

**ACTION FOR STRENGTHENING MICROFINANCE
ASSOCIATIONS
ASMA**

December 2003, Quarterly Report

Contract No. GEG-I-00-02-00011-00

Submitted To:
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Introduction

This quarterly report represents the activities of IQC Task Order # GEG-I-00-02-00011-00, “Strengthening the Microfinance Sector in Morocco” project, known now as the ASMA project, for the period of October 1st up to December 31st, 2003. The report highlights significant work undertaken and accomplishments realized, outlines major challenges and opportunities encountered, offers proposed responses to those challenges, and summarize planned activities for the following quarter.

Through this task order, USAID is supporting a program of technical assistance to develop a sustainable microfinance industry in Morocco, targeting its strategic objective “*expanded private sector economic opportunities.*” Development Alternatives Inc. is implementing the project to enhance the potential for rapid growth of micro lending and to make the availability of this product and other related financial services a permanent and sustainable feature in the region¹. Goals of the project include:

1. To *improve cooperation between microfinance practitioners* by helping the National Federation for the Support of Microfinance Providers (FNAM) that promotes best practice principles. The success of such an initiative will be measured based on the SEEP tool to help Microfinance Networks around the world.
2. To *strengthen microfinance skills* in Morocco specially in the domain of microfinance for housing through workshops, training, and follow-up. The 1st indicator will be the number of MFIs who adopt the program and after the launching of the pilot projects, the 2nd indicator will be the number of loans for housing the MFIs disburse during the coming two years.
3. To *develop credit advisory services* through a sustainable privately-owned credit checking data base (credit bureau) that maintains accurate credit backgrounds of existing and potential clients. ASMA will monitor the functioning of the CCDB, and would measure success based on the number of inquiries about borrowers or potential borrowers, as well as on the number of MFIs who are able to provide accurate and timely data to this data base.
4. To *increase the demand for microfinance services* through public awareness of the benefits and values of microfinance and the associations providing such services.
5. To *improve the efficiency and appropriateness of the financial products and services* through surveys, seminars, and transparency promotion. ASMA will work with other donors to make sure that the needed studies and surveys are done on behalf of the federation. Moreover, ASMA will help MFIs

¹ . The project fits within USAID Strategic Objective “expanded private sector economic opportunities” and will directly contribute to Intermediate Result of “increased access to financial services by the private sector”.

understand the DCA guarantee facilities and encourage them to work towards using such facilities.

6. *Microfinance providers need to have appropriate Management Information Systems* and ASMA will help assess the need of such systems and will help MFIs look for funding to purchase such systems. The ability to help MFIs have a better MIS that allows the production of accurate data on timely basis.
7. *Create operational linkages* between NGOs, CGAP, SEEP, other donors (PlaNNet Finance, UNDP, GTZ, etc) and FNAM/FNAM members.

SECTION I

Overview

Considerable progress on a variety of initiatives has been realized during the last three months. The project was presented to the steering committee in December, and the minor changes and explanations the committee recommended will be reflected in the project plan of action in January 2004. The Holy month of Ramadan that caused a delay in officially presenting the project to MFIs has slowed the progress of the planned initiatives. Nevertheless, discernable progress is being made and ASMA team is confident that the project initiatives' intended results will in time be realized.

Activities

1. FNAM

- During the last three months, ASMA was able to gain the confidence of FNAM and its members. A working relationship has been established with the board members and with the 4 committees. Several meetings were held with the president of FNAM and with several members of the board where the ASMA work plan was discussed and understood. It has been noted that the rapport between the members of FNAM is improving. ASMA, seen by all members, as a neutral party and catalyst has helped create the positive atmosphere needed for the advancement in building the microfinance industry in Morocco. The progress under this component is as follows:

ASMA has provided space and furniture for the office of the delegate general of FNAM. A conference room that could also be used for training of up to 18 people was also supplied. Telephone, fax and a PC are also supplied to FNAM.

ASMA has started the process of meetings with the 4 committees of FNAM. Several meetings took place with the various committees, and specifically with the committee for **Development** to organize the trip to Amman, and to discuss several hot issues such as FNAM's visibility, its logo, the public awareness campaign, the credit bureau, the profile of the general delegate, and the Microfinance for housing initiative. The **Risk** committee was supplied with a draft scope of work for the creation of a credit checking data base and the MIS assessment activity, the **Finance Committee** was assisted in its meetings to discuss accounting standards. The **Human Resource** committee was assisted in its endeavor to select a delegate general, where ASMA has announced the position in the appropriate local newspapers and has summarized the 20 applicants CVs in one page. The later was shared with FNAM to help facilitate the decision of choosing the general delegate.

In Amman, the project was able to organize two days activities for FNAM and its members. The 1st day, the 13th of December, a workshop was held in the Amman West Hotel where FNAM members discussed the work plan of the federation, and came out with a draft work plan that covers issues such as the Federation's newsletter, the microfinance for housing, the profile of the general delegate, and

the cooperation and linkages between the members. ASMA facilitated the workshop, suggested several possible activities and wrote the minutes of the meeting. Other hot issues that have to do with governance and information dissemination were also discussed. See report about workshop attached.

The second day, the 14th of December, the members had a full day at the hospitality of the Jordan Micro Finance Company (JMCC). JMCC explained its program, the challenges faced as well as the methodology of lending, administration, and finance. The JMCC uses a scoring system to assess the potential borrower. This system is integrated in the MIS and it facilitates the decision regarding approving a loan. MFIs asked ASMA to investigate the possibility of adopting the same system in Morocco for the individual lending product.

2. Microfinance for Housing

- During the last two month, and since the outset of the project, ASMA has participated in various meetings with FNAM, MFIs, and USAID, to discuss the introduction of new products and specifically the introduction of micro-loans for housing to meet the pressing needs of the society. Most of the meetings ensure that well designed housing credit products should be available to the microfinance segment of the economy as soon as the amendment to article 2 of the Micro Credit law is endorsed by the parliament. Accordingly the USAID has requested that ASMA include this specific product as a major component of its plan of action for the coming two years where ASMA will help in the planning, introduction, design, follow-up, and evaluation of a pilot project to develop microfinance/housing products to respond to needs of potential clients in the best manner.

In that regard, ASMA has modified its work plan and budget allocation to make some needed funds available for such an important product. The progress in this component is as follows:

Advocacy for housing loans

This includes meetings with MFIs in the several regions of Morocco to lobby for adding this new product to their activities, and encouraging them to participate in the workshops and training sessions ASMA is organizing in the year 2004. Up to date, FZ, AAA, FBPMF have shown a great enthusiasm to join the training by sending their key staff (regional managers, and credit heads) to participate in the workshop. Other MFIs also showed interest and meetings with them took place to discuss their active participation in the activities.

ASMA participated in the Al Amana conference held in Ifrane between the 8th and the 11th of December. ASMA COP had the opportunity to explain the Microfinance for Housing intervention the project is planning to do. It is worth mentioning that the conference hosted Paul Reppy, Monique Cohen, Blaine Stephens and others who have a great experience in the Microfinance industry.

1st Workshop in Morocco about Microfinance for Housing

Workshops/training will be organized by ASMA, this 1st workshop will discuss the basics of microfinance for housing, and the tools needed to launch such a product. The 1st workshop will come out with a draft scope of work for another workshop to help MFIs have more outreach in the housing product and thus to make such a product available to MFIs and to beneficiaries at a wide scale.

The workshop is planned for January-February 2004, and will be held at FNAM/ASMA offices. Stakeholders are participating in the planning of such an activity and a specialist in the field of microfinance for housing is being contacted for that purpose.

Training or 2nd Workshop about Microfinance for Housing

After the 1st workshop, the trainees would have prepared a Scope of Work of a training course that they feel would be needed to have more outreach in the new product. There will be a trial period after the first workshop where MFIs will disburse loans in pilot locations. This trial period will bring new questions and new challenges to the MFIs, these will be added to the draft SOW prepared in workshop one.

This new workshop might be in the form of TOT in Microfinance for housing to produce local specialists who would be able to train others when needed. In other words, whatever the trainees feel is needed and is included in the SOW, could be delivered in a way to give these trainees the needed skills for them to be trainers in the future.

Follow-up on work and provide further technical assistance when needed

Visits by ASMA to project implementation sites would be needed. Problems faced in the field would be looked at, diagnosed, and solutions with the participation of expatriate experts would be sought. This requires meetings with borrowers, with loan officers, and with other technical staff working on site.

3. Credit Checking Data Base (CCDB)

- A core activity of ASMA, indeed its first technical priority, will be to assist FNAM to develop or participate in a specialized Credit Checking Data Base for its members. Although it is logical for FNAM to be a sponsor of a Credit Checking Data Base in the beginning, eventually, a Credit Checking Data Base should be an independent entity. FNAM, of course, could be an investor in such an entity.

For that purpose, ASMA team has consulted two prominent firms whose experts showed that building such a data base is feasible technically and financially. Although ASMA has taken the responsibility of implementing the CCDB, the project team has agreed to partner with Planet Finance in that regard. Therefore, ASMA and Planet

Finance will work together to do the three phases of the project. At the end of year two ASMA expects to have a running CCDB where all the MFIs can inquire about the credit history of potential borrowers.

As a prerequisite for the CCDB, ASMA and Planet Finance will be working on the assessment of the MIS systems of the MFIs, a check list for the systems used is already prepared and the evaluation of the MFIs' management information systems will commence in January 2004.

Challenges to this activity are many and could be summarized by the following:
Fees per enquiry – Some MFIs have expressed their reservation regarding paying a fee per enquiry. This issue will be discussed further with FNAM's specialised committees. Experiences from other countries such as Bolivia and the Dominican Republic (DR) are being looked at in details to try to incorporate what would be appropriate and possible for Morocco. This subject was also one of the main subjects of discussions at the Dead Sea conference where the COP of DAI in the DR has shown great experience and willingness to help. Other challenges are the complete dedication to participate and to provide timely and transparent data, and the willingness to provide more details about the borrower in the future.

It is worth mentioning that ASMA has submitted a paper on the subject of CCDB in the above mentioned conference and will start lobbying for such a bureau with the Moroccan Central Bank and with other stakeholders in the country.

4. Public Awareness

- FNAM's Fact Sheets: ASMA is working on writing several fact sheets that shed the light on the microfinance sector in Morocco, the importance of this sector in the economic development, and the challenges faced. These fact sheets will target the potential borrowers, policy makers, and people working in the industry, in addition to others who have interest in the subject.
- FNAM's Quarterly newsletter: ASMA and the development committee of FNAM is working on a newsletter that provides some key statistics, general information about stakeholders, accomplishments and some feedback from borrowers and specialists in the field. The first issue was prepared and printed in English (due to time constraints) and was distributed during the Jordan conference. The next issues will be in French and Arabic and ASMA will help get further funding for FNAM for that purpose.
- FNAM's Brochure: The brochure draft text is being worked on by ASMA staff, and a draft will be shared by FNAM soon.
- Web Site: ASMA is working on the information to be posted on the web; a web designer will be contracted for the purpose of the web design. Linkages to other important sites will be reached in addition to linkages to the web sites of FNAMs members when available. For those who do not have a site, PlaNet Finance promised to fund such an activity.
- The Project will also raise the awareness of the Moroccan MFIs on the DCA credit guarantee facility that they could use for microfinance for

housing or for other microfinance products. ASMA will make sure that sources of loan capital would be explained to the MFIs during the microfinance for housing workshop and during other occasions that could be organized for the purpose of making use of the DCA.

5. Studies, Surveys, seminars, and Transparency Promotion.

In the year 2004, ASMA will help the Federation and its members in setting the priorities for studies and surveys to be done to help the industry. Workshops, seminars, and conferences will also be supported to boost the industry and support it with the information that allows more efficient planning and thus; more outreach to the intended beneficiaries. ASMA will review the scope of work for an intended study, on behalf of the federation, about the impact of microfinance on the wellbeing of the beneficiaries. ASMA will also be one of the organizers of the 1st National microfinance conference for microfinance in Morocco to be held in Spring 2004. Moreover, ASMA will organize a “Microfinance Day” in cooperation with Women World Banking to present the result of a study done on the sector. MFIs will be invited to discuss the results of the study and to put suggestion for other studies that need to be done in the future.

It is worth mentioning that ASMA participated in the Al Amana conference, where the COP of ASMA presented the several products and services microfinance can provide. The manager of technical services has also participated in providing training, being a facilitator in several workshops and presenting the ASMA project in the conference.

ASMA also organized and funded the participation of 10 representatives of Moroccan MFIs in the 1st Arab Microfinance conference at the Dead Sea in Jordan. A special report assessing this activity will be detailed and shared with USAID.

ASMA will also help FNAM prepare the SOW for the needed studies and will help find donors that would finance such studies in behalf of the federation and its members.

6. Management Information System

In its efforts to form the credit checking data base, ASMA will cooperate with PlaNet Fiance to evaluate the systems used by MFIs for reporting and for accounting purposes.

Although ASMA can't fund the installation and purchase of MIS systems for individual MFIs, ASMA will help them locate an appropriate MIS system and will try to find donors for its purchase.

ASMA has started contacts with Jordan Microfinance Company in Amman who are using an oracle MIS system that was the center of appreciation for all of the Moroccan MFI representatives who visited the JMCC. The company that developed the program is called Delta. An MIS specialist at JMCC has worked on the program and has modified it for the specific needs of JMCC. This same

specialist expressed willingness to help the Moroccan MFIs to make the same program in French. ASMA will investigate this MIS further, especially that USAID² Jordan has already invested funds in locating this system that is considered the best in the Middle East. (Palestinian MFIs are also looking into purchasing the system developed by Delta). This JMCC needs to buy the source code if ASMA or any other project contracts them for the installation and modification of the MIS.

7. Linkages

In its endeavor to help strengthen the microfinance sector, and due to the limited resources, ASMA found that a **Building Linkages** initiative to facilitate cooperation between and among banks and MFIs, and between FNAM/MFIs and other donors is vital and will help the ASMA activities move forward in a faster pace. An example of such activities is the FZ lobbying and negotiating an agreement with Al Wafa Bank to make use of the DCA guarantee facility. ASMA can not claim that it has played any role in that regard, however, such a role could be played if MFIs asks for help, especially in getting more information on how such a guarantee works, and how their MFIs can benefit from it. On other tracks, ASMA was able to meet with PlaNet Finance to coordinate the activities regarding the CCDB, the cartography for the Microfinance activities in Morocco and other tasks that has to do with information gathering and dissemination.

Other linkages ASMA is foreseeing or is working on are:

- 1- Cooperation between MFIs themselves in the various domains. FBPMF, FZ, and others have extended an invitation to all other MFIs in Morocco to come over to their offices to spend the needed time for the purpose of exchange of information and to learn from the experiences of each other. This call was voiced during the FNAM workshop held in Amman on the 13th of December and sponsored by ASMA.
- 2- A meeting held between UNDP and ASMA manager for technical assistance to discuss the initiative of Planet Finance and FNAM to hold the first Moroccan Microfinance conference in Morocco in Spring 2004. This activity will be discussed further with USAID, and possible cooperation between ASMA, UNDP, and PlaNet Finance will be investigated.
- 3- ASMA will also try to play a role in organizing some donor activities in the domain of Microfinance. For that purpose, ASMA COP have discussed with the GTZ³ people their future intervention in the sector, and has asked to be involved in the planning of a 5 Million Euros GTZ is planning to spend in building the industry in Morocco. It is expected the consultants of GTZ will contact ASMA to avoid duplication

² AMIR project in Jordan, a USAID contractor has subcontracted Talal Abu Ghazale (TAG) Group to locate the best MIS for the Jordanian MFIs.

³ GTZ is coming with a 4.5 Million Euros in the form of lending capital and 0.5 Million Euros in the form of technical assistance.

- of activities and to make sure that the money will be spent in a way that compliments the projects already on ground.
- 4- ASMA COP has also met the COP of the Rural Tourism project implemented by Chemonics International. Possible future cooperation to link the tourism industry to FNAM and its members is a possibility that will need to be investigated with time.
 - 5- ASMA team also met the director of the Price Water House Cooper (PWC) whose project is evaluating 4 MFIs. Coordination is being done to avoid any duplication and PWC agreed to share its reports with ASMA.
 - 6- Other meetings with international organizations to help the federation took place. SEEP was one of these organizations that expressed interest in helping FNAM. Please check people met during the Jordan conference in Annex.

SECTION II

Coordination

Detailed in other sections above.

SECTION III

Administrative and Procurement

Office

Procurement

SECTION IV

Personnel

Level of Effort

Long Term	Days Worked
Imad Hamze, Chief of Party	21
Fouad Benjelloun, Manager Technical Services	21
Nora Ajagjal, Assistant Technical Services	21
Adil Saibari, Project Accountant/office Manager	21

Name	Title	Institution	Country
Abboushi Sharaf, Niveen		MicroServe	Jordan
Abu Khalil, Raed M.	Credit Department	Jordan Micro Credit Company	Jordan
Ahmed, Hasan,	Income Generation Programme Officer	UNRWA Field Office	Syria
Alhamdane, Suhail	Responsible for the SMEs	Agency for Combating Unemployment, Prime Minister Office	Syria
Baron, Caitlin	Strategy and Analysis Manager	Women's World Banking	USA
Bydas, Mayada	Ameen Director, CHF Microfinance Advisor	CHF International	Lebanon
Ben Hamida, Essma,	Co-director	Enda Inter-arabe	Tunisia
Bos, Fmke	Investment Manager	Triodos Bank	Netherlands
Brandsma, Judith	Consultant		Netherlands
Carloni, Giorgia		Microfinanza	Italy
Copti, Pierre	Executive Director	Al Majmoua	Lebanon
El-Sedfy, Reham F.	Microfinance Program Manager	Save the Children	Egypt
El-Zoghbi, Mayada	Partner	Global Microenterprise Initiatives (GMI)	USA
Hamdan, Marwan	General Manager	Delta Informatics	Jordan
Farhat, Alia	Accountant Coordinator	Al Majmoua	Lebanon
Faried, Hassan	Executive Director	Dakahlya Businessmen's Associations	Egypt
Gincherman, Anna,	Eastern Europe & Mena Relationship Manager	Women's World Banking	USA
Khaled, Mohammed Ali	Consultant	MicroServe	USA
Klinkhamer, Madeleine	Director of Microfinance	Enterprising Solutions	USA
Maguire, Karen	Supervisor	Planet Rating	France
Mahmood, Asad	General Manager	Deutsche Bank	USA
Mahmoud	Program Associate	Microcredit Summit	USA
Moauro, Aldo	Director	Microfinanza	Italy
Nasr, May		MicroServe	Lebanon
Omar, Haitham	Managing Director	Council for Development & Reconstruction	Lebanon
Rhune, Elizabeth	Senior Vice President	Accion International	USA
Schwiete, Mark	Principle Project Manager	KFW Bankengruppe	Germany
Stark, Evelyn J.	Microenterprise Development Advisor	USAID	USA
Teima, Chada	Business Development Officer	IFC	Egypt
Tenn, Sharyn E.	Manager	Network Development Services, The SEEP Network	USA

