
SOUTHERN SUDAN



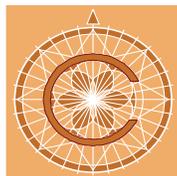
Agricultural Enterprise Finance Program (AEFP)

A component of the:

Southern Sudan Agricultural Revitalization Program (SSARP)

**Second Annual Workplan
October 1, 2003 – September 30, 2004**

Submitted by:



CHEMONICS INTERNATIONAL INC.

For:
USAID REDSO/ESA
Contract No. 623-C-00-02-00067-00

Introduction

The Agricultural Enterprise Finance Program (AEFP) is a key part of the 5-year \$22.5 million Southern Sudan Agricultural Revitalization Program (SSARP), which is managed by the USAID Regional Economic Development Services Office for East and Southern Africa (REDSO/ESA), in close consultation with agriculture advisors based in USAID/Washington. On September 30, 2002, Chemonics International was awarded the AEFP contract, a 5-year effort to establish a self-sustaining micro-finance institution (MFI) in southern Sudan and provide access to working capital for micro-entrepreneurs.

The other SSARP components include the establishment of six agricultural training centers and a data collection and analysis center. These other activities are implemented by the Catholic Relief Services (CRS) Consortium – comprised of CRS, Winrock International, Vetrinarians sans Frontiers-Belgium (VSF-Belgium), and SUPRAID (a Sudanese NGO) – through a competitively-awarded cooperative agreement. Additionally, a Participating Agency Service Agreement (PASA) with USDA provides supplemental technical support and other resources to the SSARP through a pilot activity fund.

The second year of planned activities for the AEFP are detailed in Section D below. For those unfamiliar with the SSARP and the Agricultural Enterprise Finance Program, the AEFP second-year workplan is preceded by Section A, an overview of the SSARP; Section B, an overview of the SSARP's Agricultural Enterprise Finance Program (AEFP) and the tasks completed in the first year of the program; and Section C, a brief summary of the AEFP program parameters and performance measures as contained in the Chemonics' AEFP contract.

A. Overview of the Southern Sudan Agricultural Revitalization Program

Southern Sudan has bountiful natural resources and the potential to be a major producer of a wide range of agricultural commodities. Largely untapped livestock, fishery and forestry resources, adequate rainfall, fertile land, and water availability all point to the agricultural potential of southern Sudan. However, development of this sector has been stifled by the long and ongoing civil war and resulting economic isolation of the region. Constraints to agricultural production and marketing include poor infrastructure, lack of access to capital and low-level agricultural technical efficiency and skills in production, marketing, and business management.

The Southern Sudan Agriculture Revitalization Program (SSARP) is a direct result of the visit to northern and southern Sudan in early July 2001 by Andrew Natsios, USAID Administrator and Special Humanitarian Coordinator for Sudan. The five-year, \$22.5 million activity will increase the capacity for agricultural production and marketing by:

- Increasing access to agricultural skills and technology
- Increasing access to capital for agricultural enterprises
- Increasing the capacity of commodity networks to facilitate expanded trade

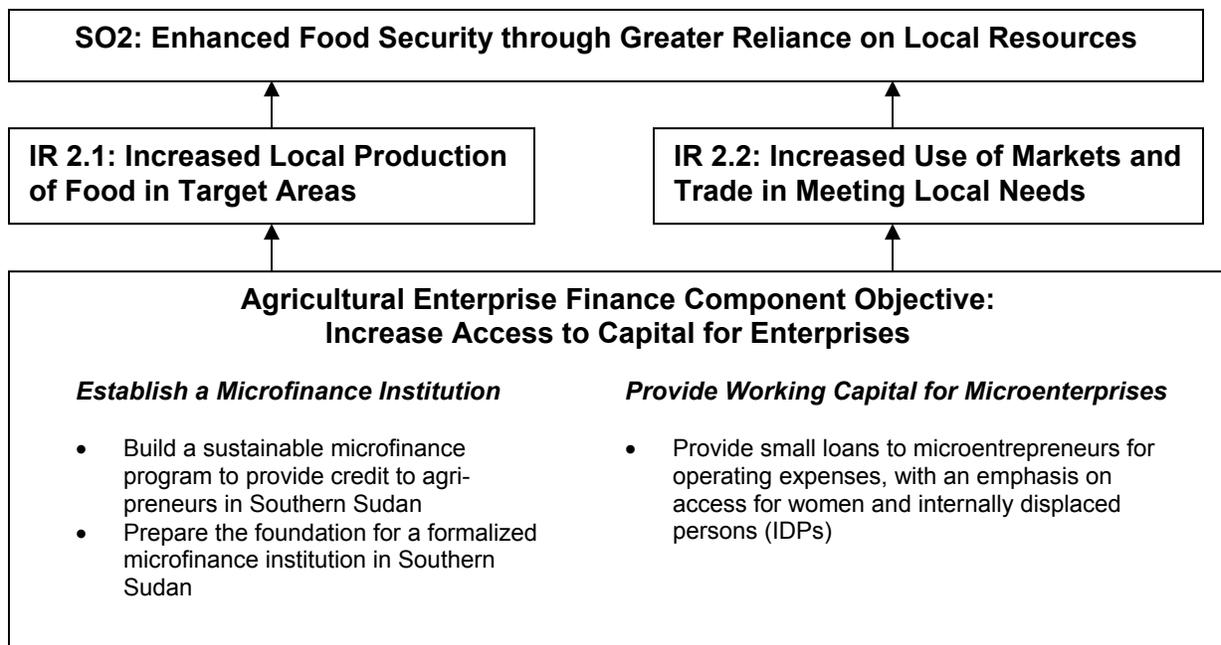
The program has been designed to benefit all groups in the opposition held areas of southern Sudan (regardless of political affiliation) including Upper Nile, Bahr el Ghazal, Equatoria, Southern Blue Nile and the Nuba Mountains. It targets agricultural producers and entrepreneurs throughout these areas, with a special emphasis on community involvement and the equitable participation of women. Specifically, SSARP will:

- Support agriculture and business skills training in six sub-sectors (food crops, agricultural technology, forestry, livestock, wildlife, and fisheries)
- Establish a central information and data analysis collection and dissemination unit
- Strengthen agricultural commodity networks
- Provide access to capital to agricultural enterprises through a microfinance institution (MFI) through an autonomous Agricultural Enterprise Finance Program (AEFP)

B. The Agricultural Enterprise Finance Program (AEFP)

As mentioned in the introduction above, the overall goal of the Agricultural Enterprise Finance Program (AEFP) is to establish a viable, self-sustaining financial services organization in southern Sudan and provide access to working capital for micro-entrepreneurs. The activity directly supports aspects of REDSO/ESA's Strategic Objective Two (SO2): "Enhanced Food Security Through Greater Reliance on Local Resources." It specifically supports Intermediate Result 2.1 "Increased Local Production of Food in Target Areas" and Intermediate Result 2.2 "Increased Use of Markets and Trade in Meeting Local Needs." SO2 is one of the three objectives which comprise the U.S. Government's Sudan Integrated Strategic Plan, 2000-2002. The AEFP initiative directly feeds into SO2 as illustrated in the project-level strategic framework below:

The AEFP Strategic Framework



By providing access to microcredit services, the MFI will foster expanded economic opportunity among southern Sudanese and constitute an added incentive for Internally Displaced People (IDPs) and refugees to return to their homes. During the first phase (five years) of the MFI's development, a pilot microfinance loan program will be launched, and the MFI will test various loan products, based on both client demand and repayment experience. Later, through a careful analysis of the willingness and capacity of borrowers to repay, it will be determined whether the MFI should diversify and offer some larger-sized loans to small businesses. Cost-recovering interest and fees will be charged by the MFI in order for it to fully cover operational costs by the end of the fifth year of the project.

A second phase of the AEFPP can be exercised, based on the experience of the first five years, with the intent of transforming the MFI into a formal bank, introducing a savings component, supporting further geographic expansion, addressing small business finance needs, and achieving full financial self-sufficiency by covering all financial costs, including the opportunity cost of capital. USAID will determine the disposition of the loan capital fund at the end of Phase I, but anticipates that a successfully operating microfinance institution will be allowed to retain the fund as its loan capital, if AEFPP objectives have been achieved and are likely to be sustained in the future.

The AEFPP is intended to support individual agribusiness entrepreneurs, very broadly defined, in all agriculture sub-sectors, including qualified applicants that have graduated from the training centers to be supported by other components of the Southern Sudan Agriculture Revitalization project. Women will constitute a special target group for microlending services. To increase the likelihood of sustainability through achieving some economy of scale, people in regional population centers will be the main beneficiaries of Phase One.

Accomplishments during Year One of the program. The first year of phase one of the AEFPP was devoted to establishing the Sudanese MFI from the ground up. This included:

- Initial relationship building and protocol with local and national authorities, as well as potential clients;
- A comprehensive microenterprise market survey and needs assessment conducted in 16 communities in the South Sudan regions of Eastern and Western Equatoria, Bahr el Ghazal, and Upper Nile;
- Conducting three MFI exposure tours – one to Faulu, Ltd. In Nairobi and two to Uganda Microfinance Union (UMU) in Kampala – for over 25 SSARP stakeholders and counterparts, including most of the SSARP Technical Task Force and Program Steering Committee, as well as representatives from BYDA NGO in Rumbek;
- Selection of Yei town as the site for the MFI's first office based on the microenterprise market survey findings;
- Development of the Sudanese MFI's institutional Memorandum of Association, as well as registration of the MFI with the SPLM authorities as a not-for-profit company limited by guarantee;

- Selection and initial training of a 5-member board of directors for the Sudanese MFI;
- Operational development of the MFI, including the development of the pilot group loan product to be offered to clients;
- Identifying, hiring, and training the MFI staff in Yei, including the branch manager, accountant, and four potential credit officers;
- Selection of the building contractor to build the MFI office in Yei, and the start of the actual office construction.

C. AEFP Performance Measures and Operational Parameters

Under its 5-year contract as the implementing contractor, Chemonics International is committed to establishing a self-sustaining microfinance institution (MFI) in southern Sudan that will achieve the following performance measures by the end of Phase One:

- \$3 million in outstanding loans by the end of the fifth year;
- 100 percent operational sustainability, through complete coverage of operating costs of administration and expendable supplies; and
- At least three loan products available to clients by the end of the fifth year.

To reach these results, Chemonics is also intent on assisting the new Sudanese MFI to meet the following operational and social development parameters:

- 50 percent of loans made to women
- 10 percent of loans made to reintegrated internally-displaced persons (IDPs) and returned refugees

While adhering to a strict financial systems model of microfinance services delivery, the social development parameters above will be fully incorporated into the new MFI's initial mission statement and business plan. At the end of Year One of the program, no loans had yet been extended, so quantifiable progress against the indicators above was not yet possible.

In the next section, each of the five second-year workplan subcomponents is presented in detail, with the illustrative second-year workplan timeline shown in Annex A.

D. AEFP Year Two Workplan by Program Subcomponent

During its second year of operation, the Agricultural Enterprise Finance Program (AEFP) will focus on continued development of the MFI's institutional and operational systems, physical infrastructure, training, and human resources necessary to expand operations successfully. Running from October 2003 through September 2004, the year two AEFP activities are divided into six program sub-components:

- Establishing and developing MFI operations
- Expanding geographic coverage
- Developing loan products
- Training
- Microfinance policy and regulation
- Program management and reporting

D1. Establishing and Developing MFI Operations

Establishing and developing MFI operations will be the central task of year two activities. This will include community outreach in each of the communities where branches are opened, borrower group formation and training, development and institutionalization of the MFI operations systems (including the drafting of an operations manual), and the development of an integrated MIS system for multiple branches. Finally, it will also include capacity development of the MFI Board of Directors.

As highlighted in our workplan spreadsheet contained in Annex A, we have divided the establishment and development of MFI operations into the following sets of Tasks:

Task 1.1: Continue community outreach and borrower group formation. During the two-week staff training in July 2003, MFI staff members in Yei were trained in community outreach and borrower group formation. After finishing the planned two-week exposure and training visit to UMU in Uganda in August, the MFI staff will return to Yei and begin community outreach and borrower group formation and training efforts, followed by the initial disbursements of actual loans. This community outreach and borrower group formation process will continue throughout Year Two of the program. It will initially be focused in Yei for the first two quarters of the second year, and then be expanded to the second and third MFI branch office locations beginning in May 2004.

Task 1.2: Complete draft operations manual and systems. Once a first set of borrower groups have been established in Yei and initial loans have been extended in order to pilot test the group loan product, the AEFP microfinance specialist will work with the MFI staff to draft an operations manual. The work on the credit operations sections of the manual for the group loan product will be completed by November 2003, and the rest of the work on the admin and personnel sections of the manual will take place during the second and third quarters of the second year. The complete operations manual will delineate the roles and responsibilities of each staff member, the operating guidelines for managing the group loan product and portfolio, guidelines for handling the compulsory

savings that is collected in conjunction with the group loan product, front and back office operational protocols, security and other risk considerations, and the lines of authority and communication among staff members. The operations manual will be continually updated, based on the lending experiences encountered with the group loan product in Yei. Later, additional sections will be added to the operations manual to cover the operational guidelines and systems for handling each new loan product that is added to the MFI's loan portfolio.

Tasks 1.3: Board of Director meetings and capacity development. The MFI Board of Directors will meet at least quarterly during the second year of MFI operations. Each meeting will include capacity development activities for the Board. They will be familiarized with each aspect of the MFI's operations; microfinance best practices; the monitoring, reporting, and evaluation system necessary to ensure loan portfolio quality; MFI operational costs; and key indicators of MFI health, such as operational self-sustainability (OSS), financial self-sustainability (FSS), and portfolio at risk (PAR). They will also provide ongoing input on policy and operational considerations, community outreach efforts, loan product design and delivery, and recommendations on how best to handle any issues or problems encountered.

Task 1.4: Begin community outreach and borrower group formation in 2nd and 3rd office locations. Beginning in May 2004, community outreach and borrower group formation efforts will begin in the two branch office locations, currently planned to be Yambio and Maridi. As these communities are relatively close together, efforts will happen simultaneously, running through the end of the second year, and continuing into year three as outreach efforts are expanded.

Task 1.5: Work out integrated MIS system for multiple branches. Beginning in the third quarter in tandem with the expansion of MFI operations to additional communities, the AAFP team will assist the MFI staff and Board of Directors to determine the best, yet most cost effective, integrated MIS system to handle multiple branches. The system must be able to handle consolidating the financial data and reporting requirements on at least a weekly basis, while balancing accounts on a daily basis at the branch level. Various options will be explored, including specialized computer banking software such as Microbanker and Bankers World, as well as the new satellite-based internet service available through the RBGAN technology available from Thuraya. Because of the high communication and travel costs in Sudan, in order for the MFI to manage its costs and be self-sustainable, it is likely that the MIS system will adopt a combination of computerized MIS at the head office level for use in consolidating and integrating far-flung data from distant branches with a cheaper (but more time-consuming) paper-based MIS system at each of the branches.

D2. Subcomponent 2: Expanding MFI Geographic Coverage

During year two of the program, the AAFP team will assist the MFI staff and Board of Directors to expand operations to at least two additional communities in South Sudan. Additionally, initial expansion efforts will begin in a fourth community late in year two,

with actual lending in this fourth community started later in year three of AEFPP. These geographic expansion efforts are divided into the following tasks:

Task 2.1: Complete construction of the MFI head office in Yei. The construction of the MFI head office in Yei was put out to tender in June 2003. The winning contractor, Bros and Company, was selected in July 2003 and began construction later that month. Their construction efforts are scheduled to be completed before the end of the first quarter of the second year of AEFPP. While construction of the head office is being completed, the MFI will operate out of a temporary office rented in Yei.

Task 2.2: Identify office spaces in 2nd and 3rd office locations. In November and December 2003, the AEFPP logistics and operations manager and COP will assist the Sudanese MFI to identify office spaces in the second and third office locations. In order to manage costs, existing spaces will be identified if possible. Additionally, these branch offices will be smaller than the head office in Yei, which will serve as both the Yei branch office and the MFI's head office. Therefore, smaller office spaces will be sufficient for operating these branches.

Task 2.3: Refurbish offices in 2nd and 3rd office locations. Once identified, the office spaces in the second and third office locations will be refurbished during the second and third quarters of the second year of AEFPP. If necessary, this may include tendering and selecting a construction company to do the work.

Task 2.4: Identify office space for 4th MFI office. An office space for the 4th MFI office will be identified in the last quarter of year two. It is anticipated that this office will be in Rumbek. The Sudan AEFPP operations/logistics manager and COP will assist the MFI staff to make the office selection. If workload and time allows, refurbishment of this fourth office may begin in year two; however, this task has not been included in the year two workplan at this time, as it is expected that expansion to a fourth office will not be able to begin until year three.

D3. Subcomponent 3: Develop Loan Products

Using the information gathered in the microenterprise market survey, at least two pilot loan products will be developed in year two of AEFPP. The first two loan products will be a group-based loan product, and an employer-guaranteed loan product available to employees of NGOs and other institutions in the communities where MFI branches are opened. Over time, an individual loan product, aimed at larger microenterprises with greater capital needs, will be introduced. The tasks involved in loan product development are listed below:

However, it will first be necessary to carefully analyze the local legal framework in place that will be used to enforce loan repayment and collateral collection. This analysis will be used to create the legal loan document that the borrower will sign, as well as the procedures to be followed in giving these larger, riskier loans.

Task 3.1: Extend group loans in Yei. The AEFPP team will begin assisting the MFI staff to begin extending group loans in Yei at the beginning of year two. This will include the

collection of compulsory savings to be used as a loan insurance fund for each group. Groups will self-select their members, and special effort will be made to ensure that at least 50 percent of the loans are made to women. During the first few months of group lending, the AEFPP team and staff will solicit feedback from borrowers on how to improve the loan product. An analysis of the loan cost structure will also be done, in order to ensure that the loan is appropriately priced for the market and for the MFI's operational cost structure. Adjustments and modifications to the loan product will be made as needed. Group loans will be extended in Yei throughout the year, with an eye towards sustainable growth of the portfolio and improving the efficiency of the institution.

Task 3.2: Extend group loans in 2nd and 3rd office locations. Using the improved version of the group loan product being extended in Yei after the initial pilot testing, the AEFPP team will assist the MFI staff to begin extending the group loan product in the second and third office locations beginning in the fourth quarter of the second year. This will be preceded by the community outreach and borrower group formation activities in the second and third office locations highlighted in Task 1.4 above.

Task 3.3: Develop employer-guaranteed loan product. In the second quarter of year two, the AEFPP team will assist the MFI staff to develop a second loan product, an employer-guaranteed product. This product will target salaried employees of NGOs and other institutions. Agreements will be signed between the MFI and each participating institution, as each participating institution will need to agree to put into effect a consolidated collection and payment system. The institutional staff, as well as prospective employee clients, will be interviewed to provide input into the product design. Based on the design, operational systems will be developed to manage the employer-guaranteed loan, and the MFI staff will be trained how to manage the new loan product. These systems will be captured in writing and incorporated into the operations manual.

As part of the employer-guaranteed loan application process for any interested employee borrower, the employing institution will certify, in writing, that the prospective borrower is indeed employed by the institution, verify the monthly salary rate, and vouch that the borrower is a good potential client. In the event that the employee resigns or is no longer employed by the institution, the institution will also agree to pay the balance of the loan or sign over the employee's final paycheck to the MFI, whichever is less. Employer-guaranteed loans will likely be in amounts up to three times the employee's monthly gross salary, to be paid back over a six to twelve month period.

Task 3.4: Pilot test and extend employer-guaranteed loan product in Yei. Beginning in April 2004, the AEFPP team will assist the MFI staff to begin extending the pilot employer-guaranteed loan product in Yei. This activity will continue through the end of year two, and the product will be modified and improved based on the experiences during the pilot testing.

Task 3.5: Extend employer-guaranteed loan product in 2nd and 3rd office locations. Beginning in August 2004, the AEPF team will begin assisting the MFI staff to extend the employer-guaranteed loan product out of the branch offices in the second and third office locations. This will begin with soliciting interest from those institutions employing salaried employees on the ground in each location.

Task 3.6: Research and develop potential individual loan product. Over time, an individual loan product, aimed at larger microenterprises with greater capital needs, will be introduced. However, it will first be necessary to carefully analyze the local legal framework in place that will be used to enforce loan repayment and collateral collection. This analysis will be used to create the legal loan document that the borrower will sign, as well as the procedures to be followed in giving these larger, riskier loans. Research and development of this loan product will begin in June 2004 and run through the end of Year Two. Short-term technical assistance will be accessed to assist with this task as necessary.

D4. Subcomponent 4: Training

Because of the importance of training in this microfinance initiative, we have included it as a separate activity, though it will be fully integrated with the MFI operational development activities in Sub-component One, above. Training activities are a critical counterpart to establishing and developing the MFI operations, as well as expanding the MFI's geographical coverage and developing and delivering each of the loan products. These training activities are detailed below:

Task 4.1: Hire staff for 2nd and 3rd office locations. Using local and regional advertisements and a competitive selection process, staff will be hired for the second and third office locations. This will include all of the needed staff, including branch managers, bookkeepers, credit officers, and cashiers and administrative assistants.

Task 4.2: Train staff for 2nd and 3rd office locations. Once hired, the new staff will be brought to the head office in Yei for training. This will include formal training in microfinance, as well as on-the-job shadowing of the MFI staff already at work in Yei.

Task 4.3: Train head office staff in multiple branch management. As the two new office branches are training their staff and getting ready to open, additional training will also be given to the head office staff as their roles expand to cover more than one branch. This training will begin prior to the opening of the branch offices, and will be ongoing through the end of year two, as many systems and procedures will be affected by adding new branches. These include management of the treasury, integrated MIS and reporting, communication, branch oversight, and auditing.

Task 4.4: Microfinance exposure trip to Uganda for Board of Directors. Scheduled for the first quarter of the second year, a microfinance exposure trip to Uganda Microfinance Union (UMU) in Uganda will be organized for the Board of Directors. Ideally, in addition to the presentations on microfinance and the tour of an operating branch, this trip will include observation of a Board meeting at UMU.

Task 4.5: Governance training for Board of Directors. Using either international or regional short-term expertise in microfinance, a formal training in MFI governance best practices will be organized in the second quarter of the second year of AEFP.

Task 4.6: International training for managing director and/or others. Based on where things are by the end of the second quarter, the option of sending the MFI managing director and/or other staff to international training in microfinance will be explored. This could include comprehensive training in microfinance, such as the two-week course offered in Boulder, Colorado, or other microfinance training available regionally. Whether or not this training is done will depend on funds available and the training needs of the MFI staff.

D5. Subcomponent 5: Microfinance Policy and Regulation

As the MFI is setting up operations, SPLM policymakers will be developing a financial regulatory framework for South Sudan. Currently, a Financial Institutions Act, a business law, and an NGO law are being drafted. It will be critical for the South Sudan AEFP program to stay abreast of these policy developments, especially as they will affect how microfinance is regulated. As possible, the South Sudan AEFP will provide guidance and resources to assist in the policy development process as it affects microfinance. The tasks for this subcomponent are necessarily broad, as the exact nature of the policy assistance will need to be agreed upon with the SPLM and USAID.

Task 5.1: Liase with SPLM policymakers regarding microfinance policy. The AEFP team will liaise with the relevant SPLM policymakers regarding the financial framework that is being developed. This will include consulting with the SPLM departments of finance, legal affairs, taxation, and commerce. Special attention will be given to areas that will possibly affect AEFP efforts to set up a sustainable and independent microfinance institution in South Sudan. Possible areas of attention include integrating microfinance best practices regarding policy into the Financial Institutions Act and business law, and attention to specific policy issues that affect MFI operations, such as interest rate policies, registration and taxation policies, and regulation and financial reporting requirements.

Task 5.2: Provide training and/or short-term policy expertise as needed. In support of the SPLM's policy development efforts, South Sudan AEFP can provide specialized training and short-term technical expertise as needed. This may include additional study tours to neighboring countries, workshops to explore specific microfinance-related policy issues, assistance in reviewing and drafting relevant legislation and policies as they relate to microfinance, or short-term assistance to research the implications of specific microfinance policies in South Sudan. Any training or short-term expertise provided will be agreed upon in advance with USAID and the relevant SPLM authorities.

D6. Subcomponent 6: Program Management and Reporting

The second year will also require a number of program management and reporting activities, as required in the Chemonics' contract and agreements made with the Steering

Committee and Technical Task Force. These other activities are listed below. Others may be added during the course of project implementation.

Task 6.1: Submit quarterly reports. As required in the AEFP contract, Chemonics will submit quarterly reports to USAID within 30 days after the last day of each quarter. Additionally, as agreed upon in SSARP coordination meetings in November 2002, Chemonics and the CRS Consortium will provide the technical part of the quarterly reports (minus financial and administrative data that may not yet be available) to the TTF 15 days after the last day of each quarter.

Task 6.2: Submit Year Two workplan. A final Year Two workplan will be submitted to USAID and the Technical Task Force by October 1, 2003. Input from the Technical Task Force, the Program Steering Committee, and USAID into a draft Year Two workplan will have been obtained in August and September 2003, the end of the first year of the program.

Task 6.3: Submit Year Three workplan. The Year Three workplan will be developed and submitted in draft form to USAID, the Technical Task Force, and the Program Steering Committee for review in August and September 2004.

Task 6.4: Conduct returned IDP and returned refugee study. Based on the scope of work developed in September 2003, an international specialist in microfinance in conflict areas will be fielded to conduct a study of the financial needs of returned internally-displaced persons and returned refugees in South Sudan. The study will take approximately 6-8 weeks, and will include field work in each of the regions of South Sudan, especially those with high concentrations of returned IDPs and returned refugees.

Task 6.5: Extend microenterprise market survey to Southern Blue Nile and Nuba Mountain regions. At the request of USAID and the TTF, the microenterprise market survey will be extended into the Southern Blue Nile and Nuba Mountain regions during the second quarter of year two. Because the AEFP full-time staff will be focused on assisting the start up of the MFI, local and regional short-term technical will be brought on board to conduct the survey work. The results of the survey will be compiled with the previous survey work already completed during Year One in the Western Equatoria, Eastern Equatoria, Bahr el Ghazal, and Upper Nile regions. If the peace agreement is signed, and AEFP subsequently has access to currently GOS-held towns such as Juba and Wau, the second year work plan will be adjusted to extend the microenterprise market survey into these large markets, as well.

Task 6.6: Develop grant reporting system. As part of receiving the USAID grant via Chemonics, the MFI will have to meet specific reporting requirements. The AEFP team will assist the MFI staff to set up a grant reporting system during the first quarter of the second year.

Task 6.7: Establish monitoring and evaluation (M&E) system. As required in the AEFP contract, an M&E system will be developed in the second quarter of the second year.

This system will capture the quantitative data that Chemonics is required to monitor, including:

- The MFI's operational self-sufficiency ratio
- Number of loan products being extended
- Dollar value of the gross outstanding loan portfolio
- Percentage of women clients
- Percentage of IDP and returned refugee clients

Additionally, the monitoring and evaluation system will be set up to capture qualitative data, focusing on significant events with the MFI and success stories among borrowers.

ANNEX A

Year Two Workplan Timeline

Year 2 Workplan Oct 1, 2003 - Sep 30, 2004	Sudan AEFP	Year 2: October 2003-September 2004											
Program Sub-component	Tasks	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
1. Establish and Develop MFI Operations	1.1: Continue community outreach & borrower group formation in Yei 1.2: Complete draft operations manual and systems 1.3: Board of Director meetings and capacity development 1.4: Begin community outreach & group formation in 2nd & 3rd offices 1.5: Work out integrated MIS system for multiple branches	X			X			X			X		
2. Expand MFI Geographic Coverage	2.1: Complete construction of Head Office in Yei 2.2: Identify office spaces in 2nd & 3rd office locations 2.3: Refurbish offices in 2nd & 3rd office locations 2.4: Identify office space for 4th MFI office												
3. Develop Loan Products	3.1: Extend group loans in Yei 3.2: Extend group loans in 2nd & 3rd office locations 3.3: Develop employer guaranteed loan product 3.4: Pilot test and extend employer guaranteed loan product in Yei 3.5: Extend employer guaranteed loan product in 2nd & 3rd offices 3.6: Research & develop potential individual loan product												
4. Training	4.1: Hire staff for 2nd & 3rd office 4.2: Train staff for 2nd & 3rd offices 4.3: Train head office staff in multiple branch management 4.4: Microfinance exposure trip to Uganda for Board of Directors 4.5: Governance training for Board of Directors 4.6: International training for managing director and/or others												
5. Policy & Regulation	5.1: Liaise with SPLM policymakers regarding microfinance policy 5.2: Provide training and/or short-term policy expertise as needed												
6. Program Management and Reporting	6.1: Submit Quarterly Reports 6.2: Submit Year 2 Workplan 6.3: Develop Year 3 Workplan 6.4: Conduct IDP Study 6.5: Extend microenterprise market survey to SBN and Nuba 6.6: Develop grant reporting system 6.7: Establish Monitoring & Evaluation system	X			X			X			X		

ANNEX B

Year Two AEFB Budget