



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

Quarterly Performance Report No. 2

January 1, 2003 – March 31, 2003

Prepared by:
Chemonics International

Consortium members include:
Chemonics International Inc • American Refugee Committee
Bankworld Inc • Enterprising Solutions • Edelman Communications • echange
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.

During this reporting period, the Chemonics AMAP/Microfinance consortium worked hard to prepare itself for the expected demand from missions around the world for technical assistance in the area of microfinance. Through the development of a website and communication tools for members of the consortium, we have established sound practices for encouraging dialogue and collaboration among all members of the consortium.

Our ability to cooperate and draw on the technical experience of all consortium members was best demonstrated by our response to the USAID Office of Microenterprise Development's Financial Services Knowledge Generation request for proposal. Chemonics International gathered proposed topics from all members of the consortium, and met with the Chemonics AMAP/Microfinance Advisory Team to develop a practical yet ambitious strategy for addressing the interests of the Office of Microenterprise Development (MD). Our response to MD's request for proposal illustrates our consortium's commitment to achieving the objectives of the overall AMAP program.

B. Exceeding AMAP Standards of Performance

As we have yet to be awarded our first task order under the AMAP/Microfinance IQC, we cannot report on our performance related to task order implementation. 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 in the coming months and years to gather continuous feedback on ways to improve our management processes as well as our technical performance on task orders.

B1. Exceeding Goals for Subcontractor Involvement

Chemonics International is committed to utilizing the unique experience and expertise of its AMAP/Microfinance subcontractors whenever possible. Each of our subcontractors played an

indispensable role in developing our response to the Office of Microenterprise Development's Knowledge Generation request for proposal this spring. After receiving USAID's request for proposal, Chemonics asked all of its subcontractors to put forward proposals for knowledge generation topics they would like to see addressed. Chemonics received more than 20 proposals from its 9 subcontractors in response to our request.

In order to determine which topics would be included in our technical approach, we gathered our AMAP/Microfinance Advisory Team made up of representatives from our consortium to review the proposals. The Advisory Team met for an entire day at Chemonics' headquarters to discuss the topics put forward and to decide which were most relevant to the field of microfinance.

Chemonics involved the Advisory Team as well as other members of the consortium in the development of our Knowledge Generation strategy. Nearly all consortium members had a hand in the design of our technical approach to the task order, with several subcontractors responsible for the implementation of our proposed research agendas.

C. Activities and Accomplishments During the Reporting Period

C1. Task Order Proposals Submitted

On March 11, 2003, the Chemonics AMAP/Microfinance consortium submitted its proposal for the Financial Services Knowledge Generation task order to USAID's Office of Microenterprise Development in Washington, DC. Building from the technical topics highlighted in the RFP, the Chemonics consortium proposed to develop subtopics from each of the four following themes:

- Strengthening the enabling environment
- Enhancing MFI management and operations
- Understanding and serving clients better
- Increasing access to commercial sources of capital.

Chemonics' proposal included four long-term research initiatives in the areas of rural finance, microfinance in conflict-affected areas, access to private capital, and outreach and self-sufficiency. In addition, Chemonics proposed 3 short-term research projects focusing on creating enabling environments for microfinance.

C2. Task Orders Awarded

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

C3. Task Orders in Progress

The Chemonics consortium was not involved in work on any active task orders during the reporting period.

C4. 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.

E. Management and Administrative Issues

E1. Meetings Attended

As part of the clarification process for the Financial Services Knowledge Generation task order request for proposal, representatives of Chemonics met with Liza Valenzuela and Barry Lennon of USAID's Office of Microenterprise Development. During this meeting, Ms. Valenzuela and Mr. Lennon gave the Chemonics team the opportunity to respond to the initial draft scope of work for the proposed task order and to receive clarification on several items related to the proposal. The Chemonics team was extremely pleased with USAID's initiative to open dialogue about this important task order as it allowed for greater collaboration between USAID and AMAP contractors in the proposal process.

E2. Adjustments to Annual Work Plan

IQC Project Manager, Melissa Logan, spoke with AMAP/Microfinance Contracting Specialist, Dean Pike, and with Technical Officer, Barry Lennon to receive further clarification on the Annual Work Plan for 2003. Mr. Lennon agreed that the Chemonics consortium could wait until it had been awarded task orders under the IQC to develop its Annual Work Plan for this year.

E3. Amendments/Modifications to the Core IQC Contract

Chemonics received the first modification to its core AMAP/Microfinance IQC contract during this reporting period. The modification made changes to the following items in Chemonics' core AMAP/Microfinance contract:

- Tier Three in F.8, Fair Opportunity to be Considered was clarified
- F.10, Issuance of Task Orders was clarified
- The requirements of F.15, Reports and Other Deliverables was clarified
- F.15, Annual Work Plans was clarified
- G.7 FAR clause 52.232-7 (MAR 2000) was replaced with the updated clause (DEC 2002)
- Statement "Medevac service costs are allowable as a direct cost" was deleted
- H.8, Personnel Compensation was clarified
- The dollar amount of task orders under H.9, Subcontracting Plan, was changed to \$500,000
- The Allowable Cost and Payment (FAR 52.216-7) and Termination (FAR 52.249-6) clauses were clarified
- I.9, Communications Products (Oct 1994) was added in full text
- FAR 52.244-2 was added in full text
- Attachment I listing the sub-labor categories was added.

E4. Pending Amendments/Modifications to the Core IQC Contract

On March 31, 2003 Michael Gushue confirmed in an email to USAID/Bolivia that an older OCI clause was mistakenly placed in Chemonics' original AMAP/Microfinance contract by USAID's ProDocs drafting system. Since the newer clause which limits Chemonics' ineligibility to 18 months as opposed to 36 months should have been in the contract, Mr. Gushue agreed to undertake an administrative action to make the change. The pending modification will change the OCI provisional restriction in Chemonics' core AMAP/Microfinance contract from 36 to 18 months and should be released in the 2nd quarter of 2003.

E5. Clarification on the Core IQC Contract

Chemonics received a series of clarifications in addition to the modification to our core AMAP/Microfinance contract. These statements clarified the following issues related to Chemonics' core AMAP/Microfinance contract:

- Inclusion of MEDEVAC costs as a component of the FDR
- Ceiling on AMAP/Microfinance indefinite quantity contracts
- Fair opportunity to be considered language
- Oral issuance of task orders
- Annual work plans
- Communications products
- Frequency of voucher submission
- Application of clause H.8, Personnel Compensation, to non-US personnel
- Organizational conflict of interest
- Payment for overtime premiums.

In addition, Chemonics received the following clarifications separately from the Contracting Specialist:

- Change of Level I label to Level III and vice versa
- Explanation of education and/or work experience requirements for each level.

F. Financial Information

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