corporate governance to ensure sustainability
- To facilitate exchange of experiences, ideas, technologies, and information to strengthen operations of the MFIs
- To enhance capacity building efforts of the secretariat and the members
- To enhance resource mobilization for its sustainability

3. VISION

MAMN's vision is to "become a vibrant network that effectively supports the MF industry in Malawi."

4. MISSION STATEMENT

MAMN's mission is to facilitate creation of an enabling environment for development of a sustainable microfinance industry in Malawi through participation of all stakeholders.

5. CORE VALUES

MAMN's core values were embodied in the code of conduct as highlighted in best practices. Following are those core values:

- Accountability and transparency
- Equity, fairness, and equality in the treatment of members
- Adherence to microfinance best practices
- Non-discriminatory services
- Good governance
- Political independence
- Supporting environment-friendly enterprises

6. ACHIEVEMENTS AND CHALLENGES

The microfinance industry in Malawi is still relatively underdeveloped; almost all MFIs operate with limited resources and thus have limited outreach. Most rely on donor funding for their operations. The MFIs differ in size, source of funding, target group, and area of operations. Few MFIs (only the Malawi Savings Bank and Opportunity International Bank of Malawi are registered as banks) and the Malawi Union of Savings and Credit Cooperatives accept deposits. As of June 2006, the industry had 182,099 loans outstanding, totaling MK 2.99 billion, and 282,930 depositors, with total savings of MK 3.2 billion, as shown in the table below.

LOAN SITUATION AS OF JUNE 2006

SECTOR SUMMARY	MARCH 2006	JUNE 2006
Number of Loans	158,918.00	182,099.00
Number of Depositors	234,927.00	282,930.00
Value of Loans (MK)	2,053,141,469.00	2,986,804,466.00
Value of Deposits (MK)	2,767,947,385.00	3,198,972,867.00
Average Loan Value (MK)	12,919.50	16,402.09
Average Savings (MK)	11,782.16	11,306.59

As shown by the size of these figures, there is a need to integrate microfinance into the national financial system. Integration will require a legal and regulatory framework that will ensure adherence to best practices by all players in the market.

MAMN's mission is to play a significant role in development of the microfinance industry in Malawi, enabling the industry to grow into an effective and sustainable financial sub-system by engaging the government and other stakeholders to focus on all three levels of financial system development: the micro-level of retail service providers, the meso-level of industry infrastructure, and the macro-level for the enabling environment. This approach would entail MAMN operating as a vibrant facilitator of MFI activities in Malawi.

Since its inception, MAMN has made some remarkable achievements. MAMN works in close collaboration with the following national and international bodies/agencies:

- Humanist Institute for Cooperation with Developing Countries
- United Nations Development Program/United Nations Capital Development Fund
- USAID's DMS project
- The Malawi government, through the Ministry of Industry, Trade, and Private Sector Development
- Southern African Microfinance Capacity Enhancement Facility
- African Microfinance Network (AFMIN)
- Small Enterprise Education and Promotion

The network started in 2000 with seven members, but now has 17. Current membership comprises:

- *Comitato Internazionale per Sviluppo dei Popoli*
- Concern Universal Microfinance Operations
- Development of Malawi Enterprises Trust
- Ecumenical Church Loan Fund

- Finance Trust for the Self-Employed
- Foundation for International Community Assistance
- Malawi Rural Finance Company Ltd.
- Malawi Savings Bank
- Malawi Union of Savings and Credit Cooperatives
- Micro Loan Foundation
- National Association of Business Women
- Opportunity International Bank of Malawi
- Participatory Rural Development Organization
- Project HOPE
- Promotion of Rural Initiatives and Development Enterprises (PRIDE Malawi)
- Small Enterprises Development Organization of Malawi
- The Hunger Project

The network has made achievements in a number of areas, but continues to face a number of challenges as follows:

ACHIEVEMENTS	CHALLENGES
<ul style="list-style-type: none"> • Development of strategic alliances: Small Enterprise Education and Promotion Network, AFMIN, HIVOS, DMS, UNDP/UNCDF, EU, etc. • Establishment of a secretariat in Lilongwe • Establishment of a resource center at the secretariat • Sourcing of donor funding. The network was able to secure 100, 000 euros for running the secretariat and for HIV/AIDS activities • Conducting and organizing training sessions • Creation of positive relations with the government • Contribution to the regulatory framework and microfinance policy • Putting in place best practices and good governance parameters 	<ul style="list-style-type: none"> • Lack of adequate resources to support network activities • Lack of political will and inability to enforce the code of conduct of MFIs • Political interference in member institutions • An underprovided secretariat • A narrow income base for the network • Lack of trust by members • Limited influence on government and donors • Absence of governing law • The existence of competition among member MFIs • No partnerships/linkages among MFIs • Lack of specialized national training for MFI staff • Inadequate capacity for MAMN and its members • Lack of sustainability in MFIs • Lack credit reference bureau • Lack of an effective MIS

7. PERFORMANCE OF THE NETWORK

7.1 FINANCIAL PERFORMANCE

The table below summarizes MAMN's financial results for the two years ended December 31, 2005.

FINANCIAL RESULTS 2004-2005

INCOME		
DESCRIPTION	2005	2004
	(MK)	MK
Grants	3,335,083	6,293,295
Member Subscriptions	728,000	674,218
Other Incomes	768,087	457,266
TOTAL INCOME	4,831,170	7,424,779
EXPENSES		
Staff Costs	1,061,200	454,000
Operating Costs	1,493,589	1,432,337
Programs	1,353,205	6,212,111
TOTAL EXPENDITURE	3,907,994	8,098,448
SURPLUS/DEFICIT	923,176	(673,669)

As can be seen from the table above, income fell from MK 7.4 million in 2004 to MK 4.8 million in 2005, as a result of a reduction in grant flows from HIVOS from MK 6.3 million in 2004 to MK 3.3 million in 2005. Increases in the number of membership subscriptions and other income, mainly from training fees, were not sufficient to compensate for the reduction in HIVOS grants.

Staff costs increased from MK 454,000 in 2004 to nearly MK1.1million in 2005, mainly due to recruitment of a full-time administration manager. The network had two full-time staff in 2005, compared to one in 2004.

Reduced HIVOS grants in 2005 resulted in reduced program expenditure. Consequently, little training for members was implemented in 2005.

Grant income accounted for 68.8 percent of total income in 2005 (85.1 percent in 2004), confirming that the institution is still far from being donor-independent.

Overall, the network realized a net surplus of MK 923,176 in 2005, as a result of a significant reduction in program expenditure that outweighed the fall in income. The surplus was at the expense of programs for the benefit of members, which could weaken the network's influence over its membership.

7.2 BALANCE SHEET

The table below summarizes balance sheets of the network at December 31, 2004 and 2005 as per audited accounts produced by KPMG.

BALANCE SHEETS FOR 2004 AND 2005

	2005	2004
DESCRIPTION	(MK)	(MK)
Fixed Assets	303,978	500,378
Current Assets	8,573,017	5,998,452
Current Liabilities	5,384,643	3,929,654
NET CURRENT ASSETS	3,188,374	2,068,798
NET ASSETS	3,492,352	2,569,176
FINANCED BY		
Capital Grant	448,355	789,130
Accumulated Fund	3,043,997	1,780,046
TOTAL	3,492,352	2,569,176

The statements show an improvement in the financial position on December 31, 2005 over 2004, as confirmed by a liquidity ratio of 1.6:1 in 2005, compared to 1.5:1 in 2004. Cash balances on December 31, 2005 stood at MK 8.3 million, higher than on the same date in 2004. Grants from HIVOS for the year ending December 31, 2006 contributed to the high cash balances.

8. SITUATION ANALYSIS

For MAMN to position itself, the business plan presents an analysis of internal and external strategic factors.

8.1 INTERNAL ANALYSIS

An internal analysis of MAMN resulted in a list of factors that help the network effectively perform its functions. These factors were seen as major competences and strengths. Members also identified factors that hinder the network's performance. These were the networks' weaknesses as outlined in this section.

Strengths of MAMN

- Member commitment. There is good representation of members at MAMN meetings and members work voluntarily.
- High expertise of MAMN leaders. There is a diversity of skills among the members.
- Ability to collect membership fees.
- High integrity and reputation.
- The existence of a MAMN secretariat.

Weaknesses of MAMN

- Poor (limited) membership base.
- Inadequate financial resources.

- Limited income-generating activities.
- Under-staffed secretariat.
- Poorly located secretariat.
- Poor public relations strategy.
- Trust deed documents restrict membership to MFIs only.

8.2 EXTERNAL ANALYSIS

Opportunities Available to MAMN

- Development partners and donors (e.g. DMS, HIVOS, UNDP, and UNCDF) are willing to support MAMN.
- Existence of outside institutions linked to MAMN from which it can learn, e.g., Association of Microfinance Institutions of Uganda/AFMIN.
- Existence of professional training opportunities (Microsave, Fineline, etc.).
- Potential for expansion of the network. More institutions are willing to become members (development partners, UNCDF, NGOs, and commercial banks).
- Increased government interest in MAMN's activities (existence of a microfinance policy).
- Establishment of MFI department at the Reserve Bank of Malawi.
- Representation of the government at most MAMN meetings.
- Commitment of MFIs to the ideals of MAMN.

Threats to MAMN

- Direct government involvement in the MFI sector creates distortions and confusion in the market.
- Weak macroeconomic environment.
- Poor repayment/credit culture due to culture of donations and hand-outs.
- Widespread poverty.
- Negative gender-related perceptions.
- Fast-changing technology.

9. STAKEHOLDER ANALYSIS

The operations and most activities of MAMN are governed by its trust deed. However, some parties have a special interest in MAMN's activities. These are our stakeholders, who operate within and outside MAMN.

INTERNAL STAKEHOLDERS

STAKEHOLDER	EXPECTATIONS
Member MFIs	<ul style="list-style-type: none"> • Capacity building support • Lobbying government and donors • Facilitation of information exchanges • Resource mobilization • Bench marking • Information dissemination
Executive Members	<ul style="list-style-type: none"> • Member loyalty • Competent secretariat • Timely reporting by members • Resource availability • Dedicated and committed secretariat staff
Committees	<ul style="list-style-type: none"> • Resource availability • Proper terms of reference • Good governance structure • Support from members and the executive (including staff at secretariat) • Up-to-date information on member needs, competencies, and unique selling advantage
Staff	<ul style="list-style-type: none"> • Fair remuneration • Resource availability • Member support • Conducive working environment • Clear roles and responsibilities • Career prospects • Job security

EXTERNAL STAKEHOLDERS

STAKEHOLDER	EXPECTATIONS
MAMN Members	<ul style="list-style-type: none"> • Reliable and sustainable services from MAMN • Accountability and transparency • Prudence in the use of resources
Donors and Development Partners	<ul style="list-style-type: none"> • Transparency and accountability • Ownership of programs • Sustainable and professionally run MFIs • Outreach to the most vulnerable in the country • High Impact of financial services in the economy
Government	<ul style="list-style-type: none"> • Outreach and accessibility of MAMN members' services to urban and rural populations • A powerful network in mobilizing the MFIs towards government policy on poverty reduction • Softer loan terms for the most vulnerable
Commercial Banks and Insurance Companies	<ul style="list-style-type: none"> • Accountability and transparency
Other NGOs	<ul style="list-style-type: none"> • Accountability, transparency, and prudence
Reserve Bank of Malawi	<ul style="list-style-type: none"> • Good corporate governance • Reduced participation of government in the MFIs

STAKEHOLDER	EXPECTATIONS
	<ul style="list-style-type: none"> Professionalism
Country-Level Networks and AFMIN	<ul style="list-style-type: none"> Professionalism Good corporate governance
External Auditors	<ul style="list-style-type: none"> Compliance to international accounting standards Accountability and transparency

10. KEY STRATEGIC ISSUES

A key strategic issue a problem or a hindrance to effective operation of the network that, if left unattended, would have negative consequences. Following are MAMN's strategic issues:

Governance

Governance is critical to the operation of MAMN, but lacks the following:

- The governance structure is not in place.
- Ownership of MAMN is not clearly spelled-out.
- Members are unclear about the reporting structure, so do not know what they are supposed to be doing.
- The criteria for the election of executive committee members to the board were unclear.

MAMN's Identity

It is difficult to differentiate MAMN from its members.

MAMN's Image and Market Visibility

The network lacks prominence on the market.

Narrow Resource Base and Financial Sustainability

The network relies heavily on grants from donors. Membership subscriptions are inadequate ensure its sustainability.

Limited Members

Membership is limited to MFIs.

Limited Staff Capacity

The secretariat is understaffed, with only an office manager and an office assistant.

Information and Communication Technology (ICT)

This is a source of industry information. There is no database for MFIs due to lack of proper ICT infrastructure at the secretariat, which makes facilitation of information-sharing among members difficult. The secretariat is also not able to meet donor reporting deadlines. The network cannot take advantage of the opportunities available globally due to lack of ICT.

Legal and Regulatory Framework

There is no framework for governing microfinance institutions in Malawi. The absence of this framework has resulted in the network's inability to enforce best practices among its members.

Strategic Partnerships

Strategic partners can help the network achieve its objectives through a complementary resource base, capacity building for the network's members, and information sharing.

Policy advocacy

There is no effective voice for lobbying. This has sometimes led to market distortions.

The following are the key issues upon which this strategic plan will focus:

Summary of Strategic Issues

- Strategic partnerships
- Corporate governance
- Legal and regulatory framework and policy
- Financial sustainability and resource mobilization
- Capacity building for MAMN staff and MAMN members

11. STRATEGIC ISSUES, OBJECTIVES, AND STRATEGIES

11.1 STRATEGIC ISSUE: STRATEGIC PARTNERSHIP

Broad Objective:

Develop strong and sustainable alliances with local and international institutions/stakeholders with common interests, with a view to promoting best practices among members and creating a conducive environment for microfinance in Malawi.

Specific Objective 1:

Build strategic partnerships to increase lobbying

Strategies:

- Explore ways of working with the Malawi Chambers of Commerce and Industry (MCCI), and the banker and insurance associations.
- Become affiliated with MCCI.
- Participate in trade fairs.
- Invite MCCI to network activities.
- Subscribe to MCCI publications.

Specific Objective 2:

Increase the membership base of MAMN by attracting all institutions involved in microfinance.

Strategies:

- Redefine membership criteria.

- Develop a membership fee structure.
- Market the network through personal visits, brochures, etc.

Specific Objective 3:

Develop strong relations with development partners in Malawi and the region.

Strategies:

- Work on governance, accountability, and transparency.
- Diversify skills at secretariat level in areas such as marketing, proposal writing, and project management.
- Develop a proactive approach that will allow development partners to participate in the activities of the network.
- Cultivate a culture of regular reporting (newsletters, annual reports, and performance indicators).

Specific Objective 4:

Become a force recognized and respected by the government.

Strategy:

- Engage the government to play an enabling role rather than a practitioner.

Specific Objective 5:

Develop working relations with specialized microfinance training institutions and networks.

Strategies:

- Conduct a training needs assessment to identify training partners.
- Become a member of regional and international networks.
- Participate in other international network activities.
- Participate in research and development organized by working partners.

11.2 STRATEGIC ISSUE: CORPORATE GOVERNANCE

Broad Objective:

Explore establishing subcommittees to increase accountability of board members and the general assembly.

Specific Objective 1:

Have the trust deed amended to be in line with current developments in the MFI industry.

Strategies:

- Designate a board of directors with clearly stated functions.

- Introduce a membership and election system.

Specific Objective 2:

Revise election system.

Strategies:

- Conduct nominations, campaigns.
- Voting by secret ballot.

Specific Objective 3:

Strengthened board functions.

Strategies:

- Recruitment of executive secretary.
- Production of board manuals.

Specific Objective 4:

Create endowment fund.

Strategies:

- Set aside 10 percent of annual subscription fees.
- Debit all disposal proceeds of assets to the endowment fund.
- Set aside 10 percent of annual subscription and membership fees.

11.3 STRATEGIC ISSUE: LEGAL AND REGULATORY FRAMEWORK AND POLICY

Broad Objective:

Facilitate development of an appropriate legal and regulatory framework and microfinance policy.

Specific Objective 1:

Develop public relations policy.

Strategies:

- Develop terms of reference for public relations policy development.
- Hire consultant for public relations policy development.
- Conduct study tours.

Specific Objective 2:

Lobby relevant stakeholders on development of a legal and regulatory framework and policy on microfinance.

Strategies:

- Meet relevant stakeholders.
- Conduct workshops.
- Review code of conduct.
- Monitor operations of members to ensure compliance with best practices.

11.4 STRATEGIC ISSUE: FINANCIAL SUSTAINABILITY AND RESOURCE MOBILIZATION**Broad Objective:**

To be a financially sustainable institution.

Specific Objective 1:

Increase funds generated from membership subscriptions for the sustainability of network.

Strategy:

- Develop stratified fee structure so that each organization pays according to agreed criteria.

Specific Objective 2:

Increase membership base.

Strategies:

- Open membership to development partners, individual banks, insurance companies, and other local technical service providers.
- Increase awareness with a view to recruiting non-MAMN MFIs.

Specific Objective 3:

Establish partnerships with development partners with particular services.

Strategies:

- Sign memoranda of understanding or cooperation agreements with at least two development partners.
- Introduce fees on MAMN services.
- Organize fundraising activities, such as dinner dances, fun fairs, and printing of golf shirts for sale.

11.5 STRATEGIC ISSUE: CAPACITY BUILDING FOR MAMN STAFF AND MEMBERS

Broad objective:

Build the capacity of MAMN's secretariat.

Specific Objective 1:

Enhance capacity at the secretariat.

Strategy:

- Recruit executive secretary, program officer, and other support staff (proposed job descriptions are in Appendix 7).

Specific Objective 2:

Equip the secretariat with appropriate office equipment.

Strategies:

- Carry out office equipment and information technology needs assessment.
- Procurement and installation of equipment.

Broad Objective:

Build the capacity of MAMN's members.

Specific Objective 1:

Conduct a series of training sessions for MAMN members within three years.

Strategies:

- Conduct a training needs assessment for MAMN members.
- Develop a human resource development plan.
- Conduct specialized training.

Specific Objective 2:

Implement the following programs for MAMN's members.

- HIV/AIDS policy
- Consumer protection
- Credit reference bureau

Strategies:

- HIV/AIDS policy

- Implement the policy.
- Consumer protection
 - Hire consultant.
 - Develop the consumer protection code.
 - Implement the consumer protection code.
- Credit reference bureau
 - Hire consultant.
 - Implement the bureau.

12. CRITICAL SUCCESS FACTORS

Participants in the planning workshop identified the following critical success factors for the network:

- Amendment of the trust deed and code of conduct
- Commitment of executive committee members
- Full staff at the secretariat
- MAMN's ability to attract development partners
- A critical mass of willing stakeholders
- Continued commitment of members
- Reduced direct government involvement in microfinance

13. PROJECTED FINANCIAL PERFORMANCE

Financial projections for the network have been made from detailed activity budgets developed by participants for each key strategic objective. The assumptions used to develop detailed activity budgets are outlined in Appendix 2a.

13.1 FINANCIAL REQUIREMENT

According to projections, the network's total financial requirement for the three years ending December 31, 2009 is estimated at \$1,187,097.98. Of this, \$51,020 would be required for the acquisition of capital items necessary for achievement of the strategic objectives, while the balance would be used for operating expenses.

FINANCIAL REQUIREMENTS

EXPENDITURE	2005	2006	2007	2008	2009	2007-2009
Staff Cost	\$7,580.00	\$5,721.43	\$61,500.00	\$70,725.00	\$81,333.75	\$213,558.75
Operational Expenses	\$10,668.49	\$10,623.62	\$46,332.30	\$48,980.76	\$52,888.67	\$148,201.73
Program Expenses	\$9,666.76	\$7,709.59	\$392,435.62	\$315,198.90	\$66,682.98	\$774,317.50
TOTAL EXPENDITURE	\$27,914.24	\$24,054.64	\$500,267.92	\$434,904.66	\$200,905.40	\$1,136,077.98
Capital Expenditure			\$51,020.00			\$51,020.00
TOTAL FINANCIAL REQUIREMENT	\$27,914.24	\$24,054.64	\$551,267.92	\$434,904.66	\$200,905.40	\$1,187,097.98

13.2 PROPOSED FINANCING PLAN

In addition to cash on hand of \$51,117.67, the network has confirmed grants from DMS estimated at \$51,020, which will be used for computer equipment, delivery of training, and development of the network's public relations policy and related documents. The network will generate revenue through training workshops, subscriptions, and other revenues, but will need to solicit other grant funds of about \$1.2 million to achieve the objectives set in this plan.

STATEMENT OF SOURCES OF INCOME 2007-2009

Sources	2007	2008	2009	TOTAL
Opening Cash Balance	\$51,117.67			\$51,117.67
Training Workshops	\$28,800.00	\$33,120.00	\$38,088.00	\$100,008.00
Other Income (Fundraisers)	\$2,857.14	\$3,285.71	\$3,778.57	\$9,921.42
Subscriptions	\$15,000.00	\$23,000.00	\$29,756.25	\$67,756.25
TOTAL INTERNALLY GENERATED INCOME	\$97,774.81	\$59,405.71	\$71,622.82	\$228,803.34
Capital Grants (Confirmed)	\$51,020.00			\$51,020.00
GRANTS TO BE SOLICITED				
Grants (Revenue)	\$183,824.00	\$184,364.08	\$200,538.94	\$568,727.02
Program Grants	\$366,852.29	\$285,778.07	\$34,265.98	\$686,896.34
TOTAL GRANTS TO BE SOLICITED	\$550,676.29	\$470,142.15	\$234,804.92	\$1,255,623.36
TOTAL INCOME	\$699,471.10	\$529,547.87	\$306,427.74	\$1,535,446.70

13.3 PROJECTED OPERATING RESULTS

Summarized in the table below are the network's projected financial results for the three-year plan period, developed from information provided by the participants.

PROJECTED INCOME STATEMENT FOR 2007-2009

INCOME	2007	2008	2009
Grants (Revenue)	\$183,824.00	\$184,364.08	\$200,538.94
Program Grants	\$366,852.29	\$285,778.07	\$34,265.98
Training Workshops	\$28,800.00	\$33,120.00	\$38,088.00
Other Income (Fundraisers)	\$2,857.14	\$3,285.71	\$3,778.57
Subscriptions	\$15,000.00	\$23,000.00	\$29,756.25
TOTAL INCOME	\$597,333.43	\$529,547.87	\$306,427.74
EXPENDITURE			
Staff Cost	\$61,500.00	\$70,725.00	\$81,333.75
Operational Expenses	\$46,332.30	\$48,980.76	\$52,888.67
Program Expenses	\$392,435.62	\$315,198.90	\$66,682.98
TOTAL EXPENDITURE	\$500,267.92	\$434,904.66	\$200,905.40
SURPLUS/(DEFICIT FOR THE YEAR)	\$97,065.51	\$97,230.70	\$107,081.00

From the above analysis, the network's income-generating activities will not be able to meet its operational needs, so it will have to rely on grants from donors. Also, given the network's narrow income base, it is imperative to consider other means of augmenting income to ensure sustainability.

13.4 PROJECTED FINANCIAL POSITION

Given the network's projected operating results, its financial position for 2007-2009 is summarized in the balance sheet below:

FINANCIAL POSITION FOR 2007-2009

DESCRIPTION	2007	2008	2009
Fixed Assets	\$41,762.49	\$30,333.70	\$18,904.92
Current Assets	\$178,463.86	\$307,333.92	\$449,404.00
Current Liabilities	\$43,522.31	\$57,792.31	\$74,190.31
Net Current Assets	\$134,941.56	\$249,514.62	\$375,213.70
TOTAL ASSETS	\$176,704.04	\$279,875.32	\$394,118.62
Financed By			
Capital Grant	\$41,762.49	\$30,333.70	\$18,904.92
Endowment Fund	\$4,665.71	\$10,606.29	\$17,768.57
Accumulated Fund	\$130,275.85	\$238,935.33	\$357,448.12
TOTAL	\$176,704.04	\$279,875.32	\$394,118.62

The balance sheet is projecting a healthy financial position, as reflected by current liquidity ratios of 4.2:1, 5.4:1 and 6.1:1 for 2007, 2008, and 2009, respectively.

This healthy financial position is mainly buoyed by expected inflows from donors in the form of capital and revenue grants.

To maintain this healthy financial position, the network needs to start exploring other long-term means of generating revenues, to avoid over-reliance on grants from donors whose continued existence may not be guaranteed.

While augmenting its revenue base, the network should ensure that it has cost control measures in place to minimize its operational costs.

14. CONCLUSION

This strategic business plan is a result of a consensus process. Support of all network members is crucial if the aspirations this document outlines are to be realized. There will be the need to constantly monitor changes in the environment and determine the impact such changes may have on the network's operations.

APPENDIX 1

STRATEGIC ACTION PLAN 2007-2009

BROAD OBJECTIVE	SPECIFIC OBJECTIVE	STRATEGIES	RESOURCES	OUTCOME	OBJECTIVELY VERIFIABLE INDICATOR	RESPONSIBLE PERSON	TARGET DATE			
Develop strong and sustainable alliances with local and international institutions/stake holders with common interests, with a view to promoting best practices among members and creating a conducive environment for microfinance.	Explore ways of working with MCCI, and the banker and insurance associations of Malawi	Become affiliated with MCCI		Member of MCCI	Membership certificate	Executive secretary's officer	January 2007			
				Consulted on policy issues	Reviewing draft policy proposals	Secretariat/ members	Ongoing			
				Enjoy MCCI benefits	MCCI reports and reviews	Secretariat/ members	Ongoing			
		Participate in trade fairs	\$1,071.43	Publicity and increased awareness	Appearance in MCCI directory, media coverage	Secretariat/ members	Ongoing			
					New enquiries for membership	Secretariat/ members	Ongoing			
		Invite MCCI to network activities and forums		Improved relations with MCCI	Attendance and valuable contributions to the running of MAMN	Secretariat/ members	Ongoing			
	Subscribe to MCCI publications		Wide knowledge of MCCI activities among members	Library of MCCI publications	Secretariat	Ongoing				
	Attract all NGOs/Institutions involved in microfinance	Redefine membership criteria			Increased membership	New enquiries for membership and member institutions	Secretariat	January 2007		
					Develop tiered membership fee structure		Large profile of members	More fees, new entrants	Secretariat	January 2007
					Market the network through personal visits, brochures, etc.		More awareness and membership	More fees, new entrants	Secretariat	Ongoing
	Develop strong	Work on governance,			Stakeholder	Increased funding	Secretariat	March		

BROAD OBJECTIVE	SPECIFIC OBJECTIVE	STRATEGIES	RESOURCES	OUTCOME	OBJECTIVELY VERIFIABLE INDICATOR	RESPONSIBLE PERSON	TARGET DATE
	relations with development partners in Malawi and the region	accountability, and transparency. Diversify skills at secretariat level in areas such as marketing, proposal writing, and project management.		confidence and support, visionary leadership Stakeholder confidence, more awareness, efficiency and effectiveness at Secretariat level	and support Increased funding, more awareness, increased capacity building	Secretariat	2007
		Develop a proactive approach to participate in their activities and invite them to activities of the network.		Improved relationships with stakeholders	Improved cooperation	Secretariat	Ongoing
		Cultivate a culture of regular reporting (newsletters, annual reports, performance indicators).		Stakeholder and partner confidence, improved awareness	Increased funding, more stakeholder participation in MAMN activities	Secretariat	Ongoing
	Become a force recognized and respected by government	Engage the government to play an enabling role other than being a practitioner.		Divestment of government participation in microfinance	Bills to privatize state-owned MFIs, and eventual privatization	Secretariat	Ongoing
	Develop working relations with specialized microfinance training institutions and networks	Conduct training needs assessment for purposes of identifying training partners.		Professional staff in MAMN and affiliates	Increased number of trainings	Secretariat/ members	June 2007
		Develop a working arrangement with training partners.		Professional staff in MAMN and affiliates	Increased number of training sessions	Secretariat	From June onwards
		Become a member of regional and international networks.		Gain more exposure and knowledge in line with current trends.	Invitations to participate in international activities	Secretariat	January 2007

BROAD OBJECTIVE	SPECIFIC OBJECTIVE	STRATEGIES	RESOURCES	OUTCOME	OBJECTIVELY VERIFIABLE INDICATOR	RESPONSIBLE PERSON	TARGET DATE	
		Participate in other international network activities.		Gain more exposure and knowledge in line with current trends	Invitations to participate in international forums	Secretariat	Ongoing	
		Participate in research and development organized by working partners.	\$4,761.90	Innovative products and streamlined operations.	Proposals written on research and development	Secretariat	Ongoing	
Explore establishing subcommittees to improve accountability of board members and the general assembly.	Have the trust deed amended to be in line with current developments in MF Industry.	Designate board of directors with clearly stated functions. Membership, election system	Consulting lawyer's fees \$1,100	Amended trust deed	Amended trust deed in place	Chairman		
	Revise election system.	Nominations, campaigns, voting by secret ballot	Executive secretary's time	Election procedures formulated	Documents of revised election system	Executive secretary		
	Strengthen board functions.	Recruitment of executive secretary, program officer, office assistant		\$1,500	Officers recruited	Officers included on payroll	Consultant	
		Production of board manual	Board manual workshop		Board manual	Copies of manual	Consultant	
	Create endowment fund.	Set aside 10% of annual subscription fees, and of proceeds from the disposal of fixed assets to be placed in an endowment fund. Set aside 10% of revenues from Income-generating activities.	Executive secretary's time		Endowment fund	Funds placed into the endowment fund	Executive secretary	
Facilitate the development of an appropriate legal and regulatory framework and microfinance policy.	Develop MAMN's public relations policy.	Develop terms of reference for policy development.		Terms of reference developed	Report	Executive secretary	June 2007	
		Hire consultant for public relations policy development.	\$10,000	Public relations policy developed	Report	Executive secretary	August 2007	

BROAD OBJECTIVE	SPECIFIC OBJECTIVE	STRATEGIES	RESOURCES	OUTCOME	OBJECTIVELY VERIFIABLE INDICATOR	RESPONSIBLE PERSON	TARGET DATE
		Study tours	\$23,720	Two study tours conducted	Reports on study tours	Executive secretary	August 2008
	Lobby with relevant stakeholders to ensure the development of a legal and regulatory framework and policy on microfinance.	Meet relevant stakeholders	\$5,000	Three meetings conducted	Reports of meetings	Executive secretary	August 2009
		Workshops	\$20,000	Two workshops conducted	Reports of workshops	Executive secretary	December 2009
		Review code of conduct.	\$5,000	Revised code of conduct in place	Document of reviewed code of conduct	Executive secretary	September 2007
		Monitor operations of members to ensure compliance with best practices.	\$90,000	Monitoring tools in place	Document on monitoring report	Executive secretary	December 2009
To have a financially viable, well-staffed, sustainable institution	Revise membership fees.	Develop stratified fees structure so that each organization pays according to agreed criteria	Executive secretary's time	Fees paid equitably by the members	Minutes of the meeting	MAMN members	By March 2007
	Enhance capacity at the secretariat.	Recruit executive secretary and support staff (program officer, information technology officer, accounts officer, office assistant).		Executive secretary and support staff in place	Contracts signed	Executive committee	By March 2007
	Increase membership base.	Open membership to development partners, individual banks, insurance companies, and other local technical service providers. Increase awareness with a view to recruit non-MAMN MFIs.		More members join	List of new members	Secretariat	Ongoing
	Establish partnership with donors with particular services.	Sign MOU or cooperation agreements with at	Executive secretary's time	MAMN programs are funded	MOU in place/list of partners	Secretariat and executive committee	By March 2007

BROAD OBJECTIVE	SPECIFIC OBJECTIVE	STRATEGIES	RESOURCES	OUTCOME	OBJECTIVELY VERIFIABLE INDICATOR	RESPONSIBLE PERSON	TARGET DATE
		least two donors.					
	Broaden revenue base.	<p>Introduce fees on MAMN services.</p> <p>Organize fund-raising activities, such as dinner dances, fun fairs, have golf shirts printed and sold.</p>		<p>MAMN services are paid for</p> <p>Sustainable network</p>	Money realized from various activities	Resource and mobilization committee	Ongoing
Build capacity of MAMN members and staff.	Conduct training needs assessment for all MFI staff and the secretariat.	<ul style="list-style-type: none"> • Hire consultant to conduct the assessment. • Develop curriculum. • Conduct training. 	Technical assistance	Improved skills for staff for the secretariat and member MFIs	Training reports	Staff development committee	Ongoing

APPENDIX 2A

BUDGET PREPARATION BASIS AND ASSUMPTIONS

1. This income and expenditure budget is for January 1, 2007 to December 31, 2009.
2. The budget is based on the following assumptions:
 - The sources of revenue for the network will mainly be the following:
 - Grants from donors and other development partners
 - Subscriptions from members of \$500.00/member for the first year, with a 15 percent annual increase
 - Training workshops aimed at capacity building for member institutions
 - Fundraising activities
 - The network is expecting to receive capital grants as follows:
 - \$23,410 from DMS for purchase of assets such as photocopying equipment, office equipment, audiovisual equipment, and office furniture
 - \$27,610 from UNCDF and HIVOS for purchase of a motor vehicle and computer equipment
 - Network membership has been budgeted to increase as follows: 30 in 2007, 40 in 2008, and 45 in 2009.
 - From 2007, the network will set aside 10 percent of its revenues from income-generating activities, such as training workshops and fundraising activities, to build an endowment fund.
 - In 2007, the network will recruit staff in the following positions:
 - Executive secretary
 - Program officer
 - Office assistant
 - Network staff members will receive a gratuity at the end of their employment period of 25 percent of the basic salary
 - The network will continue to be a member of the following organizations:
 - Southern African Microfinance Capacity Enhancement Facility
 - African Microfinance Network
 - Malawi Chambers of Commerce and Industry

- Depreciation is charged on a straight-line basis on the assets likely to be used during the budgeting period at rates that will reduce book values to estimated residual values during the expected useful lives of the assets as follows:

DEPRECIATION SCHEDULE

Office Equipment	3 years
Motor Vehicles	5 years
Computer Software	3 years
Library Books	3 years
Furniture and Fittings	10 years

- Foreign exchange rates for the first year are budgeted at: dollars selling, MK145.00, and buying, MK140.00
- Fuel prices for the first year are budgeted at:
 - Diesel MK 170.00 per liter
 - Petrol MK 180.00 per liter
- Operating expenses have been budgeted to increase at an average inflation rate of 15 percent per year during the three-year period.
- Procurement of the items indicated on the capital expenditure budget (Appendix 4) will be completed within 2007.

APPENDIX 2B

ACTIVITY BUDGET

INCOME AND EXPENDITURE BUDGET					
INCOME	2005	2006	2007	2008	2009
Revenue Grants	\$23,856.72	\$7,709.59	\$183,824.00	\$184,364.08	\$200,538.94
Program Grants			\$366,852.29	\$285,778.07	\$34,265.98
Training Workshops	\$5,348.99	\$2,785.71	\$28,800.00	\$33,120.00	\$38,088.00
Other Income (Fundraisers)	\$102.65	\$6,190.91	\$2,857.14	\$3,285.71	\$3,778.57
Subscriptions	\$5,200.00	\$7,407.14	\$15,000.00	\$23,000.00	\$29,756.25
TOTAL INCOME	\$34,508.36	\$24,093.35	\$597,333.43	\$529,547.87	\$306,427.74
EXPENDITURE					
Staff Cost	\$7,580.00	\$5,721.43	\$61,500.00	\$70,725.00	\$81,333.75
Operational Expenses	\$10,668.49	\$10,623.62	\$46,332.30	\$48,980.76	\$52,888.67
Program Expenses	\$9,665.76	\$7,709.59	\$390,185.62	\$312,611.40	\$65,124.32
TOTAL EXPENDITURE	\$27,914.24	\$24,054.64	\$498,017.92	\$432,317.16	\$199,346.74
SURPLUS/(DEFICIT) FOR THE YEAR	\$6,594.11	\$38.71	\$99,315.51	\$97,230.70	\$107,081.00
ANNUAL CASH FLOW					
Net Surplus/Deficit			\$99,315.51	\$97,230.70	\$107,081.00
Depreciation			\$11,428.78	\$11,428.78	\$11,428.78
Increase in Liabilities			\$12,300.00	\$14,270.00	\$16,398.00
Cash from Operations			\$123,044.30	\$122,929.49	\$134,907.79
Capital Grants			\$51,020.00	\$0.00	\$0.00
Purchase of Fixed Assets			-\$51,020.00	\$0.00	\$0.00
Net Cash Inflow			\$123,044.30	\$122,929.49	\$134,907.79
Balance Brought Forward			\$51,117.67	\$174,161.96	\$297,091.45
Net Cash Balances			\$174,161.96	\$297,091.45	\$431,999.24

APPENDIX 3

CASH FLOW FORECAST FOR JANUARY-DECEMBER 2007

CASH FLOW FORECAST FOR JANUARY-DECEMBER 2007													
	January	February	March	April	May	June	July	August	September	October	November	December	TOTAL
CASH INFLOWS													
Annual Subscriptions	\$15,000.00												\$15,000.00
Revenue Grants DMS	\$20,750.00			\$20,750.00			\$20,750.00			\$20,750.00			\$83,000.00
Revenue Grants Other	\$25,206.00			\$25,206.00			\$25,206.00			\$25,206.00			\$100,824.00
Capital Grants - DMS	\$6,000.00												\$6,000.00
Capital Grant - Other	\$45,020.00												\$45,020.00
Other Income (Fundraisers)		\$714.29			\$714.29			\$714.29				\$714.29	\$2,857.14
Training Workshops			\$7,200.00			\$7,200.00			\$7,200.00			\$7,200.00	\$28,800.00
Program Grants	\$183,426.14						\$183,426.14						\$366,852.29
TOTAL CASH INFLOWS	\$295,402.14	\$714.29	\$7,200.00	\$45,956.00	\$714.29	\$7,200.00	\$229,382.14	\$714.29	\$7,200.00	\$45,956.00	\$0.00	\$7,914.29	\$648,353.43
CASH OUTFLOWS FROM OPERATIONS													
Affiliation Costs	\$2,250.00												\$2,250.00
Audit Fees	\$1,250.00	\$1,250.00											\$2,500.00
Bank Charges	\$17.86	\$17.86	\$17.86	\$17.86	\$17.86	\$17.86	\$17.86	\$17.86	\$17.86	\$17.86	\$17.86	\$17.86	\$214.29
Capital Expenditures (To be Procured in One Year)	\$51,020.00												\$51,020.00
Communication Costs	\$123.33	\$123.33	\$123.33	\$123.33	\$123.33	\$123.33	\$123.33	\$123.33	\$123.33	\$123.33	\$123.33	\$123.33	\$1,480.00
Insurance	\$559.40	\$559.40	\$559.40	\$559.40	\$559.40	\$559.40	\$559.40	\$559.40	\$559.40	\$559.40	\$559.40	\$559.40	\$6,712.80
Miscellaneous Expenses	\$75.00	\$75.00	\$75.00	\$75.00	\$75.00	\$75.00	\$75.00	\$75.00	\$75.00	\$75.00	\$75.00	\$75.00	\$900.00
Office Utilities	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$2,400.00
Postage	\$85.71	\$85.71	\$85.71	\$85.71	\$85.71	\$85.71	\$85.71	\$85.71	\$85.71	\$85.71	\$85.71	\$85.71	\$1,028.57
Printing and Stationery	\$193.51	\$193.51	\$193.51	\$193.51	\$193.51	\$193.51	\$193.51	\$193.51	\$193.51	\$193.51	\$193.51	\$193.51	\$2,322.14
Rentals	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$6,000.00
Staff Emoluments	\$4,100.00	\$4,100.00	\$4,100.00	\$4,100.00	\$4,100.00	\$4,100.00	\$4,100.00	\$4,100.00	\$4,100.00	\$4,100.00	\$4,100.00	\$4,100.00	\$49,200.00
Staff Recruitment Costs	\$500.00	\$500.00	\$500.00										\$1,500.00
Staff Training and Development	\$166.67	\$166.67	\$166.67	\$166.67	\$166.67	\$166.67	\$166.67	\$166.67	\$166.67	\$166.67	\$166.67	\$166.67	\$2,000.00

CASH FLOW FORECAST FOR JANUARY-DECEMBER 2007													
	January	February	March	April	May	June	July	August	September	October	November	December	TOTAL
Staff Traveling Costs	\$195.24	\$195.24	\$195.24	\$195.24	\$195.24	\$195.24	\$195.24	\$195.24	\$195.24	\$195.24	\$195.24	\$195.24	\$2,342.86
Vehicle Running Costs	\$428.57	\$428.57	\$428.57	\$428.57	\$428.57	\$428.57	\$428.57	\$428.57	\$428.57	\$428.57	\$428.57	\$428.57	\$5,142.86
Computer Repairs	\$90.00			\$90.00				\$90.00			\$90.00		\$360.00
Program Costs													\$0.00
Legal and Professional Fees	\$17,200.00												\$17,200.00
Study Tours	\$2,372.00			\$2,372.00			\$2,372.00			\$2,372.00			\$9,488.00
Conference Costs	\$4,683.93			\$4,683.93			\$4,683.93			\$4,683.93			\$18,735.71
PR Policy Implementation	\$23,333.33												\$23,333.33
Capacity Building of Members	\$80,357.14			\$80,357.14			\$80,357.14			\$80,357.14			\$321,428.57
TOTAL OUTFLOW	\$189,701.70	\$8,395.29	\$7,145.29	\$94,148.36	\$6,645.29	\$6,645.29	\$94,058.36	\$6,735.29	\$6,645.29	\$94,058.36	\$6,735.29	\$6,645.29	\$527,559.13
NET INFLOW/OUTFLOW	\$105,700.45	-\$7,681.01	\$54.71	-\$48,192.36	-\$5,931.01	\$554.71	\$135,323.78	-\$6,021.01	\$554.71	-\$48,102.36	-\$6,735.29	\$1,268.99	\$120,794.30
Transfer to Endowment Fund (10%of income from IGA)	-\$388.81	-\$388.81	-\$388.81	-\$388.81	-\$388.81	-\$388.81	-\$388.81	-\$388.81	-\$388.81	-\$388.81	-\$388.81	-\$388.81	-\$4,665.71
Opening Cash Balance	\$51,117.67	\$156,429.30	\$148,359.48	\$148,025.38	\$99,444.21	\$93,124.39	\$93,290.29	\$228,225.26	\$221,815.44	\$221,981.34	\$173,490.17	\$166,366.06	\$51,117.67
CLOSING CASH BALANCE	\$156,429.30	\$148,359.48	\$148,025.38	\$99,444.21	\$93,124.39	\$93,290.29	\$228,225.26	\$221,815.44	\$221,981.34	\$173,490.17	\$166,366.06	\$167,246.25	\$167,246.25

APPENDIX 4

CAPITAL EXPENDITURE BUDGET 2007-2009

DESCRIPTION	QTY	UNIT COST (\$)	TOTAL COST (\$)
MOTOR VEHICLE	1	\$25,000.00	\$25,000.00
COMPUTER EQUIPMENT			
Laptop	1	\$2,500.00	\$2,500.00
Desktop	1	\$2,000.00	\$2,000.00
Printer	1	\$1,500.00	\$1,500.00
SUBTOTAL COMPUTER EQUIPMENT			\$6,000.00
REPROGRAPHIC EQUIPMENT			
Photocopier	1	\$5,000.00	\$5,000.00
Binder	1	\$350.00	\$350.00
SUBTOTAL REPROGRAPHIC EQUIPMENT			\$5,350.00
OFFICE EQUIPMENT			
Air Conditioning Units	2	\$1,000.00	\$1,000.00
AUDIOVISUAL EQUIPMENT			
LCD Projector	1	\$1,800.00	\$1,800.00
Flip Chart Stand	1	\$50.00	\$50.00
Digital Camera	1	\$550.00	\$550.00
SUBTOTAL AUDIO VISUAL EQUIPMENT			\$2,400.00
OFFICE FURNITURE			
Bookshelves	3	\$100.00	\$300.00
Desks	2	\$90.00	\$180.00
Office Chairs	4	\$50.00	\$200.00
Visitor Chairs	6	\$40.00	\$240.00
Conference Table	1	\$7,200.00	\$7,200.00
RC Chairs	30	\$25.00	\$750.00
Filing Cabinets	4	\$350.00	\$1,400.00
SUBTOTAL OFFICE FURNITURE			\$10,720.00
GRAND TOTAL			\$51,020.00

APPENDIX 5

PROJECTED BALANCE SHEET 2005-2009

BALANCE SHEET (\$)						
	NOTE	2005	2006	2007	2008	2009
ASSETS						
Plant and Equipment	1	\$2,171.27	\$2,171.28	\$41,762.49	\$30,333.70	\$18,904.92
Current Assets						
Inventories	2	\$1,031.27	\$1,031.26	\$1,031.26	\$1,031.26	\$1,031.27
Trade and Other Receivables	3	\$1,221.43	\$854.93	\$854.93	\$854.93	\$854.93
Cash and Equivalents	4	\$58,983.15	\$51,117.67	\$178,827.68	\$307,697.73	\$449,767.80
TOTAL CURRENT ASSETS		\$61,235.85	\$53,003.85	\$180,713.86	\$309,583.92	\$451,654.00
TOTAL ASSETS		\$63,407.12	\$55,175.13	\$222,476.35	\$339,917.63	\$470,558.92
EQUITY AND LIABILITIES						
Equity	7					
Capital Grant		\$3,202.54	\$2,171.27	\$41,762.49	\$30,333.70	\$18,904.92
Endowment Fund		\$0.00	\$0.00	\$4,665.71	\$10,606.29	\$17,768.57
Accumulated Fund		\$21,742.84	\$21,781.55	\$132,525.85	\$241,185.33	\$359,695.12
TOTAL EQUITY		\$24,945.38	\$23,952.82	\$178,954.05	\$282,125.32	\$396,368.61
CURRENT LIABILITIES						
Trade and Other Payables	5			\$12,300.00	\$26,570.00	\$42,968.00
Deferred Income	6	\$38,461.74	\$31,222.31	\$31,222.31	\$31,222.31	\$31,222.31
TOTAL CURRENT LIABILITIES		\$38,461.74	\$31,222.31	\$43,522.31	\$57,792.31	\$74,190.31
TOTAL EQUITY AND LIABILITIES		\$63,407.12	\$55,175.13	\$222,476.35	\$339,917.63	\$470,558.92

APPENDIX 6

DOCUMENTS REVIEWED

1. “Microfinance Sector Assessment in the Republic of Malawi,” Chemonics microfinance consortium USAID contract No GEG – 1-00-02-0013-00, January 2004, unpublished.
2. Bret, Till, Goodwin-Groen, Ruth and Latortue, Alexia, “Uganda Microfinance Sector Effectiveness Review,” MAMN: National Conference on Building an Inclusive Financial Service Sector in Malawi, November 28-29, 2005, CGAP Group, Washington, D.C., Lilongwe, Malawi, October 2004.
3. “Expanding Access to Financial Services in Malawi,” UNCDF/USAID/UNDP, New York.
4. “Situational Analysis for the Development of a Regulatory and Supervision Framework for the Microfinance Industry in Malawi,” Agro-Ind Serve, Lilongwe, April 2006.
5. “Strategic Business Plan for Three Years Ending December 2004,” MAMN, Blantyre, Malawi, December 2001.
6. Ministry of Finance, Planning, and Economic Development, “Strategic Plan for Expanding the Outreach and Capacity of Sustainable Microfinance in Uganda,” Kampala, October 2003.
7. Report on stakeholders meeting to review the Malawi microfinance policy and action plan statement, August 11-12, 2005, MAMN, Kuka Lodge, Malawi.
8. Minutes of the 40th Malawi Microfinance Network meeting held February 25, 2005 at the Malawi Union of Savings and Credit Cooperatives head office, Lilongwe.
9. The Registered Trustees of Malawi Microfinance Network Trust financial statements for the year ended December 31, 2005, KPMG.

APPENDIX 7

PROPOSED JOB DESCRIPTIONS

MALAWI MICROFINANCE NETWORK (MAMN)

EXECUTIVE SECRETARY

TERMS OF REFERENCE

Objective

The goal of the executive director is to position MAMN to become a key player in the microfinance sector in Africa and globally, by working with MAMN members, the board of the African Microfinance Network, other country level networks, and policy makers, donors, and governments. This person has overall responsibility for development and implementation of MAMN's operating strategy and for building a strong, effective, and active secretariat team. The executive secretary is charged with developing systems that deliver high-quality results in a cost-effective and timely fashion.

Duties and Responsibilities

The duties and responsibilities of the executive secretary defined below will complement those in articles and memoranda of the association. They are as follows:

Network Management

- Build and communicate the vision and core values of the network.
- Monitor compliance to membership criteria.
- Recruit new network members.
- Support creation of new national networks where the need exists.
- Measure outreach and growth of members.
- Maintain sound relationships and regular, effective communication with members.
- Implement decisions adopted by the board and general assembly.

Annual General Assemblies and Board Meetings

- Propose the theme and agenda of meetings in collaboration with the board and members.
- Facilitate the smooth conduct of board elections.
- Coordinate development of content materials for the meetings.
- Organize the production and distribution of meeting documentation.
- Coordinate travel, accommodation, and other logistical arrangements.

- Produce and distribute reports and minutes of meetings.

Fundraising

- Prepare business plans and funding proposals.
- Identify strategic technical and funding partners.
- Negotiate technical and financial support for MAMN.
- Communicate requests and progress in negotiations to the board.

Planning and Administration

- Develop a sound institutional culture.
- Hire, supervise, motivate, and appraise secretariat staff.
- Propose administrative and operating policies for board approval.
- Prepare annual action plans and budgets.
- Produce periodic activity and financial reports.
- Safeguard the assets and image of the organization.
- Supervise the annual audit.

Service Delivery

- Coordinate design and development of systems for evaluating the needs assessment of members and the microfinance sector.
- Ensure the provision of high-impact, cost-effective member products and services including, but not limited to:
 - Lobbying and advocacy for a good policy environment
 - Performance monitoring system
 - Capacity building
 - Research and impact studies
- Integrate members' participation in service delivery.
- Communicate network results to stakeholders: members, board, and partners.
- Monitor and evaluate impact of MAMN service delivery.

External Relations and Communications

- Develop and oversee implementation of an effective communications strategy to raise MAMN's public profile in Malawi and around the world, particularly among key decision-makers.
- Manage relations with funding and technical partners.
- Increase MAMN visibility and credibility in the global microfinance industry.
- Develop productive relationships with key actors in the wider microfinance arena.
- Negotiate agreements with states, and national, regional, and international organizations, in consultation with the board.
- Represent and defend the interests of the organization.

Qualities and Capabilities Required
• At least a master's degree in economics, finance, or accounting, or other related business degree
• Experience in microfinance and knowledge of policies affecting microfinance institutions
• Strong negotiation, advocacy, and consensus-building skills
• Thorough knowledge of basic management concepts such as controlling, planning, leading, and organizing
• Understanding of networks as instruments for success
• Ability to build and communicate the organization's vision
• Ability to write business plans and project proposals
• Strong verbal and written communication skills
• Good financial management capabilities
• Commitment to the mission and vision of the network
• Good at building participatory processes and motivating people
• Strong interpersonal skills

MALAWI MICROFINANCE NETWORK (MAMN)

PROGRAM OFFICER

TERMS OF REFERENCE

Objective

The goal of the program officer is to position MAMN to become a key player in the microfinance sector in Malawi, Africa, and globally by working with MAMN members, the secretariat, the board of MAMN, and policy makers, donors, and government. Under guidance of the executive secretary, he/she contributes to development and implementation of MAMN's operating strategy and for building a strong, effective, and active secretariat team. The program officer reports to the executive secretary

Duties and Responsibilities

Network Management

- Build and communicate the vision and core values of the network.
- Monitor compliance to membership criteria.
- Recruit new network members.
- Measure outreach and growth of members.
- Maintain sound relationships and regular, effective communication with members.

Annual General Assemblies and Board Meetings

- Contribute to development of content materials for the meetings.
- Organize production and distribution of meeting documentation.
- Produce and distribute reports and minutes of meetings.

Fundraising

- Contribute to preparation of business plans and funding proposals.
- Contribute to identification of strategic technical and funding partners.

Planning and Administration

- Contribute to development of a sound institutional culture.
- Participate in hiring, supervising, motivating, and appraising additional secretariat staff that may be needed to carry out certain programs.
- Propose administrative and operating policies for executive secretary's approval.
- Prepare annual action plans and budgets.

- Produce periodic activity and financial reports.

Service Delivery

- Coordinate design and development of systems for evaluating the needs assessment of members and the microfinance sector.
- Support the executive secretary in development and implementation of the performance monitoring system.
- Ensure the provision of high-impact, cost-effective member products and services.
- Integrate members' participation in service delivery.
- Communicate network results to stakeholders: members, board, and partners.
- Monitor and evaluate impact of MAMN service delivery.

External Relations and Communications

- Participate in development and overseeing of the implementation of an effective communications strategy to raise MAMN's public profile in Malawi and around the world, particularly among key decision-makers.
- Participate in management of relations with funding and technical partners.
- Increase MAMN's visibility and credibility in the national and global microfinance industry.
- Participate in development of a productive relationship with key actors in the wider microfinance arena.

Qualities and Capabilities Required

- A bachelor's degree in economics, with a strong bias in financial analysis; business administration; or accounting; or any other relevant business degree
- At least five years of experience in microfinance and/or knowledge of policies affecting microfinance institutions
- Strong negotiation, advocacy, and consensus-building skills
- Thorough knowledge of basic management concepts such as planning, controlling, leading and organizing
- Understanding of networks as instruments for success
- Ability to build and communicate the organization's vision
- Ability to write business plans and project proposals
- Strong verbal and written communication skills

- Strong financial analysis and management capability is a must.
- Commitment to the mission and vision of the network
- Good at building participatory processes and motivating people
- Strong interpersonal skills