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DEEPENING MALAWI'S MICROFINANCE SECTOR PROJECT (DMS)

THIRD YEAR WORK PLAN AND PERFORMANCE MONITORING PLAN

OCTOBER 1, 2006 – SEPTEMBER 30, 2007

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Abbreviations and Acronyms

| | |
|---------|--|
| AMAP | Accelerated Microenterprise Advancement Project |
| APIP | [European Union] Agricultural Productivity Investment Programme |
| BDS | Business Development Services |
| CBF | Capacity-Building Fund |
| CBS | Capacity Building Specialist |
| CGAP | Consultative Group to Assist the Poor |
| COMPASS | Community Partnerships for Sustainable Resource Management in Malawi |
| COP | Chief of Party |
| DCA | Development Credit Authority |
| DEMAT | Development of Malawian Enterprises Trust |
| DFID | Department for International Development (Britain) |
| DMS | Deepening Malawi's Microfinance Sector Project |
| EU | European Union |
| FINCA | Finance for International Community Assistance |
| GDA | Global Development Alliance |
| GoM | Government of Malawi |
| IQC | Indefinite Quantity Contract |
| IT | Information Technology |
| KRA | Key Results Area |
| M&E | Monitoring and Evaluation |
| MAMN | Malawi Microfinance Network |
| MARDEF | Malawi Rural Development Fund |
| MFI | Microfinance Institution |
| MIS | Management Information System |
| MoA | Ministry of Agriculture |
| MoF | Ministry of Finance |
| MoTPSD | Ministry of Trade and Private Sector Development |
| MOU | Memorandum of Understanding |
| MRFC | Malawi Rural Finance Company |
| MSB | Malawi Savings Bank |
| MSME | Micro, Small and Medium-size Enterprise |
| MUSCCO | Malawi Union of Savings and Credit Co-Operatives |
| NABW | National Association of Business Women |
| NASFAM | National Smallholders Farmers Association of Malawi |
| OIBM | Opportunity International Bank of Malawi |
| PIR | Project Intermediate Result |
| PMP | Performance Monitoring Plan |
| PMU | Project Management Unit |
| PRIDE | Promotion of Rural Initiatives and Development Enterprises |
| RBM | Reserve Bank of Malawi |
| RFP | Request for Proposals |
| SACCO | Savings and Credit Cooperatives |
| SALES | Support for Agriculturally Linked Enterprises |
| SEDOM | Small Enterprise Development Organization of Malawi |
| SO | Strategic Objective |
| UNCDF | United Nations Capital Development Fund |
| UNDP | United Nations Development Programme |

I. INTRODUCTION

The Deepening Malawi's Microfinance Sector Project (DMS) is contracted under the AMAP Microfinance IQC with a Task Order having a \$3.48 million ceiling value over a three-year period that ends September 30, 2007. Chemonics International Inc. implements the project.

This work plan covers the third project year from October 1, 2006 through September 30, 2007 and assumes funding based on the obligations already received amounting to \$2,540,000 plus an additional obligation of approximately \$250,000 by April 30 and an FY2007 obligation of \$1,250,000 by the end of August. The work plan also assumes that USAID will sign a two-year funded extension of the Chemonics Task Order to implement DMS activities through September 2009.

A. PROJECT PURPOSE

DMS assists USAID/Malawi to meet its Economic Growth Objective to generate rapid, sustained, and broad-based economic expansion. It does so by working in the Economic Opportunity Program Area, and more specifically under the Inclusive Financial Markets Program Element. DMS's activities also support USAID's Financial Sector Program Area and within that, the Financial Services Program Element and the Credit Guarantee Sub-element due to its upcoming work to help design, establish and monitor a Development Credit Authority (DCA) program in Malawi.

DMS contributes to the deepening of Malawi's financial sector through expanding access to sustainable financial services for micro-enterprises and low-income households as well as agriculturally linked small and medium enterprises (SMEs). It does this through three components:

1. Improve the sustainability and outreach of MFIs through retail-level capacity building;
2. Facilitate access to greater flows of commercial capital for financial intermediaries through targeted capacity-building, strengthening value chain linkages, brokering and extension of DCA credit guarantees to stimulate the supply of finance to MSME's;
3. Contribute to the creation of an improved enabling regulatory, supervisory and legal framework for microfinance;

Best practice guidelines emphasize the importance of integrating financial services for the poor into the overall financial system of a country. Such inclusive financial systems are effectively supported by providing demand-driven assistance at three levels: **(1) micro/retail level** - aiding high-potential MFIs to meet their goals of sustainability, outreach and efficiency in a more effective manner; **(2) meso level** - building financial sector infrastructure, especially through local/regional support structures; and **(3) macro level** - aiding the establishment of an enabling environment. DMS's work plan targets each of these three levels of Malawi's financial sector and also supports opportunities to improve MSME financing within existing, but underperforming, rural agriculture value chains.

B. PROJECT APPROACH

DMS follows a market-driven approach to build core competencies in the MSME sector. A mixture of DMS field office technical specialists, local consultants and firms, and international experts delivers demand-driven technical assistance to project beneficiaries/clients.

The DMS project design consists of a three-person technical team: the Chief of Party (COP) who directs the project's field office and provides back-stopping technical assistance to all three project components; a Capacity Building Specialist (CBS) who supports microfinance institutions (MFIs) through training and technical assistance; and an Enabling Environment and Commercial Finance Specialist (EE & CF) who addresses capital access issues and supports dialogue and change in the MF policy, legal and regulatory arenas. The COP and CBS have been with the project since the field office opened in December 2004 whereas the locally recruited EE & CF joined the team midway

through the second project year. All three technical specialists are considered experts in their respective fields and provide direct capacity building assistance to project partners.

This third year work plan builds upon the activities and foundation built by DMS in prior years and its presentation in this report is organized around the planned project assistance to be delivered at the micro, meso and macro levels. Also discussed are crosscutting themes and administrative and financial management activities for the year. A detailed work plan timeline, broken down by week, is can be found in **Annex A**.

II. MICRO LEVEL ASSISTANCE

At the **micro level** DMS will continue its work with MFI partners with which it has signed Memorandum of Understanding (MOU). These include: Finance for International Community Assistance Malawi (FINCA), Malawi Union of Savings and Credit Cooperatives (MUSCCO), Opportunity International Bank of Malawi (OIBM), and Promotion of Rural Initiatives and Development Enterprises Malawi (PRIDE). All of these institutions are singularly focused on providing high-quality financial services and are committed to following best practices and achieving full financial sustainability.

In Malawi, government-owned structures and a small handful of specialized MFIs and savings and credit cooperatives dominate the retail microfinance level. Depending on when you measure in the agricultural season, government-owned institutions supply from 40% to 65% of all micro loans outstanding and about 50% of the micro savings mobilized. Of the remaining market share supplied by the formal private sector, DMS's four strategic partners (MUSCCO, OIBM, FINCA and PRIDE) account for approximately 90%. The remaining 10% is supplied by numerous non-specialized "niche providers" of micro credit that are typically run by non-governmental organizations or not-for-profit institutions with a multi-sector portfolio of activities.

At the micro level DMS has prioritized its efforts to concentrate on building capacity at those private sector MFIs that specialize in financial service provision, are market leaders, and follow a sustainable business model with the potential to broaden and deepen their market penetration. USAID's investments in these institutions promote improved effectiveness and efficiency of rural operations and assist in the design and implementation of demand-driven financial services such as micro-insurance, secure savings instruments and appropriate credit products. The DMS approach utilizes a combination of generic "best-practice" training, targeted technical assistance (TA) and customized training, and MFI assessments as precursors to full-fledged ratings. Whenever possible, DMS will make use of highly rated, off-the-shelf training materials produced by such structures as *MicroSave* in Kenya and CGAP. In Africa the *MicroSave* training toolkits and a large cadre of "*MicroSave* certified consultants" have been employed with great success due their practical application and market-driven approach.

A. MICROFINANCE INSTITUTIONS CAPACITY BUILDING

Generic Training & MF Best Practices Exposure Generic best-practice microfinance training using off-the-shelf training material from such programs as CGAP or *MicroSave* are offered for a fee to MF practitioners. If the training proves to be well subscribed with high participant satisfaction ratings, the training will be repeated. In addition, third country training programs and workshops brought to the attention of DMS during the course of the year will be offered on a cost sharing and first-come, first-served basis. These generic trainings provide opportunities for non-specialized MFIs and consulting firms to increase their MF industry-specific knowledge and capacities to the overall benefit and health of the sector.

Due to the success of two previous *MicroSave* training in 2005 and 2006, DMS anticipates sponsoring two *MicroSave* training sessions in 2007. Two of these, Strategic Marketing and Delinquency Management Training, will be offered through the Malawi Microfinance Network and open to the public. Anticipated dates for these workshops in Malawi are May and August, respectively. DMS and MAMN will identify an accredited *MicroSave* trainer within the region to lead the training. During the recruitment preference will be given to the three *MicroSave* trainers who have worked in Malawi as their market knowledge enhances the applicability of the training exercise. DMS also intends to sponsor a handful of microfinance practitioners to attend the 2007 two-week session of the School of Applied Microfinance (SAM) / *MicroSave* / CGAP training held in Kenya in September. In 2005 and 2006 USAID assisted eight senior managers from PRIDE, OIBM and MUSCCO to attend. Feedback from participants and their institutions has been very positive. In all cases, after their return to Malawi, participants applied what they had learned by leading training at their home institution as well as using the *MicroSave* toolkits they received to develop strategic marketing plans, process maps and research new products designs.

Targeted TA and Training In addition to the Generic Training mentioned above, DMS will continue to provide targeted technical assistance and training to its four main MFI partners: FINCA, PRIDE, MUSCCO, and OIBM. Taken together, these four institutions service nearly 135,000 microfinance clients with saving deposits totaling \$14.9 million and outstanding loans of \$11.9 million. Although they are major players in the sector, the institutional status of FINCA, PRIDE and MUSCCO is precarious due to market forces acting upon their still-weak institutional capacity. USAID assistance is therefore crucial at this time to stabilize the institutions.

Memorandums of Understanding signed with each institution describe their capacity building needs and the intent of DMS to provide assistance. Specific capacity building activities planned during FY2007 for each of the four are described below.

PRIDE Malawi

PRIDE began operations in the year 2000 with funding assistance from UNCDF and is legally registered in Malawi under the Companies Act as a for-profit company limited by guarantee. It operates twenty-five of Malawi's twenty-eight districts via regional, branch and satellite offices, providing microloans that total about 5.5% of all loans outstanding in the sector. In its MOU signed with DMS in September 2005, PRIDE requested USAID assistance in the following areas:

- Training needs assessment, design, and delivery;
- Management Information Systems (MIS) optimization;
- Institutional rating assessment as a preamble to rating;
- Leadership & governance training;
- Microfinance best practice training;
- Board development.

Over the past two years PRIDE has suffered from a large amount of staff turnover that was caused by staff poached by the entry of new competitors such as MARDEF (Malawi Rural Development Fund) as well as poor human resource management at PRIDE. Consequently, new credit officers and branch managers were frequently put into service without proper training. In addition, essential operating procedure manuals were incomplete, not widely understood, nor universally followed. Also, in 2004 and early 2005 before DMS began working with PRIDE, it introduced new individual loan products and payroll loans before proper control procedures were designed and put into place. Not surprisingly, PRIDE suffered large loan defaults that was compounded by suspected instances of employee fraud. The loan losses shrank PRIDE's revenue stream resulting in operating losses. Lacking the legal right to intermediate savings to rebuild its loan portfolio, it became critical that PRIDE improve its collection of non-performing loans, drastically reduce new loan delinquency rates and cut costs to avoid de-capitalization of its loan fund.

It was against this backdrop that DMS began assisting PRIDE at the start of 2006 and PRIDE's trend of poor performance slowed and began to reverse itself. USAID's capacity building investments helped PRIDE to conduct a process mapping exercise, based on a *MicroSave* training that resulted in optimization of many of PRIDE's operating procedures; revise and standardize its operating manuals across branch offices, regions and headquarter. Besides leading this exercise with a team of PRIDE staff, DMS's Capacity Building Specialist (CBS) led several training workshops to entry, mid, and senior level staff. Thanks in large measure to these efforts, PRIDE's financial performance is improving and its line staff is much better equipped to do their jobs.

In the first quarter of this year, PRIDE staff who attended the 2006 SAM training in Kenya will lead delinquency management training for all loan officers and branch managers; this will be followed by a leadership training given by PRIDE senior management. DMS will contribute to the cost of facilities and will secure the services of a consultant to do follow-up field monitoring and evaluation of the training undertaken with DMS assistance over last 1½ year.

In January 2007 DMS will complete the computerization upgrade of PRIDE's headquarters by installing the server, PCs, printers and other new computer equipment purchased by DMS in 2006. It will also secure training for PRIDE's IT staff on local area network (LAN) systems maintenance.

Other planned activities include contracting with *MicroSave*-certified consultants to lead PRIDE through a branding exercise and customer strategy development in April/May. At around the same time, an external consultant will be recruited to lead training for PRIDE's Board of Directors. Lastly, in the last quarter of the year DMS will support an internationally recognized external rating exercise of PRIDE.

MUSCCO

MUSCCO is Malawi's only apex savings and credit cooperative. It is made up of sixty-six Savings and Credit Cooperatives (SACCO) dispersed throughout the country, especially in rural areas. It accounts for roughly 15% of all savings mobilized and 20% of all loans outstanding in the sector. MUSCCO develops and leads training sessions, underwrites savings and credit insurance on SACCO products and conducts annual internal audits of all its members. It also operates a central risk facility that intermediates deposits from SACCO's holding excess liquidity and on-lends the funds to SACCOs unable to meet their members' credit demand. MUSCCO submitted a written request for DMS assistance that was incorporated into an MOU signed on 18 November 2005 at the start of the project's year two. The MOU listed the following capacity building needs for MUSCCO and its member SACCOs:

- Governance and management;
- Financial management with the introduction of a network-wide SACCO rating system and the development and implementation of a MUSCCO branding strategy;
- Computerization and improvement of information technology for SACCOs;
- Assist MUSCCO to work with the GoM to modify the cooperative law in order to create an improved legal, regulatory, and supervisory framework for credit unions.

In the first quarter of FY2007 DMS will contract a local firm, Millennium Consulting that will assist MUSCCO to finalize a new five-year strategic plan that it developed with USAID's assistance last year in consultation with MUSCCO's Board of Directors and leaders from key SACCOs. Because MUSCCO found this exercise so valuable, it has asked DMS to help it put on two, three-day workshops on strategic business planning in the first quarter of this year for up to sixty SACCO leaders.

Midway through last year, DMS and MUSCCO co-drafted a Terms of Reference (TOR) for a consultant to develop and test a SACCO rating system. Before a suitable candidate could be identified, it came to light that many SACCO's lack functional and comprehensive procedure

manuals. Since proper operating manuals are an essential precursor to achieving a minimum rating standard, it was decided to put the rating exercise on hold and concentrate on a review, update, and draft revised SACCO procedure manuals in FY2007. DMS will help by securing the consultant to carry out this work. Should DMS receive a two-year extension as expected, the rating exercise will be conducted during FY2008.

Another critical area for DMS support in FY2007 is to work with MUSCCO, the Ministry of Trade Industry and Private Sector Development (MoTIPSD), Reserve Bank of Malawi (RBM), and the Microfinance Legal and Regulatory Taskforce to revise Malawi's Cooperative Act in order to accommodate the unique requirements and status of financial cooperatives. The current law makes no special provision for financial cooperatives and this has led to a weak regulatory environment that tolerates poor SACCO performance. All stakeholders agree that a revision to the Cooperative Act is necessary. This topic will be discussed in greater detail under the macro level section of this work plan.

Aside from these activities, throughout the year DMS will conduct impact assessments of USAID's investments on MUSCCO and its SACCOs' performance. And, in September DMS will help MUSCCO prepare for next year's annual congress for Savings and Credit Cooperatives in Africa (SACCA), which will be organized by MUSCCO and take place in Malawi in October 2007. This annual conference which was held in Kenya last year will help to raise the profile of SACCOs in Malawi which should help increase membership in MUSCCO-affiliated SACCOs.

OIBM

OIBM is part of the Opportunity International network, which is U.S.A.-based and operates programs in thirty-one countries around the world. With assistance from USAID and DFID, OIBM received a commercial banking license in May 2003 with the objective to deepen access to banking services for the poor in Malawi. OIBM expressed interest to receive USAID capacity building assistance through DMS that formed the basis for an MOU that was signed in October 2005.

OIBM identified the following capacity building needs:

- Staff development training, particularly at the middle management level but others as well;
- Development of performance objectives and quality standards for both teams and individuals and systems to measure and reward quality performance;
- Consulting/training in treasury management, risk management in money market dealing, and foreign exchange;
- Ongoing training for loan officers and supervisors on a variety of topics such as time management, planning, marketing, assessing productivity, delinquency management and others;
- Expansion into rural areas by exploiting new technologies or business models that may include such things as cellular phone transfers, malswitch, direct payroll deposits, point of sale purchase credit or cash back, etc...;
- Assistance to implement changes OIBM identifies as necessary to achieve financial sustainability and increased outreach.

Over the past year OIBM co-financed several training sessions hosted by DMS in our conference room. Besides providing logistical support, DMS contributed to the planning of the sessions and participated in several. OIBM also had a consistent presence at the several DMS rural agricultural value chain workshops held last year. It also participated in DMS's tea and coffee credit supply and demand studies as it explored ways to leverage its smart card technology (Malswitch) to bring financial services to smallholder farmers in rural areas.

In the second quarter of this year DMS will contract with E-Change, one of its AMAP IQC subcontractors that specialize in applying IT solutions to microfinance problems, to brainstorm with

OIBM on its Malswitch platform to explore how it could work better. The Malswitch is a back-office support system to process transactions using a biometric identity “smart card” which all OIBM account holders are issued.

OIBM has also asked DMS to help finance an employee job grading exercise, which will help it to better develop and retain staff. This activity should occur in the first half of the year. Lastly, OIBM is one of three potential institutions to participate in a Development Credit Authority (DCA) program that DMS will design and help implement in FY2007. The DCA activity will be discussed in greater detail later in this work plan.

FINCA Malawi

FINCA International is a United States-based microfinance NGO, which manages a worldwide network of individual financial institutions providing financial services to rural communities. FINCA Malawi was founded in 1994 and provides financial services to 26 of Malawi's 28 districts via regional offices, branches, and satellite offices. In 2005 FINA approached DMS to request assistance and an MOU was signed that listed the following capacity building needs:

- Staff training to acquire knowledge and skills associated with commercially-oriented microfinance operations and best practice microfinance;
- Study tours to nearby, successful FINCA institutions and other to be identified programs to examine new product development, financial management processes and efficient management information systems;
- An institutional assessment of FINCA Malawi to identify strengths, opportunities, weaknesses and threats and to establish performance benchmarks;
- Assistance to implement changes FINCA Malawi identifies as necessary to achieve financial sustainability.

Last year FINCA initiated an intensive institutional reengineering effort that was triggered by unsustainable portfolio at risk (PAR) levels, too many loss-making branches, and high staff turnover. FINCA International moved in to replace the Managing Director and develop a recovery plan that included closing unprofitable branches, releasing and replacing 50% of its loan officers, development of new products, and embarking on an intensive staff-training program. DMS role in this process has been to cost-share the technical assistance interventions and provide direct help through its Capacity Building Specialist and COP.

In FY2007 DMS efforts will focus on the following support:

First six months:

- Conduct market survey to identify target for new individual loan product, development of business credit profiles and loan application scoring;
- Deliver *MicroSave* market research training with field research led by *MicroSave* – certified consultants and FINCA staff;
- Provide field officer training in new individual loan product;
- Provide loan officer training on re-engineered group loans and village banking product;
- Reinforcement of loan officer training on individual loans.

Second six months:

- Conduct a training monitoring and evaluation exercise of field staff and capture lessons-learned;
- Participation in *MicroSave* SAM training in Kenya;
- Provide other technical activities/training as needed.

B. RURAL AGRICULTURAL VALUE CHAIN FINANCING

In addition to building capacities of MFIs to bolster their provision of microfinance services at the supply level, DMS also works at the level of demand to overcome information asymmetries that constrain the sector's development.

Malawi has a predominately rural and agrarian economy with more than 85% of the population living outside urban centers and engaged in agriculturally related activities. Many MFIs and commercial banks have not developed appropriate demand-driven products that meet the needs of agricultural value chain actors. As a result, there are large gaps in the supply of financial services that are only partially met by a variety of non-specialized providers such as agricultural resource input suppliers, large agricultural producers and processors and export agents.

Institutions such as OIBM, MUSCCO, and Malawi Rural Finance Company (MRFC) have tried introducing new products to expand their market outreach. For example, a recent cooperative effort involving the National Smallholders Farmers Association of Malawi (NASFAM), the World Bank, NICO insurance company, MRFC and OIBM has led to loans for groundnut farmers that are backed by indexed crop insurance. It is believed that such innovations can be applied to other agricultural value chains as well.

In the past two years DMS pioneered efforts to eliminate information asymmetries between agricultural value chain actors and financial institutions to increase financing flows to underperforming but promising agricultural sub-sectors. DMS organized and sponsored Rural Agricultural Finance (RAF) Workshops targeting the coffee, tea and cotton sectors. These were followed by USAID and a EU food security project co-financing a credit supply and demand study for the coffee and tea sectors. Stakeholder response to the studies and subsequent debriefing meetings were very positive. Consequently, not only has DMS's RAF work heightened banks and MFIs interest in the sectors, but also increases in financing flows are starting to be observed.

In the coming year, DMS will follow-up with coffee and tea stakeholders to identify new opportunities where DMS could play a market facilitation role. Also, lessons learned will be captured so that they could be applied to other value chain work. In the second quarter, DMS plans once again to team up with the Food Security and Joint Task Force Project to contract for a credit demand and supply study for the cotton sector. And, DMS will continue to work along agricultural finance value chains, conduct new studies that map actors and relationships, bring identified opportunities to the attention of existing MFIs, and support the design and introduction of new financial products by interested MFIs or others. Further, DMS will help foster strategic partnerships and strengthen private sector linkages to build capital markets by partnering with other entities that work with buyers, traders, input suppliers, producer groups, and farmer clubs that have identified a lack of credit as a major constraint to sector development.

III. MESO LEVEL ASSISTANCE

The meso level relates to the overall infrastructure of the financial system, which can either aid or obstruct the emergence and performance of MFIs and the provision of MSME finance. Project support at this level will be designed to emphasize local ownership of solutions that foster the development of the MSME sector and mainstream the services offered by MFIs, commercial banks and non-bank financial institutions.

In the Malawi context the meso level includes Malawi's Microfinance Network (MAMN), information systems, capital markets, donors, projects and consulting firms providing technical assistance, training and audit services to MFIs. It also includes apex organizations and commercial banks that directly, or indirectly, provide financial services to micro, small, and medium sized enterprises. DMS's work to help design, put into place, and monitor a US Government Development Credit Authority (DCA) program in FY2007 and the two extension years of the project should greatly increase the amount and quality of MSME finance in Malawi.

In FY2007 DMS will continue its efforts to improve MAMN's capacity to compile and disseminate information on its members, promote transparency in reporting standards, promulgate best

practices by stakeholders, and lobby effectively on critical issues confronting Malawi's MF sector. DMS will continue its lead role at MF Stakeholder meetings to eliminate information asymmetries and reach broad consensus on key actions supporting the sector.

DMS will consult with the Government of Malawi's (GoM) Malawi Rural Development Fund (MARDEF) to encourage it to adapt best practices to the fullest extent possible and to minimize market distortions and negative impact on the sector if it does not.

Whenever possible, DMS will solicit tenders from local service providers and closely monitor deliverables to help build local consulting capacities to offer market-based, demand driven services to the MSME finance sector. If non-local consultants are used, DMS will attempt to pair them up with local consultants or members from the assisted institution who can assist with the primary work as well as any follow-up that may be needed. The COP will continue to meet with other donors such as DFID, EU, UNDP, UNCDF and the World Bank to identify overlapping areas of interest and coordinate development efforts to realize synergistic benefits.

A. INCREASING ENTREPRENEUR'S ACCESS TO CAPITAL

As noted in the USAID's MF sector assessment of 2004, commercial banks in Malawi facilitate the provision of microfinance services in a number of ways. Many MFIs require client groups to open accounts at commercial banks in which they deposit required "savings" and loan principal and interest payments; also some MFIs disburse loans through the form of checks drawn on commercial banks. Besides these relationships, PRIDE and FINCA have established credit lines attracting market rates of interest at commercial banks that they use for on-lending to their clients. Unfortunately, these lines of credit are less than what are needed and are fully collateralized.

USAID's original Request for Proposals for the DMS project described the need for commercial banks in Malawi to develop loan portfolios that serviced the financing needs of SMEs and provided MFIs greater access to commercial sources of capital for onlending. One mechanism proposed to encourage banks to do this was through the use of USAID's Development Credit Authority loan guarantee program. However, as recently as three years ago Malawi treasury bills were earning a no-risk annual return of 45% and banks had little incentive to invest elsewhere. This however changed last year when the GoM achieved its HIPC targets and much of the country's mountain of debt was forgiven. This led to a slashing of T-bill rates that caused banks to reconsider their investment strategies and to look more favorably on lending to small and medium enterprises. In this context, DMS last August conducted a DCA feasibility assessment and concluded that there was a large demand for the DCA in Malawi and its implementation could stimulate banks to develop improved and accessible SME financial products.

Development Credit Authority

The DCA study referenced above was carried out by the head of Chemonics' DCA technical support team based in Washington with assistance from the DMS field office. The report uncovered evidence of market imperfections that hinder the flow of financing reaching creditworthy MSME borrowers. Information asymmetries caused by the lack of an extensive presence of commercial banks in rural areas coupled with unrealistic perceptions of bank lending departments that MSME loans carry a high risk of default have perpetuated the lack of financing to the "missing middle" SME market. After being told about the DCA program, OIBM, the New Building Society (NBS) bank, and the Leasing Finance Company (LFC) expressed written interest in participating should the DCA be implemented in Malawi.

USAID/Malawi has since agreed with the study's conclusions and it supports DMS activities that will contribute to an appropriately designed DCA loan portfolio guarantee product. During Year 3 of the project, DMS will assist USAID/Malawi in identifying the shortlist of potential partner lenders, coordinating with USAID's Office of Development Credit on the development of the DCA action package, collecting required information on potential partner lenders for the risk assessment, and in

preparing for the USAID Credit Review Board meeting, By the end of FY2007, it is expected that DMS-supported activities will have resulted in up to three banks having signed DCA legal agreements. And, if all goes according to plan, the implementation and monitoring of the DCA activity will be included in the DMS Project's two-year extension through September 2009.

In the first quarter of FY2007, DMS will meet with OIBM, NBS and LFC to confirm their continued interest in participating in the DCA. During these visits, should the banks wish to participate, DMS will collect the required During this time, the DCA assessment report will be finalized and shared with the appropriate USAID/DCA supporting structures to solicit additional feedback and support for the design and implementation of the program. In December, DMS's Enabling Environment and Commercial Finance Specialist (EE & CF) will travel to Zambia with a senior manager from NBS to take part in a SME loan officer bank training sponsored under a USAID/Zambia DCA loan guarantee program.

In the second quarter of 2007, DMS will liaise with the Chemonics' DCA team, USAID/EGAT and USAID/Malawi to develop a work plan and timetable and designate the responsible parties for each step of the process, working toward the deadline of having the DCA subsidy cost allocated from the Mission's budget before the end of USAID FY 2007. DMS will deliver a presentation on the DCA to executives at each bank to explain in detail the mechanics of the guarantee, further discuss the potential borrower cohort, answer any questions they may have, and collect all the required background information USAID/ODC needs for the risk assessment. In February, Anthony Vaganos from USAID/EGAT's Office of Development Credit will come to Malawi for a one week TDY to work with DMS and the Mission and to visit OIBM, LFC and NBS in order to draft the DCA action package for the multi-bank facility. DMS can assist as needed in discussing with the banks the final guarantee parameters including minimum and maximum size and tenor of sub-loans, total duration of the facility, and definition of the borrower cohort.

In the second and third quarters, DMS will ensure that a borrower analysis is completed on the DCA target group of agriculturally linked SMEs. It is anticipated that this would be a combination effort between a Chemonics consultant and a consultant from a local firm. This borrower analysis will have a two-fold purpose of providing the DCA risk assessment team with required information for the borrower portion of their analysis, and concurrently providing the lenders with a concrete understanding of the opportunities for financing the untapped SME market. The study will focus on the broad issues that drive financial performance and affect the creditworthiness of agriculturally-linked SMEs in Malawi and factors that mitigate or exacerbate risk (operational, financial, political, etc.) for these SMEs. The borrower study will include, but not be limited to the following areas of analysis:

- Industry/market: including structure of the market; backward and forward linkages; key competitive factors; seasonality; elasticity of demand; and pricing determinates.
- Corporate governance: including use of outside auditors; typical ownership profile
- Legal & regulatory environment: including economic and political significance of market to government; ease of titling; collateral laws/system.
- Financial assessment: including credit climate; profitability; working capital and other capital requirements and expenditure patterns; equity capital availability.

In the remainder of the year, DMS and the Chemonics' DCA team will be intimately involved in the DCA structuring to help ensure that all required activities are completed on time. Additionally, as more information becomes known about the potential 2-year extension, DMS will draft a plan for support for the implementation of the guarantee program for USAID/Malawi's review. This 2-year extension plan for implementation of the guarantee focused on maximizing utilization by the banks would include:

- An orientation workshop for USAID/Malawi and each of the partner lenders on the mechanics of the guarantee, roles and responsibilities, points of contact, meeting requirements for financial and development monitoring, etc.
- A brief study visit to Uganda for participating banks (and possibly USAID/Malawi) to meet with banks that have been successful in expanding into “missing middle” lending by using DCA as a risk-sharing tool.
- Encouraging participating banks to utilize the DCA facility by sharing market information / best practices in SME lending, etc.
- Assistance to lenders as needed in determining whether loans are eligible for DCA coverage.
- Ongoing monitoring of the banks to ensure data is being entered and fees are paid when due.
- Tracking all development indicators identified in the DCA guarantee monitoring plan.
- Facilitating the claims process.
- Preparing quarterly summary reports and any ad hoc reports as required

B. MAMN

MAMN has an untapped potential to play a key role in supporting the overall professionalization and deepening of Malawi's microfinance sector, advocacy of MFI interests and lobbying the GoM to create an enabling environment for microfinance. Given the pervasive presence of Government at all levels of Malawi's microfinance sector, MAMN is needed to articulate and promote the best interests of its members and the sustainable development of Malawi's microfinance sector.

In March 2006, DMS signed an MOU with MAMN to support its development however the network continues to struggle as it lacks a Managing Director and other high quality professional staff; its only full-time employees are a librarian and an office administrator. These vacancies at the top seriously constrain MAMN's ability to lobby against poor GoM policies and programs because individual members, especially government-owned MFIs, are fearful to speak out and be accused of holding positions that are perceived to be anti-government.

In FY2007 DMS will work through MAMN to reach its seventeen members and hopes to mobilize them to become engaged on important sectoral issues, such as the draft MF Bill and MF Regulations. MAMN's new five-year strategic plan that DMS helped it to develop will be completed in the first quarter and this will help inform DMS what assistance is needed. Among other things, it is assumed that the plan will include: best practice microfinance training for members; MAMN's participation in regional microfinance network initiatives and other cross-learning opportunities; development of proper publicity and marketing materials to educate the public on the importance of the microfinance sector; and support to advocacy and lobbying efforts through such structures as a revitalized Microfinance Stakeholder Forum.

C. INCREASING MF SERVICE PROVIDER CAPACITY

DMS relied extensively on long-term project staff to deliver assistance to project partners during years one and, to a lesser extent, in year two as well. This pattern will continue in year three as it has enabled DMS's technical team to build solid relationships with clients and to have a deep understanding of the institutions with which it works.

The use of short-term consultants to supplement direct assistance has enabled DMS to multiply the number of technical assistance activities provided at any one time as well as draw on specialized capacities when required. In order to help build local MF service capacity, the order of preference for hiring qualified consultants has been to first look locally, then regionally and finally consider our subcontractors and other USA-based firms. Whenever technical assistance or training is provided, the client is intimately involved in the drafting of TORs, recruitment of consultants or firms, and approval of deliverables. All assistance is provided under a cost-sharing arrangement with the

beneficiary picking up at least 25% and frequently more. This arrangement ensures the client is fully committed to achieve the results desired.

IV. MACRO LEVEL ASSISTANCE

Experience has shown that the best role of government to aid the development of inclusive financial systems characterized by vibrant, sustainable MFIs is to concentrate on creating an enabling environment. However, the GoM through its parastatals and politicized credit schemes has taken on a much larger role in Malawi. To counteract this, DMS will work with the GoM and other stakeholders to disseminate information that will encourage the formulation of policies, practices, and regulation that minimize or eliminate harmful market distortions introduced by government while maximizing behaviors that are beneficial to the microfinance sector.

At the macro level, DMS will seek forums to engage and encourage the GoM to construct an enabling environment leading to the development of inclusive financial systems favoring the deepening of Malawi's microfinance sector. This will happen by increasing the level of awareness within the Ministry of Finance (MoF), the Reserve Bank of Malawi (RBM), and the Ministry of Trade and Private Sector Development (MoTPSD) as to best practices for the regulation and supervision of microfinance and persuading them to actively participate in stakeholder meetings and other DMS-supported activities. When needed, DMS will support consultancies to provide targeted technical assistance or training as part of the government's plan to review and revise its legal/regulatory framework for non-bank financial institutions.

A. LEGAL/REGULATORY/SUPERVISORY MF FRAMEWORK

In 2005 the Ministry of Local Government received a \$60,000 grant from the African Development Bank to fund a consultancy to study Malawi's legal and regulatory environment as it pertains to the microfinance sector and to make specific recommendations to establish improved microfinance laws and policies. A Legal and Regulatory Taskforce chaired by the RBM was formed to recruit consultants for the assignment and review the contract deliverables consisting of a draft Microfinance Bill and accompanying draft Microfinance Regulations. These two legal documents would join other related legislation that together form a wide reaching proposed Financial Services Bill for Malawi which the RBM hopes can be signed into law in calendar year 2007.h

In FY2006, DMS provided technical assistance to the Taskforce and the GoM to support its work to come up with a new legal and regulatory framework for Malawi's microfinance sector. Besides its in-house expertise, DMS enlisted the IRIS Center at the University of Maryland, a subcontractor to Chemonics on the AMAP Financial Services IQC and a USAID prime contractor on the AMAP Legal and Regulatory Framework IQC, to review the consultants' reports.

In FY2007, IRIS will review the first draft of the MF Bill and Regulations expected in October and its comments will be shared with the Taskforce. In late November, DMS will support a three-day conference of MF practitioners and the Taskforce to review the drafts and to provide written feedback to guide future revisions. The Taskforce, DMS, practitioners and the local consultants will work closely throughout the second and third quarter to ensure that the draft MF Bill and Regulations are properly scrutinized and revised to properly support the sector's development. Patrick Meagher of the IRIS Center will come to Malawi to participate in the stakeholder meeting planned for March. Since this impending legislation will shape all aspects of microfinance in Malawi and determine how it will be carried out and controlled, it is extremely important for the MF Bill and Regulations to "get it right". The ability of DMS to support this process, bringing an international best practice perspective without any vested interest other than to see the proper development of an inclusive financial services sector is crucial to the process's success.

Depending on the final version of the MF Bill and Regulations and its treatment of financial savings and credit cooperatives, DMS will provide assistance as needed and within its resources to ensure

that there is adequate and appropriate legal space for SACCOs and federated networks like MUSCCO to operate in Malawi.

Lastly, in FY2007, DMS will assist the MoTIPSD to publish and disseminate the GoM's revised Microfinance Policy Statement that DMS and the IRIS Center redrafted in FY2006 on the request of the MoTIPSD and a broad representation of microfinance sector stakeholders. The last draft will be reviewed at the debriefing meeting of the MF Bill and Regulations tentatively scheduled for late March. Following that review, the document will be finalized and presented by the MoTIPSD to Cabinet for its signature at which time DMS will be called upon to assist with its publication and distribution.

V. CROSS CUTTING ISSUES

The DMS performance management plan (PMP) covers all of the performance indicators (PIs) that were monitored and reported upon in years one and two. Most of the baselines against which year one results were compared were based on data reported as of September 2003 and listed in the AMAP Malawi Microfinance Sector Assessment. In year two, baselines were taken at the time USAID-financed assistance was begun to MFI clients. For this third year, new targets set against last year's achievement will be reported and to these are added new indicators that were submitted with USAID/Malawi's 2007 and 2008 Country Operation Plans.

The DMS Project Management Unit (PMU) at Chemonics' headquarters collaborated with the field team to develop environment, gender and communications plans for the project that are presented below. These plans are based on best practices and lessons learned by Chemonics during the management of other projects. Over the life of the DMS project, the DMS team will refine these approaches in consultation with other projects in Malawi who have experience addressing these issues.

A. GENDER CONSIDERATIONS

Malawi DMS will incorporate gender considerations into its technical activities to help ensure that both men and women equitably benefit from microfinance services as clients as well as find equal employment opportunities in the sector. This will require fostering an awareness of gender equity issues among stakeholders in the microfinance industry in Malawi.

DMS will strive at all times to be sensitive to financial service methodologies and employment conditions that could place one gender or the other at a disadvantage. If gender discrimination is found to be pervasive in Malawi's microfinance sector, DMS will mainstream the topic by bringing it before a regular meeting of the MF stakeholders group to raise awareness of the problem and reach a consensus on solutions to end prejudices and follow-up on efforts put forth by all clients and stakeholders.

When carrying out technical assignments or training activities for the benefit of MFIs or other project clients, DMS will take steps to ensure that the design of its interventions does not pose a burden on one gender over another and that its capacity building assistance does not favor any one group. One technique to address gender equity is helping MFIs design and offer demand-driven financial services that take into account individual client preferences. Product and program features to consider in the design of gender-sensitive financial services are meeting times and locations, loan disbursement and repayment schedules, gender-neutral eligibility criteria, and the provision of niche products that address needs that may vary by gender, such as microinsurance that targets risk-averse women.

As part of DMS's ongoing profiling of consultant firms operating at the meso level of Malawi's microfinance sector, local gender specialists will be identified. These specialists could be called upon

to identify areas for improvement in areas of data collection and analysis, identifying lessons learned and best practices, and making suggestions for an integrated gender strategy for DMS.

B. COMMUNICATION STRATEGY

DMS has an integrated communications strategy to provide a framework for supporting technical activities with appropriate communications initiatives. The strategy will communicate and initiate dialogue on best practices, experiences, and lessons learned to the institutions and parties working in the microfinance sector in Malawi.

The DMS communications strategy is driven by several factors. Regular and contractual reporting requirements are the majority of the project's anticipated communications. Other elements that shape the strategy include:

- A range of target project audiences and stakeholders, both primary and secondary;
- Trainings and technical assistance activities that have specific communication requirements;
- Regular updates for USAID on DMS's activities and accomplishments;
- Submissions by the project to the USAID "Telling Our Story" web site;
- Synergy among project components;
- Impact on cross-cutting issues such as gender and HIV/AIDS.

Target Audiences

DMS must communicate messages to primary target audiences while anticipating and responding to secondary audiences as well.

- *MFIs*: These constitute a primary target audience. Best practice knowledge and how to apply it are key communication goals;
- *Policy Makers*: To support policy change, this target audience needs information on the social and economic benefits of MFIs and their clients, as well knowledge of appropriate policy and regulatory frameworks;
- *USAID and other International Organizations*: In order to coordinate development activities, this primary target audience needs to know about DMS project's activities, clients, and lessons-learned;
- *Client base/General Public*: In order to support policy change and encourage a positive credit culture this secondary target group needs information on the benefits of supporting best practices for financial sector service providers and government.

Project Communication Tools

The project will use a mix of communication tools to achieve objectives at the Micro, Meso and Macro levels while addressing the reporting requirements and objectives of the project. As we use these tools we will assess their effectiveness through consultation with stakeholders.

The DMS communication plan will be organic and subject to change as information is learned about the attitudes and awareness of target audiences. Further, the strategy will be updated annually to reflect progress and potential changes and developments.

C. ENVIRONMENTAL IMPACT MANAGEMENT STRATEGY

As a USAID funded project DMS has certain obligations regarding the environmental impact of its activities according to 22 CFR Part 216 and Malawian legislation. Our environmental impact management strategy addresses these requirements while educating MFIs about competitiveness considerations for MSME clients.

Direct Impacts

DMS will apply a basic environmental policy to ensure that it is conscious of and taking active steps to manage its own and its clients' environmental impacts. DMS will share the environmental policy

with clients, noting that many of the activities reduce operating costs. This policy is designed to encourage reduce, reuse and recycle activities.

As DMS expands its rural agricultural value chain activities it will be sensitive to applicable US government and government of Malawi environmental regulations pertaining to land use and application of pesticides and chemical fertilizers. When called for, DMS will review policies for recommended monitoring or mitigating conditions, or other relevant findings and observations related to primary sectors of MSME financing. DMS will use its findings, observations and GoM regulations to incorporate requirements in project activities where necessary and bring regulations to the attention of MFIs through MAMN and direct contacts.

DMS has incorporated into its Office Procedures Manual appropriate project environmental policies to reduced impact of office operations that include such things as: duplex printing, recycling paper, turning off lights, moderating air conditioning and limited vehicle idling.

Indirect impacts

To have the greatest effect on the environmental impact of increased MSME financing, we are focusing on the lending practices of our client MFIs. Studies of MSME environmental impact (IDB, 1998; IFC, 2000) show that more than 75 percent of microenterprises have no substantial negative environmental impact. However, rural MSMEs such as tanneries, textile dying, forestry, agriculture, and charcoal production can have significant, negative environmental impacts,

These negative impacts increase a lending MFIs risk either because MSMEs are not meeting regulatory requirements and/or they are degrading the resource base. Negative environmental impacts limit MSME sustainability with increased costs (inefficient use of inputs) and degraded resources for long-term use. MFIs can limit the environmental risk to their portfolios.

DMS will initiate discussions with MFIs to sensitize them to environmental risks in their portfolios, to identify special concerns for consideration in high risk sectors that could include: pesticides and fertilizers, wastewater, deforestation, construction, and endangered flora and fauna.

VI. ADMINISTRATION AND FINANCE

A. PERSONNEL AND RECRUITMENT

There are no changes anticipated to the DMS Project's field office team which consists of: a Chief of Party, Capacity Building Specialist, Enabling Environment and Commercial Finance Specialist, Accountant/Office Manager, Driver, and a part-time cleaning person. Original project projections had included these positions plus an Office Assistant and two additional drivers. However these positions have remained unfilled due to funding constraints.

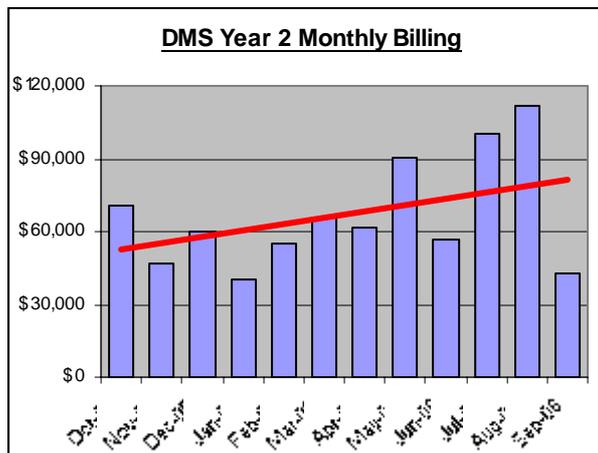
B. PROCUREMENT / CONTRACTING

Project equipment and furnishings for the office and expatriate living quarters are essentially complete. No major additional equipment purchases for the field office are anticipated other than for maintenance and/or replacement as needed.

The PMU negotiated sub-task orders with three of Chemonics' AMAP subcontractors on this project: Bankworld, Enterprising Solutions, and eChange. The subcontractors were consulted during the start-up phase for work planning purposes. However, during the first year of the contract there was no short-term level of effort (LOE) due to the limited funds available. In year two, the services of another AMAP subcontractor, the IRIS Center were needed and subsequently contracted. In year three there may be an opportunity for eChange to work with OIBM to streamline and improve its electronic banking payroll and rural agricultural loan products as described earlier. Also, should the need arise, Bankworld's experience to lead DCA bank training is available to be called upon.

C. FINANCE

This work plan has been developed based on the total \$2,540,000 in obligated funds that were received through September 30, 2006 against expenses billed through the same period of \$1,450,778 leaving an unspent balance of \$1,089,222 as of the start of FY2007. However, the average expenditures per month have been steadily increasing since the EE & CF Specialist joined the project team mid way through last year. The increases have been due to both additional costs associated with the employee (salary, local travel to the field) as well as significantly increased technical support activities at all sector levels. Based on the technical activities either in progress or planned, the estimated monthly burn rate for the first three months of FY2007 is \$111,000 per month and for the second quarter this is expected to increase to \$140,000 per month.



At this forecasted burn rate, which is needed to support the activities described in this annual workplan, six months into the year the project will have approximately \$335,000 remaining from its obligation. Therefore, unless the Mission receives its FY2007 funds by mid April, or it finds other funding sources by that time, this annual workplan will need to be cut back severely. However, DMS will be able to carry out the activities described if USAID is able to obligate approximately \$250,000 to DMS in April to tide the project over until FY2007 funds anticipated arrival in July 2007.

Lastly, as stated earlier at the beginning of the work plan, the activities contained herein assume that the DMS project will likely receive a two year extension, based on discussions with USAID. Further, DMS has been advised that its FY2007 obligation will be on the order of \$1,250,000, which is expected to carry the project forward into the first year of a two year extension up until FY2008 funds are released. Based on this information, the DMS third year workplan does not include closeout activities that would otherwise have taken place prior to the current contract's expiration date of September 30, 2007.

In light of this, it will be prudent if USAID and Chemonics could reach agreement on a project extension and have it signed within the first six months of FY2007. Besides the obvious implications of an extension on the project's technical activities, at least six months notice is required to be given to the landlords of project leases in order to avoid loss of the right to extend the lease. Also, a minimum six month notice would help to avoid departure of key staff who might be tempted to take other assignments. By settling the question of an extension by April 1, the project will be able to carry out its plan without interruption.

Annex A: Third Year Work Plan Timeline

DEEPENING MALAWI'S MICROFINANCE SECTOR PROJECT (DMS)

| Week/Month of Year 3 Component/Activities | Person | Oct-06 | | | | Nov-06 | | | | Dec-06 | | | | Jan-07 | | | | Feb-07 | | | | Mar-07 | | | | Apr-07 | | | | May-07 | | | | Jun-07 | | | | Jul-07 | | | | Aug-07 | | | | Sep-07 | | | |
|---|--------------|--------|---|---|---|--------|---|---|---|--------|---|---|---|--------|---|---|---|--------|---|---|---|--------|---|---|---|--------|---|---|---|--------|---|---|---|--------|---|---|---|--------|---|---|---|--------|---|---|---|--------|--|--|--|
| | | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | | | | |
| Project Management and Administration | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Administration | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Budget monitoring | OM/PMU/COP | ■ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Detailed budget forecast | OM/PMU/COP | ■ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Contracting | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Contract subs as needed | PMU/COP | ■ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Project Extension | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Tech & fin proposal drafted | PMU/COP | ■ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Extension reviewed and signed | USAID/CII | ■ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Work Plan Development & Monitoring | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Annual work plan developed | COP/PMU | ■ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Monthly meetings with USAID | COP | ■ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Qly review meetings | COP/USAID | ■ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Reporting | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Prepare/submit monthly reports | COP/USAID | ■ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Prepare/submit Qly reports | COP/USAID | ■ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Collect Pis | CBS/EE&FC | ■ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Prepare/submit annual report | COP/PMU | ■ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Component I: MICRO Level Capacity Building | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <i>PRIDE</i> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Delinquency Mgmt Training | CBS/PRIDE | ■ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Recruitment of IT Consultant | CBS/COP | ■ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IT LAN Set up | PRIDE/LC | ■ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IT Training (Server Mgmt) | LC | ■ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Board Development | IC | ■ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Staff Development | PRIDE/LC/CBS | ■ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Rating | IC/LC | ■ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Recruitment of the Consultant | CBS/COP/PMU | ■ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cost-share and contracting finalized | | ■ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Conducting the rating exercise | IC/LC | ■ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Individual Loan Product Development | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Recruitment of MicroSave | CBS/COP/PMU | ■ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Market Research field work | Micro Save | ■ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Describe loan product & supporting mtl | PRIDE/LC | ■ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Training Impact study | CBS/LC | ■ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Quarterly Review Meetings | CBS/PRIDE | ■ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

