

# ACCELERATED MICROENTERPRISE ADVANCEMENT PROJECT (AMAP) FINANCIAL SERVICES IQC



**Contract Number GEG-I-00-00-02-00013-00**  
**Quarterly Performance Report Number 6**  
**January 1, 2004 – March 31, 2004**

## The Chemonics Consortium Assesses Microfinance Best Practices in Conflict- Affected Areas

As part of the Knowledge Generation task order, the Chemonics Consortium completed a literature review of research conducted to date in the area of microfinance in conflict-affected areas. The review highlighted best practices, essential and preferred conditions for microfinance, products and services suitable for conflict settings, appropriate lending methodologies, risk management and coping mechanisms, and methods and products for special population groups such as internally displaced people (IDP), returnees, refugees, demobilized soldiers, widows and youth.

The findings of the review were summarized into

### CHEMONICS CONSORTIUM PARTNERS

**American Refugee Committee**  
*Refugee and post-conflict microfinance*

**Bankworld, Inc.**  
*Financial institution regulation and supervision*

**echange, L.L.C.**  
*Information technology, training, change management*

**Enterprising Solutions Global Consulting, L.L.C.**  
*Program assessment and design, enterprise development*

**The IRIS Center, The University of Maryland**  
*Enabling environment; regulation and supervision*

**The Marriott School at BYU**  
*Research, impact assessments; client satisfaction*

**Moore Media Group**  
*Knowledge management, IT solutions, multimedia technology*

**Shorebank Advisory Services**  
*Small business loan product design and bank training*

### Inside This Report

Knowledge Generation Task Order	1
New Requests for Proposal	3
Activities and Accomplishments	3
Publications	4
Management and Administrative Issues	4
Financial Summary	4

an interactive reference document which allows users to search for documents by technical topic and geographic region. The document also includes hyperlinks to relevant websites, so that the information can be more easily accessed in the future.

The review also prompted the creation of two focus notes. One note, drafted by Chemonics, highlights best practices and lessons learned from microfinance in conflict settings and addresses gaps in the existing research. The other focus note, written by the American Refugee Committee (ARC), provides a thorough summary of lessons learned from ARC's experiences implementing microfinance programs in conflict-affected areas. The literature review and focus notes are in the final stages of being approved and will soon be made available on the CDIE website.

The Chemonics Consortium will also review and comment on a Youth and Conflict toolkit created by USAID's Office of Conflict Mitigation and Management (CMM). In addition, we will complete a thorough review of literature linking youth in conflict-affected areas and microenterprise development. This review will frame a virtual conference on the subject to be held June 1-3, 2004. The Youth and Conflict virtual conference will bring together experts in youth, microfinance and BDS and will promote interactive discussions on common issues and concerns involved in targeting at-risk youth for microfinance and BDS services.

## Knowledge Generation Task Order Examines Relationship between Outreach and Social Return in Microfinance

In January 2004, the Chemonics Consortium held a workshop in Washington, DC to vet, discuss and refine the conceptual framework for the Measuring Outreach of Microfinance Institutions knowledge generation activity.

Led by Gary Woller of Brigham Young University, the workshop included participants from Microfinance Risk Management, The MIX, CGAP, ACCION, the Open Society Institute, the IRIS Center, and the Social Capital Institute.

After reviewing and discussing alternative conceptual frameworks for social return during the first day of the workshop, workshop participants agreed that the benefit-cost framework was the most theoretically and practically useful framework for measuring social return. They also agreed that the six dimensions of outreach (quality, cost, depth, breadth, length, and variety) outlined by this framework offered the greatest potential for becoming a set of standardized indicators that could serve both as useful management tools and benchmarks for social return.

Participants spent the second day of the workshop discussing the theoretical and practical challenges associated with the implementation of the outreach approach. They also identified potential indicators that might be used within each of the six dimensions of outreach in the framework.

## Chemonics and DAI Consortia Collaborate on Rural and Agricultural Finance Knowledge Generation Efforts

Chemonics is collaborating closely with fellow AMAP contractor DAI, as well as with Ohio State University (OSU) to develop a joint work plan to investigate best practices in rural and agricultural finance.

This past quarter, Chemonics hosted a one-day workshop to discuss the conceptual framework for the Rural and Agricultural Finance (RAF) research being conducted by both prime AMAP Financial Services contractors.

As part of the research planning process, Chemonics developed a database of existing projects and knowledge in rural and agricultural finance. Both AMAP contractors inputted their individual project results into the database and used this information to identify areas in which knowledge about rural finance can be expanded and improved.

Chemonics and DAI also contacted a variety of donors and practitioners including CGAP, DFID, FAO, IFAD, IDB, and WB for this exercise. In addition, the teams reviewed publications and collected information on RAF case studies, initiatives and models that could be explored as part of their AMAP research. Chemonics organized this data into an extensive database of financial and non-financial institutions engaged in rural and agricultural finance that could be highlighted in case studies.

## Chemonics Completes Focus Notes on Case Studies in Rural Finance

Chemonics completed two focus notes on lessons learned from Chemonics' work in rural areas. In addition to a two-page focus note on Chemonics' Dyna-entreprises (DES) project in Senegal, the Chemonics team drafted a focus note discussing the concept of rural savings and highlighting lessons learned from Philippines Microenterprise Access to Banking Services (MABS) and Madagascar Caisse d'Epargne (CEM) projects.

## IRIS Investigates Legal and Regulatory Framework for Microfinance

Chemonics Consortium member, IRIS, conducted a literature review assembling strands of knowledge from microfinance research, financial regulation, and practitioners' writings for developing country central banks. IRIS investigated literature from the Bank of International Standards (BIS), the Bank of England, World Bank, IMF, CGAP, Asian Development Bank, Inter-American Development Bank, Brookings Institution, writings in accredited journals on economics and financial regulations, and USAID-supported research.

Initial results show a discontinuity between the body of literature generated by microfinance practitioners and researchers on one side, and by financial sector experts on the other. The Knowledge Generation task order will focus on addressing this gap by bringing sound regulatory principles to bear on microfinance-oriented regulatory reform.

## Chemonics Consortium Receives Competitive Range Response for USAID/Kenya Task Order

During the reporting period the Chemonics consortium received questions from USAID/Kenya in response to its task order proposal to deliver a long-term technical advisor to the Association of Microfinance Institutions. The long-term advisor would work directly with AMFI to strengthen the association as well as to build the capacity of its members.

Chemonics successfully submitted a response to the mission's questions on February 26, 2004. As of March 31, 2004 contract award was still pending.

## Activities and Accomplishments during the Reporting Period

**Table 1. Task Orders Submitted**

Title	USAID Mission	Estimated Task Order Amount	Date Submitted	Status of Task Order Award
Long-Term Technical Advisor to AMFI	USAID/Kenya	\$2,161,134	Original Proposal: January 6, 2004; Competitive Range Response: February 27, 2004	Contract Award Pending as of March 31, 2004

**Table 2. Task Orders Awarded**

Title	USAID Mission	Task Order Amount	Date Awarded	Expected Start Date	Expected End Date
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No task orders were awarded during this reporting period.

**Table 3. Task Orders Completed**

Title	USAID Mission	Task Order Amount	Date Awarded	Start Date	End Date
Microfinance Sector Assessment	USAID/Malawi	\$64,762	December 1, 2003	December 1, 2004	February 28, 2004

## Publications

In January of 2004, the Chemonics consortium submitted *Microfinance Sector Assessment in the Republic of Malawi* to USAID/Malawi. The authors of the report, Victor Luboyeski, Debjani Bagchi and Muwuso Chawinga evaluated the supply and demand for microfinance services in Malawi as well as examined the relevant policies, laws, regulations and supervision practices, and socioeconomic trends that influence the development and nature of microfinance services and facilitate innovation. In addition, they geo-referenced the locations of all leading MFIs and commercial banks that provide financial services for microentrepreneurs.

The team's methodology and findings will feed into an overall, collaborative AMAP knowledge management system which will synthesize and disseminate this knowledge to practitioners and USAID, as well as to policy makers and other donors.

## Amendments and Clarification to the Core IQC Contract

We were alerted on April 1, 2003 through the USAID/Bolivia Contracting Officer, Betty Jo Santibañez that Michael Gushue, Contracting Officer for the AMAP IQC had confirmed that an administrative modification to Chemonics' core IQC contract would be forthcoming. Mr. Gushue explained that an older clause was accidentally placed in the contract by the Agency's ProDocs drafting system. He stated that newer language from Contract Information Bulletin no. 99-17 should have been included in the core IQC the contract, and that he would undertake an administrative action to make the change. This modification will change the Organization Conflict of Interest provisional restriction from 36 months to 18 months. As of March 31, 2004, receipt of this modification from the AMAP IQC Contracting Officer is still pending.

## AMAP/Microfinance IQC Financial Summary

**Table 4. Task Order Spending**

	Year 1 2002 – 2003	Year 2 Sep – Dec 2003	Year 2 Jan – Mar 2004	TOTAL
Task Order 801 – Malawi Microfinance Sector Assessment		\$37,413	\$27,349	\$64,762
Task Order 800 – Bolivia RFS Evaluation	\$45,565			\$45,565
Task Order 01 – Knowledge Generation		\$28,125	\$57,549	\$85,674
<b>Total</b>	<b>\$45,565</b>	<b>\$65,538</b>	<b>\$84,898</b>	<b>\$196,001</b>



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