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# ACCELERATED MICROENTERPRISE ADVANCEMENT PROJECT (AMAP) FINANCIAL SERVICES IQC

**Contract Number GEG-I-00-00-02-00013-00**  
**Quarterly Performance Report Number 11**  
**April 1, 2005 – June 30, 2005**

## DMS Task Order Kicks Off with Training for FINCA and Opportunity International Affiliates in Malawi

The Malawi Deepening the Microfinance Sector (DMS) team is working with FINCA Malawi to develop and present training sessions for FINCA credit supervisors and regional managers. During June and July, roughly 50 FINCA personnel will be trained in three 3-day workshops to be held in Mzuzu, Lilongwe, and Blantyre.

As part of the course development, the DMS team made several visits to Blantyre to carry out mapping exercises of information flows in FINCA branches. It also distributed a questionnaire to FINCA's 68 credit officers and 15 supervisors. Survey analysis showed that FINCA staff did not bring a commercial sense to their work and problems existed with communications and information flows between branches, regional offices and the head office.

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The first training for FINCA supervisors was held in Mzuzu in June. The objective of the course was to provide supervisors with the tools and skills necessary to effectively manage their branches, improve reporting, and increase credit officer productivity. The course highlighted microfinance best practices in information management, managing staff for optimum results, branch performance analysis, planning and time management, and communication and team building.

The DMS Team is also working with Opportunity International Bank of Malawi (OIBM) to build middle management knowledge and skills, develop staff performance and service standards, improve treasury management, and develop innovative approaches for expanding to more rural areas of Malawi. DMS is tapping into the Opportunity International network, identifying OIBM consultants and staff with relevant experience and skills. This quarter the DMS project hosted a workshop on SME lending led by the head of Opportunity International Bank of Montenegro. DMS also organized a workshop for loan officers led by OIBM staff which introduced best business practices in client evaluation, outreach, customer satisfaction, and delinquency and portfolio management. The course also highlighted securitization issues such as debentures, bills of sale, stop-orders, registerable, floating and fixed charges, and charges on registered land.

### CHEMONICS CONSORTIUM PARTNERS

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## AMAP Knowledge Generation Conducts Pilot Test of Social Audit Tool in Albania

During April, research director Gary Woller began work on a formal tool to operationalize the Six Aspects of Measuring Outreach framework. In the midst of this process, Dr. Woller presented his findings to Chemonics' internal Rural and Microfinance Practice Network. Anicca Jansen of the USAID's Microenterprise Development office attended Dr. Woller's presentation and proposed that he join her on an upcoming trip to Albania to field test the social audit tool.

In late-April, Dr. Woller, Ms Jansen and Selin McCurdy of the AMAP KG team traveled to Albania to perform initial field tests with Opportunity International (OI) affiliate, Partneri Shqiptar ne Mikrokredi (PSHM). They interviewed management and staff at PSHM headquarters in Tirana as well as visited PSHM field offices throughout Albania to meet with loan officers and back-office staff.

Indicators based on internal processes to align social mission with organizational performance as well as comparisons with relevant peer institutions demonstrated that PSHM management and staff were committed to the social mission of the MFI. The research team submitted both a formal Social Audit Report for PSHM as well as a short summary of lessons learned from the field test in Albania, highlighting the practicalities in using the social audit tool.

Dr. Woller is now in the process of "operationalizing" the Six Aspects framework, developing the social audit tool, and integrating the two into a Social *Performance* Audit tool. As part of this process, Dr. Woller will conduct one additional field test. The entire process and this research topic's final set of deliverables are expected to be completed by the end of next quarter.

## AMAP Knowledge Generation Research Directors Share Knowledge with Microfinance Practitioners

In April, Geetha Nagarajan presented AMAP Knowledge Generation research under the "Microfinance Amidst Conflict" topic at Harvard University's 11<sup>th</sup> Annual International Development Conference. Ms. Nagarajan shared findings from the AMAP research and stressed that it is difficult—and sometimes misguided—to demographically target groups such as youth in post-conflict areas without first studying the gap between the supply of and the demand for microfinance in these areas. Both Ms. Nagarajan, whose trip to Harvard was sponsored by Chemonics' Rural and Microfinance Practice Network, and Evelyn Stark of USAID summarized their points with the same language: It's not about youth "targeting," it's about youth "inclusiveness."

In June, USAID approved IRIS' development of an information page and reference library on Legal and Regulatory Issues for the microLINKS website. IRIS recently completed an online Microfinance Regulation and Supervision Resource Center for CGAP. IRIS will be coordinating with QED and USAID beginning in July 2005 to develop the library.

Marc de Sousa-Shields delivered presentations on "Financing Microfinance Institutions" at the Council for Microfinance Equity Investors' meeting in Chicago as well as at the Microfinance Centre's Annual Conference in Romania. In addition to his presentation at the Microfinance Centre conference, Marc distributed knowledge sharing materials on the MFI Transitions to Private Capital research topic to conference participants. These materials included a brochure highlighting research and publications completed under the topic to date, as well as CD-ROMs with key deliverables.

## IRIS and Chemonics Begin Second Phase of Legal and Regulatory Toolkit Development

This spring, IRIS and Chemonics began work on Phase II of development of a *Microfinance Legal and Regulatory Self-Assessment Toolkit*. This practical country self-assessment tool aims to inform government thinking about key governance issues in microfinance, determine an enabling environment for microfinance growth, and identify areas for policy improvement and enhancement. The toolkit will also assist USAID staff at the mission level to make programming decisions about potential microfinance support activities.

In May of this quarter, Chemonics hosted a workshop for staff of USAID's Microenterprise Development Office and other stakeholders to solicit feedback on the tool's development. Anicca Jansen, Yvette Dennis, Barry Lennon, Terry Miller, and Scott Kleinberg of USAID/MD, as well as Richard Rosenberg and Tim Lyman of CGAP attended. At the workshop, IRIS' research team provided background into the development of the toolkit, as well as a preliminary draft framework for the toolkit. This framework helped establish a dialogue about the most logical framework for the tool, especially with regards to assisting USAID staff in making programmatic decisions.

Based on the feedback received in the workshop, IRIS is making revisions to the draft tool in preparation for a second workshop to be held next quarter.

## Chemonics Consortium Proposes Strategy to Provide Technical Assistance in Support of USAID/Haiti DCA Program

On March 15, 2005 the Chemonics Consortium submitted a task order proposal to USAID/Haiti under the AMAP Financial Services IQC to provide technical assistance to support the Mission's Development Credit Authority (DCA) program. USAID/Haiti recently approved a DCA Loan Portfolio Guarantee facility with local banks, SOFHIDES and SOGEBANK. This facility aims to increase medium-term lending in productive sectors to micro, small and medium enterprises in Haiti.

The proposed project seeks to support the DCA facility by providing direct training and technical assistance to SOGEBANK and SOFHIDES to strengthen their credit risk management systems and ensure that they can effectively and profitably serve these new, non-traditional bank clients.

The Chemonics Consortium responded to questions from the mission on June 24, 2005. While support activities are scheduled to begin in September, the current security situation in Haiti may prevent the Mission from finalizing a contract award until after the elections this fall.

## Publications

As part of the social audit conducted in Albania, the research team completed and submitted two interim deliverables to USAID: (1) a formal Social Audit Report for PSHM and (2) a short summary of lessons learned from the field test in Albania, highlighting the practicalities in using the social audit tool.

As part of an AMAP KG research and information dissemination strategy, Chemonics prepared a summary of all of its consortium's deliverables to date, with hyperlinks to their location on the microLINKS.

## 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 |
|---|---------------|-----------------------------|--|----------------------------|
| Technical Assistance in Support of the Haiti Development Credit Authority (DCA) Program | USAID/Haiti   | \$527,859                   | 05/17/2005;<br>Submitted Comp Range Response 6/24/05 | Pending                    |

**Table 2. Task Orders Awarded**

| Title | USAID Mission | Task Order Amount | Date Awarded | Expected Start Date | Expected End Date |
|-------|---------------|-------------------|--------------|---------------------|-------------------|
|-------|---------------|-------------------|--------------|---------------------|-------------------|

No task orders were awarded during this quarter.

**Table 3. Task Orders Completed**

| Title | USAID Mission | Task Order Amount | Date Awarded | Start Date | End Date |
|-------|---------------|-------------------|--------------|------------|----------|
|-------|---------------|-------------------|--------------|------------|----------|

No task orders were completed during this quarter.

## AMAP/Microfinance IQC Financial Summary

**Table 4. Task Order Spending**

| Task Order  | Year 1<br>2002 –<br>2003 | Year 2<br>2003 -<br>2004 | Year 3<br>Oct - Dec<br>2004 | Year 3<br>Jan - Mar<br>2005 | Year 3<br>Apr - June<br>2005 | TOTAL              |
|---|--------------------------|--------------------------|-----------------------------|-----------------------------|------------------------------|--------------------|
| Task Order 804: Deepening the Microfinance Sector in Malawi                   |                          | \$12,280                 | \$87,004                    | \$172,145                   | \$187,827                    | \$459,256          |
| Task Order 803: Assessment of Village Savings and Loan Associations in Guinea |                          | \$0                      | \$134,377                   | \$0                         | (\$73)                       | \$134,304          |
| Task Order 801: Malawi Microfinance Sector Assessment                         |                          | \$64,762                 | \$0                         | \$0                         | \$0                          | \$64,762           |
| Task Order 800: Bolivia RFS Evaluation  | \$45,565                 | \$0                      | \$0                         | \$0                         | \$0                          | \$45,565           |
| Task Order 01 – Knowledge Generation  |                          | \$361,657                | \$172,501                   | \$144,297                   | \$366,466                    | \$1,044,921        |
| <b>Total</b>  | <b>\$45,565</b>          | <b>\$438,699</b>         | <b>\$393,882</b>            | <b>\$316,442</b>            | <b>\$554,220</b>             | <b>\$1,748,808</b> |

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The author's views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

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