



**Accelerated Microenterprise Advancement Project (AMAP)/
Microfinance Indefinite Quantity Contract
GEG-I-00-00-02-00013-00**

Quarterly Performance Report No. 1

October 1, 2002 – December 31, 2002

Prepared by:
Chemonics International

Consortium members include:
Chemonics International Inc • American Refugee Committee
Bankworld Inc • Enterprising Solutions • Edelman Communications
IDP • IRIS • the Marriott School • Shorebank Advisory Services

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A. Contributing to AMAP Program Objectives

The objectives of the Accelerated Microenterprise Advancement Project and the Chemonics Consortium are to:

- Expand the delivery of financial services to microentrepreneurs and low-income households;
- Increase the capacity of financial providers to serve microenterprises;
- Expand the dissemination of best practices in USAID-sponsored programs in the microfinance field; and to
- Promote the development and adoption of policy, laws and regulation that encourage the start-up, stabilization, and competitiveness of microenterprises and the institutions and markets that serve them.

Over the next five years, the Chemonics consortium will assist USAID to achieve its goals for AMAP/Microfinance by expanding the delivery of financial services and increasing the capacity of financial providers through innovations along the entire microfinance continuum: from commercial microfinance (financial group) to microfinance for humanitarian assistance (poverty group).

At the commercialization end of the continuum, increased competition and the maturity of more sophisticated clients will require institutions to develop more efficient operations and to offer increasingly novel products. The Chemonics consortium will work with USAID missions and their MFI partners to increase efficiencies and meet the needs of microentrepreneurs and low-income clients. Examples of technical assistance include market research, new product development and specialized impact assessments.

We recognize that commercial financial services may not always be the most effective way of addressing the needs of the very poor. Over the next five years, the Chemonics consortium will work to develop creative ways to adapt microfinance to post-conflict and crisis situations, HIV/AIDS communities, rural populations and the extreme poor. In addition, we will continue to strengthen the fundamentals of mainstream microfinance to nurture financially stable institutions, including NGOs and credit unions, to maturity with solid corporate governance and established business practices. Our goal is to link best practices and practitioners through research, implementation and knowledge sharing, using a methodology which:

- Identifies new practices;
- Pilots promising ideas;
- Disseminates best practices; and
- Institutionalizes standard or accepted practices.

A1. Expanding the Delivery of Financial Services to the Poor

Applying lessons learned and best practices while piloting promising ideas, the Chemonics' AMAP/Microfinance consortium will expand the delivery of financial services to the poor by bringing innovation and ingenuity to cross-cutting areas such as: rural finance; new product development and savings mobilization; information, communication, and technology applications; and microfinance and the environment.

Chemonics with the help of consortium members like the American Refugee Committee (ARC) will also concentrate on using microfinance as a tool to reduce the economic inequity poor women face and to reduce the vulnerability of “unstable populations.” Through the AMAP/Microfinance IQC, the Chemonics consortium will assist USAID missions to provide refugees in post-conflict and post-disaster countries with access to microfinance, as well as other humanitarian services, including building AIDS awareness.

A2. Increasing the Capacity of Microfinance Institutions

The Chemonics consortium will work with microfinance providers to strengthen their governance structure, expand and deepen their market reach through client-centered practices, and to improve core capacities such as financial management, business and strategic planning, human resource development, and internal controls. We will work to achieve results through programs that focus on building local support capacity, training, and strategic planning.

A3. Expanding the Dissemination of Microfinance Best Practices

While the Chemonics consortium is well known for its project implementation, research – best practice and applied – is a critical component of every project. Best practice research will include broad-scale studies to extract lessons learned across a longer time frame, multiple projects, countries or regions. Applied research will include project-related market research, policy analysis, surveys, focus groups, and studies that feed into project design, implementation and project monitoring and evaluation.

A4. Promoting Environments to Support Sound MFIs

Our team will work closely with governments, regulatory authorities, and key microfinance stakeholders to improve the policy, legal, and regulatory environments for MFIs and their clients. We will continue to enhance our proven track record in engaging governmental officials in the microfinance policy debate, transferring knowledge on microfinance best practices, facilitating a useful exchange of information, and ensuring that MFIs have the resources and skills to comply with relevant legislation and regulatory requirements.

B. Exceeding AMAP Standards of Performance

The Chemonics consortium is committed to meeting and exceeding the standards of performance put forth by USAID for the AMAP Program. We look forward to working closely with USAID missions and bureaus to gather continuous feedback on ways to improve our management processes as well as our technical performance on task orders.

B1. Superior Technical Competence

The Chemonics consortium is made up of a select group of subcontractors who are not only leaders in the field of microfinance, but whose work encompasses the entire continuum of microfinance needs, from commercial microfinance to microfinance for humanitarian assistance. In this way, we are well positioned to assist USAID missions and bureaus with a broad range of technical assistance needs.

To ensure that all technical assistance under the AMAP/Microfinance IQC meets not only the standards of performance put forth by USAID, but also Chemonics internal standards of excellence, the IQC Project Manager, Melissa Logan will work closely with USAID missions and bureaus to obtain regular feedback regarding the performance of our consortium.

In addition, the consortium has developed an AMAP/Microfinance Advisory Team consisting of Stephanie Charitonenko of Chemonics, Melissa Logan of Chemonics, Lynn Pikholtz of Shorebank, Thierry van Bastelaer of IRIS and Gary Woller of the Marriott School at BYU. The Advisory Team will play a large role in developing scopes of work and strategic plans for project implementation. The team will also review key task order deliverables to ensure that the Chemonics consortium provides both consistent and excellent quality tools, products and reports. In addition, the team will serve to make certain that Chemonics International is involving its subcontractors in the most useful and effective manner possible on the IQC.

B2. Deployment of Rapid and Effective Expertise

Through our past work in microfinance, the Chemonics consortium has built relationships with some of the leading researchers and practitioners in the field. Our access to a wide array of technical advisors with expertise in a variety of issues relating to microfinance means that we have the ability to quickly identify and recruit the right person for nearly every technical assistance need.

We have been working steadily during this reporting period to create and disseminate tools for members of our consortium to assist them in providing rapid and effective technical assistance to USAID missions and bureaus. These tools include a series of standard procedures and templates to allow for quick identification and deployment of technical advisors and effectual implementation of task orders.

B3. Timeliness

In order to ensure rapid response to requests for technical assistance from USAID missions and bureaus, Chemonics has designed a series of processes for communicating with subcontractors and responding to requests for proposals. All task orders will incorporate timelines for meeting benchmarks, and the IQC project manager will coordinate with technical advisors and subcontractors to ensure that the deadlines for reaching these benchmarks are met.

At the same time we recognize that designing and implementing successful technical assistance programs requires maintaining flexibility to take advantage of changing circumstances. Chemonics' AMAP/Microfinance project management team will ensure that activities are

producing actionable recommendations and meaningful results, resolving problems before they become constraints. Political, bureaucratic or environmental obstacles that may compromise achievement of results will be closely monitored and, if necessary, resources will be quickly reallocated to more feasible alternatives.

B4. Consistent and Exceptional Quality Services

In order to provide consistent and exceptional quality services we have created a management team to oversee all activities within the Chemonics consortium. In addition to the IQC project manager, we have designated a project administrator as well as an assistant project administrator to facilitate coordination with our subcontractors and to serve as points of contact with USAID staff. In addition to coordinating the delivery of technical assistance to USAID missions and bureaus, the AMAP/Microfinance project management team will work to ensure that knowledge is shared across task orders, as well as across all three AMAP/Microfinance consortia.

B5. Excellent Business Relations

As mentioned above, we have created an AMAP/Microfinance project management team to handle all communications and interactions with USAID missions and bureaus. We hope that by maintaining regular points of contact with all missions and bureaus, we will have the knowledge to quickly and effectively update staff in the office of Microenterprise Development about all project activities, innovations and success stories under the AMAP/Microfinance IQC. We also expect that by incorporating this three-tiered management structure, we will always have at least one knowledgeable point of contact available to keep USAID staff abreast of project activities.

B6. First-Rate Cost Control

We are in the process of developing tools to ensure that we will be able to adhere to our promise of keeping well within our allowable expenses. We are currently building a series of budget and level of effort monitors to ensure that Chemonics and its consortium members will be able to easily and quickly keep track of spending on all activities under the contract.

B7. Exceeding Goals for Subcontractor Involvement

In December of 2002, Chemonics International hosted an all-day workshop with representatives from all eight of its AMAP/Microfinance consortium members. The goal of the meeting was to build a strong AMAP/Microfinance team and allow our subcontractors to better know one another as well as obtain a better understanding of the AMAP/Microfinance IQC contract. We also discussed optimal methods for communicating and coordinating efforts under the contract.

At the workshop, each member of the consortium was given the opportunity to present his or her organization's experiences in the field of microfinance and to discuss the ways their organization could contribute to achieving AMAP objectives. All members of the consortium then worked together to develop guidelines for communications, proposal development and knowledge sharing under the IQC.

During the reporting period, Chemonics International also created a website accessible to all consortium members to encourage communications and to serve as a forum for sharing knowledge and experiences gained under the AMAP/Microfinance IQC. The site was also equipped with tools to assist subcontractors in the development of task order proposals as well as tools to ensure the rapid deployment of technical assistance to USAID missions and bureaus.

C. Activities and Accomplishments During the Reporting Period

C1. Task Orders Awarded

The Chemonics consortium was not awarded any task orders during the reporting period.

C2. Task Orders in Progress

The Chemonics consortium is not currently involved in work on any active task orders.

C3. Task Orders Completed

No task orders have been completed to date under this contract.

D. Publications

No reports have been published under Chemonics' AMAP Microfinance contract to date.

F. Management and Administrative Issues

F1. Meetings Attended

In November of 2002, Melissa Logan, IQC project manager, attended the AMAP Partners Meeting hosted by USAID in Washington. Ms. Logan had the opportunity to meet with and ask questions of USAID staff and to team up with other AMAP contractors to discuss ways to collaborate and share information across AMAP contracts.

E. Adjustments to Annual Work Plan

Chemonics submitted questions regarding this particular contract requirement in November of 2002. As of December 31, 2002 we were still waiting to receive clarification on the annual work plan. As such, we had not formalized our work plan for 2003 by the end of this reporting period.

F3. Amendments to the Core IQC Contract

The AMAP/Microfinance contracting officer reported that he would be releasing an amendment to the core IQC contract in November of 2002. Later in the reporting period, the contracting specialist suggested that the amendment would be released in the first quarter of 2003.

F4. Clarification on the Core IQC Contract

Chemonics submitted a series of questions to the AMAP/Microfinance contracting officer asking for clarification on specific contract requirements in November of 2002. As of December 31, 2002, we were still waiting to receive clarification on these items.

G. Financial Information

No financial information is available for this project at this time.