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# ACCELERATED MICROENTERPRISE ADVANCEMENT PROJECT (AMAP) FINANCIAL SERVICES

ANNUAL REPORT  
FISCAL YEAR 2006

**30 September 2006**

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**Contract No. GEG-I-00-02-00013-00**

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.

## A. Contributions to AMAP Program Objectives in 2005-2006

Throughout this year the Chemonics Consortium has worked to further AMAP program objectives while maintaining our commitment to superior performance in the areas of quality products and services, technical competence, cost control, timeliness and responsiveness, business relations and small business subcontracting. Examples of our commitment to the AMAP standards of performance include:

- *High quality products and services.* During the year, AMAP consortium partner IRIS completed the draft of a toolkit to assess the legal and regulatory environment for microfinance. 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.
- *Superior technical performance.* Chemonics' work under the AMAP Knowledge Generation task order has focused on providing practitioners and donors with practical tools for broadening and deepening the provision of microfinance. Under the Microfinance amid Conflict topic, research teams developed a checklist for donors interested in designing youth inclusive microfinance programs as well as guidelines for donor coordination in conflict-affected areas of Africa. As part of research under the Legal and Regulatory Framework topic, IRIS and Chemonics are developing and piloting a Policy and Programming Tool for USAID staff to use in designing initiatives to support improved legal and regulatory environments for access to finance in developing countries.
- *Effective cost control.* This year the AMAP FS IQC task orders continued applying cost-effective management practices. For example, The Malawi DMS task order leveraged European Union funds to boost lending to Malawi's coffee and tea sectors. DMS and an EU-funded task force within the Malawi Ministry of Agriculture co-financed a study that quantified the nature of credit supply and demand in these sectors. The study will help financial service providers identify market opportunities, allowing them to develop demand-driven products and increase financing flows throughout the value chain. The end results will likely be increases in productivity, employment, and wealth creation within the sectors' value chains.
- *Involving consortium members.* Our AMAP consortium members, and in particular our small business subcontractors, played a critical role in developing our responses to USAID's request for proposal from the Haiti mission. In addition, Chemonics worked

### Accelerated Microenterprise Advancement Project (AMAP) Financial Services 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.

closely with AMAP consortium partners and microfinance practitioners to finalize sessions for the USAID Learning Conference held from June 14 through 16, 2006.

## **B. Activities and Accomplishments During the Year 2005-2006**

During the year our activities and accomplishments focused on responding to USAID requests for proposals, strengthening our consortium relations, and providing timely and high quality assistance to USAID.

### **B1. Task Order Proposals Submitted**

During the year, the Chemonics AMAP Financial Services consortium received one request for task order proposal from the USAID mission in Haiti.

*USAID/Haiti: Technical Assistance to Support Haiti's Micro, Small and Medium Enterprise (SME) Sector.* During the year, Chemonics' AMAP Consortium prepared a response to a request for a task order proposal (RFTOP) to Support Haiti's Micro, Small and Medium Enterprise (SME) Sector.

The three-year, \$6 to \$8 million dollar USAID/Haiti task order aims to 1) build capacity for strong institutions and managers; 2) improve the enabling environment by supporting necessary policy, legal, and regulatory changes; 3) promote the development of new products and services that are accessible to all and meet the diverse needs of MSMEs and poor households; and 4) promote economic growth that benefits the poorest households by supporting the access of MSMEs to new market opportunities. In line with Haiti's status as a fragile state, the program focuses on creating economic opportunities for female-headed and very poor households, as well as other vulnerable populations, such as people living with HIV/AIDS and out-of-school youth. The RFTOP was released on March 22, 2006 and date for proposal submissions was April 6, 2006.

Despite the short turnaround, Chemonics was enthusiastic about the opportunity to support the USAID/Haiti mission in its development of the MSME sector. The Chemonics consortium responded to the request in a timely manner to provide USAID with high quality consultants and technical assistance services. Chemonics actively involved our subcontractors in the proposal process and included subcontractor personnel in the proposal. The task order was awarded to Development Alternatives Inc. in the spring of 2006.

### **B2. Task Orders Awarded**

No task orders were awarded during the Year 2005-2006.

### **B3. Task Orders in Progress**

#### **B3a. Financial Services Knowledge Generation**

During the reporting period, the Knowledge Generation task order made several strides in developing and implementing research agendas under a number of technical topics. Some of the key outcomes of this research are detailed below.

*Transitions to Private Capital (TPC).* In early September, the TPC research team—composed of Enterprising Solutions, Chemonics, ACCION, and eChange—began to research the challenges and role of Private Voluntary Organizations (PVOs) in the commercialization and transition to private capital of microfinance. The team presented and discussed its results on October 24 in a one-day workshop during the annual SEEP conference. The one-day workshop attracted approximately 30 managers from leading PVOs involved in the commercialization of microfinance. In addition, approximately 60 participants, including PVOs, rating agencies and donors, took part in a report-out session facilitated by research director Marc de Sousa-Shields. The results of the TPC research team, including workshop discussions and recommendations for donors regarding commercialization and transition to private capital, are summarized in a microREPORT entitled *PVOs as Owners and Stakeholders in the Transition to Private Capital*.

Marc de Sousa-Shields also developed and delivered a module for USAID/Mexico on access to private capital. Approximately 23 participants, including MFIs and PVOs such as WOCCU and FINCA, attended the session. A draft research brief presented at the workshop provided a table listing currently available sources of public and private capital in Mexico that could be accessed by non-bank financial institutions to support agricultural and rural finance.

*Legal and Regulatory Framework.* AMAP consortium member IRIS developed a Legal and Regulatory Framework for Access to Finance (LRFAF) *Policy and Programming Tool* as well as a training module for USAID staff. IRIS presented the LRFAF tool at the USAID Learning Conference in June 2006. Pilot testing of the tool is likely in 2007 in Kazakhstan, Nigeria, and Morocco.

*Measuring Outreach.* In March, Dr. Gary Woller, research director for the Measuring Outreach topic, collaborated with PlaNetRating to field test the Social Performance Monitoring (SPM) Tool developed under the task order. After considering several MFIs in various Latin American countries, the team selected, *La Asociación Nacional EcuMénica de Desarrollo (ANED)*, a Bolivian MFI based in La Paz.

In the current PlaNetRating GIRAFE evaluation, ratings reflect only financial and managerial performance and do not evaluate an individual institutions progress against its social mission. The ANED evaluation was meant to examine the potential and practicality of incorporating the SPM tool into PlaNetRating's GIRAFE rating and evaluation process.

Collaboration in the ANED evaluation represents the first key step towards integrating evaluation of social performance into standard ratings currently used by MFIs. Results of the field test were used to further refine the SPM tool and will be integrated into PlaNetRating's

overall evaluation of ANED. Discussions with PlaNetRating are ongoing and go a long way towards contributing to the sustainability of the SPM tool beyond the life of the Knowledge Generation Task Order.

*Rural and Agricultural Finance.* The RAF research team explored new innovations on expanding access to rural and agricultural finance. Innovations and new methods in leasing to rural and agricultural SMEs in Russia, a new micro-agricultural lending product offered by Filipino rural banks, and the introduction of G-cash Text-a-Payment system in the Philippines were presented at an October 28 panel discussion during the annual SEEP conference. Approximately 40 participants attended.

Chemonics' team also completed a case study on RAF Innovations in Peru. The purpose of the study was to answer several research questions from selected financial institutions and value chains to generate a series of lessons learned and best practices in rural and agricultural finance. Questions addressed included:

- How did these value chain actors or financial institutions overcome the obstacles of low population density, high poverty and a combination of market and policy failures to become leaders in the provision of demand-driven and sustainable RAF services to tens of thousands of rural and agricultural clients?
- What were the institutional or relational prerequisites and innovative delivery technologies that facilitated their success?
- What lessons can governments, donors, and practitioners in other developing countries learn from the failures and successes of these experiences?

The Peru case study was presented and discussed in March as part of the USAID After-Hours Seminar Series.

*Microfinance in Conflict Areas.* The Knowledge Generation team developed a series of guidelines and tools for microfinance in conflict-affected areas. Research director Geetha Nagarajan developed a checklist for donors interested in designing youth inclusive microfinance programs. In addition, Tim Nourse of ARC drafted a series of guidelines for stakeholder interviews to examine microfinance sector development in conflict-affected countries. These guidelines will be revised based on future field visits and repackaged as part of a toolkit for a proposed training manual on microfinance in conflict-affected areas.

Tim Nourse also developed microNOTEs on *Donor Coordination in Conflict-Affected Areas of Africa* and *Linkages and Partnerships among Service Providers for Sectoral Development*. These tools are expected to be finalized in 2007.

### **B3b. Task Order 804, Deepening the Microfinance Sector in Malawi**

During the year, the Malawi Deepening the Microfinance Sector (DMS) project continued activities in Lilongwe to expand access to sustainable financial services for micro-enterprises and low-income households. Activities to deepen Malawi's financial sector include:

- Improving the sustainability and outreach of MFIs through retail-level capacity building

- Facilitating access to greater flows of commercial capital for financial intermediaries through targeted capacity building, linkages, and brokering
- Contributing to a more enabling regulatory, supervisory, and legal framework for microfinance.

During the 2005-2006 reporting period, the AMAP DMS' project efforts focused on building consensus among local stakeholders in Malawi as well as identifying targets of opportunity for activities. For example, the DMS teamed up with the UN to sponsor a national microfinance conference on November 28-29, 2005 in Lilongwe, Malawi. DMS COP Victor Luboyeski led technical preparations for the conference, which brought together more than 100 stakeholders representing a broad cross section of private companies, government officials, non-governmental organizations, and donors. In addition, this year DMS' support to the Malawi Microenterprise Network (MAMN) consisted of a first-of-a-kind Strategic Marketing Workshop. More than 30 participants, including consultants and representatives from MFIs and government ministries, attended the three-day workshop, which was held at the National Bank Training College in Blantyre, Malawi from May 16 through 18, 2006. This was the first time MAMN charged for courses that it had marketed to its members. MAMN was extremely pleased with the result and now plans to schedule additional similar workshops.

Furthermore, DMS continued providing technical assistance to the four clients with whom it signed MOUs: FINCA, PRIDE, MUSCCO and OIBM. DMS implemented technical assistance and financially supported a number of activities described below. DMS also held quarterly review meetings with OIBM and MUSCCO, and conducted follow-up visits with PRIDE and FINCA.

*FINCA Malawi.* FINCA was the first of DMS' partners to receive assistance at project start-up. The assistance included supervisors training and technical brainstorming sessions with DMS. The assistance contributed to a major shift in focus at branch offices, loan disbursement and collection units began seeing themselves as profit centers. During the year FINCA continued to undergo tremendous changes including replacing its managing director. In response, DMS revised and fine-tuned technical activities in order to meet urgent needs including a central region supervisors training, a market survey for business credit profiles used by the individual loan product, market research training, and staff training in individual/business loans.

Additionally, an individual business loan product was introduced during the reporting period and is now in the pilot testing stage. DMS will be supporting a market survey study that will help FINCA better target business loans and reduce their default risk.

*MUSCCO.* During the year, DMS met with MUSCCO to develop terms of reference (TOR) for SACCO ratings, discuss MUSCCO's training program for 2006 and identify how DMS could support the Finance Cooperative Limited (FINCOOP), the newly re-branded cooperative that is being funded by DfID's Financial Deepening Fund.

DMS reviewed MUSCCO's 2006 SACCO training schedule, which has been donor-funded in the past and provided 100 percent free of charge to SACCOs. DMS identified two courses that

relate directly to the planned rating exercise and informed MUSCCO that it would be willing to co-fund the courses.

In preparation for the SACCO rating, DMS provided MUSCCO with background material on types of ratings and their use so that the organization would be able to effectively support both the development and the implementation of the SACCO rating tool. In addition, DMS brought MicroSave consultants to Malawi to review the strategic marketing plan of the FINCOOP SACCO. FINCOOP drafted the marketing plan using knowledge gained at the MicroSave/SAM training sponsored by DMS for two of MUSCCO's staff last year. The consultants met with MUSCCO and drafted a written report on their assessment which was used by FINCOOP to fine-tune its plan.

*PRIDE Malawi.* After signing an MOU in October 2005 with the DMS team, MFI PRIDE Malawi identified supervision deficiencies as its most pressing concern. This concern stemmed from employees being promoted to managerial positions without sufficient preparation. DMS responded to PRIDE's concern by assessing the needs of their credit supervisors, developing a customized training program, and conducting the training for the supervisors. Representing three regions and various branches, a total of 18 supervisors, including PRIDE's head of operations, head of auditing, and credit operations officer, attended a three-day training held in Blantyre from December 14-16, 2005. The training covered microfinance best practices and their relevance to PRIDE Malawi, supervision and leadership, management of information flow, branch performance analysis, branch/regional performance versus targets, time management, and communications and team building.

In addition, during the year DMS worked on strengthening PRIDE's managerial systems by delivering cutting-edge management solutions, including results-based management, information systems and procurement. At the request of PRIDE Malawi, DMS began working on the PRIDE headquarters' computer system upgrade. DMS embarked on the exercise by conducting an equipment assessment in order to ensure compatibility with existing equipment and fully meet PRIDE's needs for data security and a supportive management information system infrastructure.

During the third quarter of the year, PRIDE Malawi used knowledge gained from a DMS-sponsored training to complete five operations process maps, including micro enterprise committee (MEC) formation, MEC meeting management, loan processing, default management, and new staff orientation. The completion of these five maps will play a critical role in improving PRIDE's operations in a number of ways. First, it will allow the standardization of PRIDE's credit operations process flows across the MFI's branches and regions. Second, it will provide precise direction to staff during credit operations training and the updating of procedure manuals. Third, it will provide a sound monitoring tool for policy compliance. In addition to reducing misinterpretations of institutional policies, the process maps will enable PRIDE to identify and correct operational inefficiencies. Since developing the maps, PRIDE has used them to train new loan officers. It has also piloted the use of the maps at one branch office in each of its three regions to retrain existing staff on correct operating procedures. PRIDE plans to expose all of its branches to these maps in the coming six months. Based on the positive response to the maps, several of PRIDE's departments, including the credit department, have been encouraged to map their processes. DMS will continue supporting the work on an as-needed basis.

*OIBM*. DMS continued its work on upgrading Opportunity International Bank of Malawi's (OIBM) performance ability and resources development. During the year, DMS hosted two new trainings for and by OIBM staff. The trainings took place on February 1-3 and on 13-17, during which time 15 new micro banking officers were trained by OIBM's senior staff. The training participants were trained in topics such as delinquency and portfolio management, as well as customer service and ratio analysis. The trainings were key in securing OIBM's branch expansion. Trained staff were assigned to the newly opened Kasungu branch and to vacant positions in the Lilongwe branches. In addition, during the month of February, DMS supported OIBM activities, such as learning workshops for senior managers and improved e-banking service delivery.

Furthermore, DMS' technical assistance to OIBM enabled the MFI to set new records in five out of six performance indicators during 2006's third quarter. During the third quarter, DMS' support to OIBM consisted of sponsoring a variety of capacity building training sessions. The training sessions have enabled OIBM to improve its customer service to its clients, giving OIBM a strong edge over its competition. The DMS training also contributed to a 74 percent increase in the total number of loans it disbursed this quarter. In addition, the total value of loans disbursed was \$886,413 (122,285,105 Malawian kwacha) higher than in the previous quarter. Finally, DMS' technical assistance has facilitated the continued professional development of OIBM's employees. For example, DMS co-sponsored two human resources managers to attend Opportunity International's leadership forum in Johannesburg, South Africa. The two managers reported that the knowledge gained at the forum is helping them to clarify job descriptions and provide department managers with a performance measurement tool to monitor and give feedback to subordinates.

### **B3c. Task Order 03: Technical Assistance in Support of the Haiti DCA Program**

USAID/Haiti and Chemonics signed a task order on December 29, 2005 to provide technical assistance to support the Haiti DCA program. Under the program, Chemonics provides technical assistance to Sogebank, Sogesol, and SOFIHDES to strengthen institutional capacity and maximize the utilization of the Haiti DCA mechanism. The program also provides technical support to the borrowers of the institutions to reinforce good financial management practices.

Chemonics began mobilizing the project team in early January to conduct the initial assessments of Sofihdes and Sogebank. Due to concerns surrounding the deteriorating security situation in Haiti, Chemonics made the decision in January not to deploy the full assessment team as initially planned. To complete the initial diagnostics of the banks as quickly as possible while balancing security concerns, Chemonics fielded team leader Paul Watson and security expert Ray Baysden to Haiti on January 17. Mr. Watson held preliminary meetings with senior management of Sogebank, Sogesol and Sofihdes and gathered information about the institution's operations and financial management practices. In addition to meeting with the banks, Mr. Watson met with the program's CTO, the RSO and other US embassy staff. Mr. Watson stayed in Port au Prince through January 27, leaving a work plan in place for the rest of the assessment and action planning stage. Mr. Baysden was instrumental in instituting a sound security plan and logistical arrangements for subsequent visits for the project team in Port-au-Prince.

Upon Mr. Watson's return to the US, Chemonics scheduled a formal debriefing session in Washington, DC. Chemonics project management unit (PMU), Mr. Watson and deputy team leader Liliana Pozzo of Enterprising Solutions collaborated during this meeting to develop a timeline for start-up and implementation to present to USAID/Haiti. Additionally, the assessment team and the PMU met with Mr. Baysden to review security arrangements and protocols.

Working with subcontractor Enterprising Solutions, Chemonics made arrangements to field Mr. Watson and Ms. Pozzo to Port au Prince on February 13, 2006 to complete the institutional assessments. Serious clashes erupted between Prèval supporters and UN Peacekeepers however, resulting in the cancellation of commercial flights into Haiti and the postponement of the team's trip until the situation cooled.

Mr. Watson, Ms. Pozzo and junior analyst Jeanlouise Conaway made it to Haiti in early March to complete the assessments and action plans as well as negotiate Memorandums of Understanding with Sogebank, Sogesol and SOFIHDES. The team carried out and completed the on site diagnostic of the existing credit risk management systems of the three institutions. They also conducted a thorough review and assessment of credit management systems to gain an in-depth understanding of the three institutions' loan portfolios and lending operations. The team's final report encompassed a diagnostic review of each of the three banks, identifying weaknesses and proposed ways to address them. The report also included a technical assistance action plan for each bank. Additionally, MOUs were successfully signed between Chemonics and all three beneficiary institutions.

In the spring, the program worked with SOFIHDES to recruit two long term positions in the credit department— a mid-level credit officer and a senior credit management consultant. Initially, the program called for the hiring of two long term professionals to work with SOFIHDES — a credit manager and an internal auditor. However in June, Chemonics was notified that SOFIHDES' Board of Directors had decided that the internal auditor position would not be appropriate for their organization at this time, and requested a mid-level credit officer in lieu of the internal auditor.

The program developed scopes of work for both the senior credit management consultant and the mid-level credit officer and placed advertisements in two of Haiti's daily newspapers. A second recruitment specialist was fielded to Haiti at the end of September 2006 to conduct interviews and select a candidate in collaboration with SOFIHDES. However, no suitable candidates for the credit advisor position could be identified through the recruitment notices in the local newspaper. After deliberating with Thony Moise, the deputy general manager of SOFIHDES and USAID it was concluded that a change in the scope of work for this position was required. In order to attract the expertise and experience needed to advise the credit unit of SOFIHDES this position would either have to be longer-term than one year or implemented on an intermittent short-term basis. The program therefore changed the focus of the recruit to identify a credit advisor who can serve up to eleven days each month to support capacity building within the institution's credit unit. The recruit for the credit advisor is currently underway and is expected to be finalized in November or December of 2006.

In addition to long term recruitment effort, the program has designed a credit systems review for SOFIHDES which was carried out along with an operational systems review in August and September. The project has also worked with Sogesol to develop the scope of work for a review of operational systems that will include the development of all back office operations manuals including human resources, policies and procedures, internal controls and management information systems. The program is in the process of identifying a consultant to carry out this assignment in the late fall of 2006.

#### **B4. Task Orders Completed**

No task orders were completed during the Year 2005-2006.

#### **C. Publications**

This year, Chemonics published and submitted the following reports to USAID:

- *MFI Financing Strategies and the Transition to Private Capital;*
- *Serving Youth with Microfinance: Perspectives of MFIs and YSOs;* and
- *Moldova: Innovations in Agricultural Lending.*
- *Legal and Regulatory Frameworks for Access to Finance: A Policy and Programming Tool*
- *Model Scope of Work for LRFAF tool*
- *The Ultimate Balancing Act: Investor Confidence and Regulatory Considerations for Microfinance*
- *Strategies for Access to Local Capital: Private Sector Investors and Microfinance*
- *Private Voluntary Organizations as Owners and Stakeholders in the Transition to Private Capital*
- *Audio power point presentation on Financing Microfinance Institutions: the Transition to Private Capital*
- *Proposal for a Social Performance Measurement Tool*
- *Serving Youth with Microfinance: Perspectives of MFIs and YSOs*
- *Microfinance, Youth and Conflict in the West Bank*
- *Microfinance, Youth and Conflict in Central Uganda*
- *Microfinance, Youth and Conflict: Guidelines for Field Research Using Qualitative Tools*
- *Liberia and Sierra Leone Notes from the Field*
- *Guidelines for Interviews, examining the microfinance sector development in conflict affected countries*
- *West Africa microNOTES*
- *Donor Coordination in Conflict-Affected Areas of Africa microNOTE*
- *Roles & Challenges of PVOs in the Transition to Private Capital*
- *Managing & Measuring the Social Performance of MFIs*
- *Legal and Regulatory Framework for Access to Finance (LRFAF) Policy and Programming Tool training module*
- *Note from the Field: Bolivia.*
- *microNOTE on Russia leasing*

- Guidelines for stakeholder interviews to examine microfinance sector development in conflict affected countries

## **D. Management and Administrative Issues**

### **D1. Meetings Attended**

Chemonics worked closely with AMAP consortium partners and microfinance practitioners to finalize sessions for the USAID Learning Conference held from June 14 through 16, 2006. After participating in dry runs, conference calls, and planning meetings for each session, Chemonics presented during several conference sessions, including:

- Youth Inclusive Microfinance: Meeting the Needs and Aspirations of Younger Clients
- MF Sector Development in Post-Conflict Countries: Examining Models for Success
- Value Chain Finance: Analyzing, Understanding & Tapping the Value Chain to Advance Rural & Ag Finance
- Addressing Legal & Regulatory Barriers to Access to Finance: A Policy & Programming Tool
- Microfinance Innovations: Why They Were Created & What They Solve
- Roles & Challenges of PVOs in the Transition to Private Capital
- Managing & Measuring the Social Performance of MFIs.

### **D2. Amendments to the Core IQC Contract**

On May 23, 2006 Chemonics received a contract modification from USAID exercising the option to extend the term of the contract and making other administrative changes. The period of performance of the AMAP FS IQC contract was extended for a period of one year, from September 10, 2006 through September 29, 2007.

### **D3. Clarification to the Core IQC Contract**

There were no Clarifications to the Core IQC Contract during the Year 2005-2006

## E. Financial Information

The table below highlights the Chemonics consortium's financial activities under the AMAP Financial Services IQC during this year.

Task Order	Year 1 2002- 2003	Year 2 2003- 2004	Year 3 2004- 2005	Year 4 2005-2006	TOTAL
Task Order 804: Deepening the Microfinance Sector in Malawi	\$0	\$12,280	\$635,012	\$867,254	\$1,514,546
Task Order 803: Assessment of Village Savings and Loan Associations in Guinea	\$0	\$0	\$163,754	\$0	\$163,754
Task Order 801: Malawi Microfinance Sector Assessment	\$0	\$64,762	\$0	\$0	\$64,762
Task Order 800: Bolivia RFS Evaluation	\$45,565	\$0	(\$37)	\$0	\$45,528
Task Order 03: Technical Assistance in Support of the Haiti DCA Program	\$0	\$0	\$0	\$100,969	\$100,969
Task Order 01: Knowledge Generation	\$0	\$361,657	\$865,710	\$ 514,429	\$1,741,796
<b>Total</b>	<b>\$45,565</b>	<b>\$438,699</b>	<b>\$1,664,439</b>	<b>\$1,482,652</b>	<b>\$3,631,355</b>

## **F. AMAP Microfinance Work Plan for Fiscal Year 2007**

Activities planned under each of the three active task orders include the following:

### **F1. Task Order 01: Financial Services Knowledge Generation**

Key Knowledge Generation activities include (by research topic):

Under the *Microfinance amid Conflict* topic, the team will host a *workshop on microfinance, relief and livelihood activities*. The workshop, to be held in November, will bring together microfinance and relief practitioners to identify the challenges and potential solutions involved in implementing economic recovery programs in post-conflict environments. Depending on the workshop's conclusions, a second workshop focusing on donors' roles in post-conflict economic recovery may be held. The findings will inform upcoming research under the Microfinance in Conflict Areas topic.

Under the *Transitions to Private Capital* topic, an MFI Financing Template is being developed, which will allow MFIs to assess funding and capital needs, appropriate sources of funding, and fashion sourcing strategies. The MFI financing template will include key financing questions and issues MFIs need to consider and a pro forma plan outlining the steps needed to develop a financing plan to pursue financing. Research will include a desktop study, in-depth phone interviews with MFIs, and site visits to MFIs in several countries possibly including: Peru, Mexico, Uganda, and the Philippines.

Under the *Social Performance Measurement* topic, AMAP-KG will conduct a social audit of Pro Mujer, an MFI in Bolivia, in collaboration with MicroRate's institutional rating. A one-day training with MicroRate staff will be conducted in Peru as an opportunity to develop training resources and further refine the social rating/audit discussion guides and feed into efforts to develop the resources to utilize the social audit tool targeted to MFIs and MFI networks. The field test will also be used as an opportunity to seek feedback from social investors, both to assess demand for the tool and to make further revisions to it.

Several activities are scheduled for 2007 under the Short-Term Technical Assistance Component:

*Nigeria mobile phone banking assignment.* AMAP KG will fund a senior ICT and microfinance specialist from the Philippines Microenterprise Access to Banking Services (MABS) project to design a pilot activity for mobile phone banking to expand outreach to the unbanked. This will build on the success and experience that the Chemonics'-implemented MABS project has had utilizing short message service (SMS), or text messaging technology with Globe Telecom to offer mobile phone banking services for microfinance clients.

*Africap assessment.* AMAP KG will conduct an assessment and evaluation of a \$500,000 IGP grant to the Africap fund to evaluate the performance of the grant in the context of African

commercial financial markets. The assessment will analyze Africap's portfolio and investments, extract lessons learned and make recommendations in the design of future fund strategies.

## **F2. Task Order 804, Deepening the Microfinance Sector in Malawi**

Key DMS activities include:

- Work closely with the USAID/Malawi mission to contribute to its new Country Operations Plan as it relates to the DMS activity.
- Complete the contracting of firms and consultants that have been initiated on behalf of FINCA, PRIDE, OIBM and MUSCCO and supervise them up to their completion.
- Provide timely technical input and assistance to the Legal and Regulatory Taskforce to ensure that its ongoing work results in appropriate changes to Malawi's enabling environment for microfinance.
- Complete a Development Credit Authority (DCA) feasibility study and concept papers and submit to USAID for finalization and approval in order to begin the process to start a DCA guarantee program in Malawi.
- Assist MAMN in the implementation of its 5-year strategic plan.
- Coordinate with other donors active in microfinance-related activities to leverage USAID funding and realize synergistic gains wherever possible.

## **F3. Task Order 03: Technical Assistance in Support of the Haiti DCA Program**

Planned technical assistance to SOFIHDES includes:

- A review of credit policies and procedures and establishing a plan of action for SOFIHDES to finalize the drafting of a new manual
- A review of the institution's back-office operations and internal controls and establishment of a plan of action for SOFIHDES to finalize the drafting of a new manual.
- A supply and demand assessment of the SME sector.
- Training for Soficonseil, SOFIHDES training arm, on small and medium enterprise needs.

Assistance planned for Sogesol includes:

- An in-depth review of back-office operations and internal controls and establishment of a plan of action for Sogesol to finalize the drafting of a new manual.
- A training program on internal auditing of MFIs.