

WIDENING HARMONIZED ACCESS TO MICROFINANCE:

USAID/Pakistan

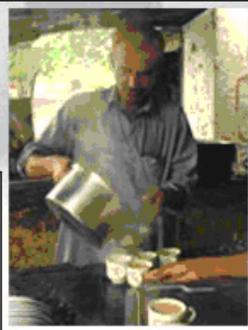
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SHOREBANK INTERNATIONAL



WIDENING HARMONIZED ACCESS TO MICROFINANCE
(WHAM) - PAKISTAN



USAID
FROM THE AMERICAN PEOPLE

QUARTERLY REPORT

Jan-Mar 2007

List of Acronyms

ADB	Asian Development Bank
AKAM	Aga Khan Agency for Microfinance
CGAP	Consultative Group to Assist the Poor
DFID	Department for International Development (UK)
FSSP	Financial Sector Strengthening Program–Swiss Development Corporation
FMFB	First Microfinance Bank Limited–Aga Khan Development Network
GF	Grameen Foundation
HBL	Habib Bank Limited
HSBC	Hongkong Shanghai Banking Corporation Ltd.
IFC	International Finance Corporation–World Bank Group
MIX	Microfinance Information Exchange
MFIs	Microfinance Institutions
MFPs	Microfinance Providers
NRSP	National Rural Support Programme
NBP	National Bank of Pakistan
PCB	Prime Commercial Bank
PFSSRP	Pakistan Financial Sector Strengthening Programme - European Commission
PMN	Pakistan Microfinance Network
PPAF	Pakistan Poverty Alleviation Fund
PRSP	Punjab Rural Support Programme
SBI	ShoreBank International (previously known as SAS)
SBP	State Bank of Pakistan
SCB	Standard Chartered Bank
SDC	Swiss Development Corporation
SME	Small and Medium Enterprises
TMFB	Tameer Microfinance Bank Ltd.
UPAP	Urban Poverty Alleviation Programme (of NRSP)
WB	World Bank
WHAM	Widening Harmonized Access to Microfinance (USAID Project)

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I. Microfinance Industry News and Trends

Governor and Prime Minister Agree on a New Microfinance Strategy: February 14

Since late 2006 the new Governor of the SBP has been formulating efforts to make the central bank more development focused – centred on the creation of a Development Finance division within the SBP. Under her leadership the agenda on microfinance has shifted from the Ministry of Finance to the State Bank. She also prioritized a more focused approach to the microfinance strategy. To prepare, the Governor has met a range of stakeholder and in particular relying heavily on the Pakistan Microfinance Network to inform her decisions about the new microfinance strategy. These discussions culminated in a presentation by the Governor to the Prime Minister with an audience of key practitioners and members of the State Bank. The central themes of this new strategy were largely accepted by the Prime Minister and can be summarized as follows:

- Central theme of commercializing microfinance as essential for scale.
- Need for multiple players and a level playing field – results in the decision to fully privatize Khushhali Bank, including removing NBP from its shareholders and removing its special status under the Khushhali Bank Ordinance.
- Creation of Microfinance Bank by NRSP.
- Reform of PPAF – in particular the need for change at the Board level.
- 3 Core themes for outreach: Sustainability, Private Capital, Human Resource Base.
- Additional new initiatives may include: mobile phone technology, introduction of Credit Unions, Credit Bureau, use of Pakistan Post Office, and continued emphasis on new players.

The full presentation by the Governor to the PM is available on the internet at:

<http://www.sbp.org.pk/sme/2007/MF-PM-14-02-2007-Final.pdf>

SBP Works toward Capital Rising for Microfinance

Continued attention from government representatives toward the microfinance sector in Pakistan led to a meeting of the Governor of the SBP and GF in February 2007. The attendees included representatives of Citi-Group, FMFB, NBP, NRSP, PMN, Pak-Oman,

PPAF, SDC, TMFB, WB, SBP, GF and the WHAM project. The purpose of the meeting was to look into the possibility of increasing access to capital through commercial funding. At the conclusion of the meeting the governor announced that she and GF will be discussing the possibility of SBP partnership with GF to facilitate MFI access to commercial credit, even by investing public funds in providing guarantees.

ADB \$2 Million Grant TA facility for Microfinance

A US\$2 million grant from ADB Japan Fund for Poverty Reduction (JFPR), financed by the Government of Japan, will test ways to expand microfinance outreach and services to the poorest in Pakistan. The project will develop innovative savings products, complete with policies and procedures that will be disseminated to all microfinance banks. The FMFB will test the new products in Northern districts of the country, while the Kashf Foundation, after obtaining a microfinance bank license, will test them in Lahore, benefiting around 2,000 clients.

Active Borrowers in Microfinance Crosses the 1 Million Mark

The sector reached one milestone in its phase of growth when it reached the 1 million active borrowers number. The government and the stakeholders now look at the sector as one geared up for rapid expansion in the coming years.

New Members Added to the PMN

Early at the beginning of this New Year, after a rigorous review of the bank, the PMN approved the membership of Tameer Microfinance Bank Ltd.

Professor Yunus Visits Pakistan

Nobel Laureate Prof. Muhammad Yunus visited Pakistan to meet with various government authorities to consider the microfinance market of Pakistan. Speaking at an interactive session on "Microfinance and Poverty Alleviation" organized by Pakistan's Ministry of Finance, Revenue and Economic Affairs, he said that Pakistan has done good work to promote the microfinance sector to reduce poverty, but that the government should ensure access of microcredit to the poor in order to achieve desired results. Mr.

Yunus appreciated the government of Pakistan's economic policies and said that continuity in the policies is necessary to achieve the set targets. He emphasized that empowerment of women is a must for poverty alleviation and that their participation in small business will bring positive change.

Kashf Announces First Commercial Syndicated Loan with CitiBank

Kashf Foundation and Citi's Citibank N.A. Pakistan have announced the first tranche of a landmark PKR 1.32 billion (US\$ 22 million) term financing package arranged by Citibank. This term funding structure is the first commercial syndication for the microfinance sector in the country. The first stage of this mandate involves Citibank providing five-year funding, with a risk participation by OPIC (Overseas Private Investment Corporation), to Kashf Foundation for PKR 363 million (US\$ 6 million). The next two tranches of the deal, worth PKR 480 million (US\$ 8million) each, will be announced soon. Citibank Pakistan will also act as advisor in arranging these term loans.

ABN AMRO completes purchase of Prime Bank

ABN AMRO, the third largest bank in Pakistan announced its acquisition of 93% interest from shareholders. The acquisition will add significant scale to ABN AMRO's franchise in Pakistan, making the combined entity the second largest foreign bank and one of the 10 top banks in the country with assets of Rs. 124 bill and over 80 branches.

CGAP Conducts initial assessment of regulatory environment for Branchless Banking

As part of a 7 country broader study CGAP conducted an initial assessment of the regulatory environment. This will be followed by a workshop to build momentum for both sound regulatory environment and for multiple banks led and 'mobile phone company led' models to be unleashed in Pakistan.

II. Summary of the Quarter & Anticipated Activities Next Quarter

	Summary of Quarter Jan to March 2007	Anticipated Next Quarter April to June 2007
1. Bank Downscaling	<p>NBP:</p> <ul style="list-style-type: none"> Negotiated and finalized extension to TA Agreement through 2007 for expansion of program from 20 to 50 branches. Increase from 200 loans in 2006 to 500 new loans in 2007. Identified staff/branches and trained 75 new staff into the program. Actual lending results were only 6 new loans as the TA program re-negotiated, trained staff and geared up for expansion. <p>Standard Chartered Bank</p> <ul style="list-style-type: none"> Carried out assessment of causes of delinquency in the Kissan Credit Card across SCB's operations. Provided final report on diagnosis and recommend solutions to SCB senior management. <p>CresBank</p> <ul style="list-style-type: none"> Waiting on new investment to recapitalize the Bank: \$100 Million arrived on the last day of the quarter from Saudi American Bank (SAMBA) Reconstituted CresBank's Board structure and ownership. 	<p>NBP</p> <ul style="list-style-type: none"> Continue lending operations through original 20 branches including the first round of annual renewals. Will focus additional efforts on lending quality and portfolio quality. Expand efforts to 30 new branches in more distant areas of Punjab: Faisalabad, Jhang, Multan, Okara, Bahawalpur. Plan for 150 loan disbursements during the quarter. <p>Standard Chartered Bank</p> <ul style="list-style-type: none"> SCB to follow up on WHAM's recommendations internally. Train SCB staff in new procedures and techniques. Roll out Kissan Credit Card under new programmatic changes together with SCB senior management. <p>CresBank</p> <ul style="list-style-type: none"> Undertake a rigorous strategic planning exercise to determine the scope and scale of an SME focused effort under the new CresBank strategy. The exercise will determine if and how CresBank will make a serious and focused effort in the SME area as part of its massive expansion plans.
2. MF Upscaling	<p>Asasah</p> <ul style="list-style-type: none"> Negotiated and planned extension of TA for another full year focusing on increasing scale of the new developed SBF product. <p>Tameer</p> <ul style="list-style-type: none"> Hired two senior staff and established a Training 	<p>Asasah</p> <ul style="list-style-type: none"> Large scale roll out of SBF product. Assistance will include focus on monitoring/internal quality control, capital raising, and marketing. <p>Tameer</p>

	<p>Center in Lahore. Conducted first training session and Tameer opened first 2 branches in Lahore</p> <p>Kashf</p> <ul style="list-style-type: none"> • Mobile phone pilot test postponed pending a broader technology assessment of Kashf and the sector, and more effort to identify appropriate mobile phone company partner. <p>First MFB</p> <ul style="list-style-type: none"> • Negotiated a new TA agreement to support staff training for larger enterprise lending. 	<ul style="list-style-type: none"> • Gearing up for large scale training roll out in Lahore Training Center. • Human Resource strategy and new curriculum design. <p>Kashf</p> <ul style="list-style-type: none"> • Undertake a full technology review of Kashf and the broader telecom and technology environment. This will assess the feasibility of Kashf to take full advantage of technology to reduce costs and increase scale. • If appropriate under the technology assessment, identify and finalize a mobile phone company to partner with for a pilot effort. <p>First MFB</p> <ul style="list-style-type: none"> • Conduct assessment, design training materials and train an internal set of master trainers for FMFB for larger enterprise lending. • Undertake a full technology review of FMFB and the broader telecom and technology environment.
3.Industry Strengthening	<p>Coordination and Competition</p> <ul style="list-style-type: none"> • Production of the next edition of MicroWATCH. • Completion of the Lahore Market Research. • Design of a new Savings Initiative. • Design of a new Capital Raising Initiative in coordination with the PMN. • A learning tour of Indian Microfinance with observations for the Pakistani market. • Finalizing of the next Agreement with the PMN. • Design of a new effort to collect market data on SMEs to help spur market development. <p>Training</p> <ul style="list-style-type: none"> • Joint event with LUMS on HR for Middle Management • The design and launch of a new Human Resource Development Initiative focused on building capacity at middle management in microfinance. • Trained __ staff at NBP. 	<p>Coordination and Competition</p> <ul style="list-style-type: none"> • Enhance MicroWATCH to be completed within 45 days of quarter end. • Publish and disseminate Lahore market research • Carry out research on savings comparison to Bangladesh & Market size • Disseminate findings from India tour. • Begin new phase of communications work with PMN expanding from industry wide information to a focused effort to inform the general public. <p>Training</p> <ul style="list-style-type: none"> • Complete design of Training strategy, market courses and prepare to deliver in third quarter. • Building of a consortium of partners for delivery of training.

III. Detail of Activities in the Quarter

1. Commercial Bank Downscaling

The overall thrust of the quarter focused on extending the work with NBP for another year and beginning the process of expanding the work with NBP from 20 to 50 branches across Punjab. This was complemented by the beginning of intensive on site TA for Standard Chartered Bank's Kissan Credit Card. WHAM continued to wait for CresBank to receive a \$100 million investment through the quarter; this investment was received on the final day of the quarter. In the next quarter, WHAM anticipates working intensively with all three partners on their downscaling strategies and products.

Important Staffing Note: Ghazanfar Azzam the Financial Sector Specialist overseeing large portions of the Bank Downscaling work took a new job after the quarter as the CEO Designate of the forthcoming Kashf Microfinance Bank. To compensate for his loss various members of the existing team are taking on elevated responsibilities and there will be additional focus provided by Ms. Kirsten Weiss (head of Lahore Office). Additionally, Ms. Deborah Boyer, (CV in Annex) a seasoned Bank Downscaling expert, will be brought in to assist on further Bank Downscaling work through the remainder of the WHAM project.

National Bank of Pakistan

As the WHAM trained team continues the progress of the SME department at the NBP toward the end of its TA agreement, at the request of the management of the National Bank, an extension to the current TA agreement with NBP was signed during the quarter. Under this TA agreement, WHAM would provide assistance to NBP in replicating the successes of the First Technical Assistance Agreement on a larger scale with plans to implement the Cash Flow Based Lending Methodology across 19 regions of NBP

compared to 4 regions under the First TA agreement. This will increase coverage to 50 branches from the original 20 branches under the first TA agreement.

After signing the extended TA agreement, the WHAM Bank Downscaling team initiated steps to begin implementation. During the quarter it was decided to implement the Cash Flow Based SME Lending techniques across the following nine regions of NBP.

1. Lahore Central
2. Lahore East
3. Gujranwala
4. Sialkot
5. Faisalabad
6. Multan
7. Jhang
8. Sahiwal
9. Bahawalpur

In February the team visited the nine branches and their senior management and identified branches which showed potential and skills to efficiently service the SME market. A total of 35 new branches were identified for this purpose hence taking the total number of branches under the WHAM SME Project with NBP to 51.

In March 2007, the team conducted three trainings on Cash Flow Based Lending for these newly added branches from the various regions of NBP. In total 81 staff of NBP were trained to implement this lending technique for SME borrowers.

Actual lending disbursements during the quarter were decreased to six new loans booked during the quarter. This was the result of some fatigue in the NBP system from heavy volumes in the prior quarter – also highlighting the need in NBP for greater focus on the WHAM/SME product. It also reflects the lag of negotiating an extension and the efforts required to train 30 new branches and staff in preparation for their lending in subsequent periods.

NBP Presentations

To recognize the work done under the WHAM project with NBP, WHAM delivered presentations on the NBP downscaling work to USAID's Development, Outreach, and Communication (DOCS) team in January and on January 26th, at USAID's request, to the HELP Commission. The HELP Commission was established by Congress and is staffed by direct appointment by both the President and Congressional Leadership. The HELP Commission is an independent advisory body, covering many of the broader issues of coordinating foreign assistance. The Commission has focused on learning about development-particular details and issues. The WHAM project and NBP were honored to have been selected for a visit by the HELP commission.



USAID (DOCS) presenting an NBP case study poster, developed by the WHAM project, to NBP.

Standard Chartered Bank

The TA agreement between Standard Chartered Bank and the WHAM project was signed in February, and intensive in-the-field research was conducted during February and March. The research analyzed the causes of delinquencies in the Kissan microcredit card portfolio in Multan, Gurjanwala, Sahiwal, and Vehari. Because of these high arrears, Standard Chartered halted Kissan card lending during the first quarter. For this reason, Standard Chartered does not contribute to the loan disbursement figures for this quarter. Based upon the WHAM report and recommendations, Standard Chartered's management will make the decision on how or if to go forward with the Kissan card product. Local managers hope to re-start their Kissan card sales in the beginning of April, implementing the changes recommended by the WHAM project to reduce arrears, however, this is dependent on upper management's decision regarding the future of the Kissan product. To assist with the decision making, a draft report with recommendations for lending

methodology changes was presented to Standard Chartered management by WHAM consultants at the end of the quarter.

CresBank

Out plan to design an SME strategy for Cres Bank was delayed by an equity investment deal with SAMBA. The bank received this funding on the last day of the quarter and WHAM will now begin designing an SME business line for CresBank in the next quarter.

2. Microfinance Institution Upscaling

Asasah

During the quarter, WHAM worked closely with Asasah staff to design and plan the next 4 quarters of TA. At the same time, WHAM staff continued providing in-the-field assistance and monitoring of the Small Business Finance (SBF) product – a loan targeted to small businesses in the urban markets of Lahore with loan sizes beginning at Rs. 40,000 (\$667). Forms for the SBF product were streamlined and simplified, based upon feedback from the loan officers. The standardization of processes from the SBF product has also been replicated in Asasah's Productive Loan (PL) product. Seven sales training modules were delivered to Asasah this quarter for use with SBF and productive loan officers and to be conducted by Asasah trainers.

Tameer Bank

Tameer and WHAM soft launched a new Training Center in Lahore by opening up a new facility, hostel and hiring a Senior Trainer and Head of Training. This facility is nearly fully prepared, including appropriate USAID WHAM signage, and ready to deliver trainings. In the first quarter, 27 Tameer staff members were trained, including two women. Tameer and WHAM are now undertaking a full review of the Tameer training approach in preparation for the development of additional training materials, curriculum enhancements and continued high volume training across the bank's footprints in Sindh and Punjab.

Kashf Foundation

Work with Kashf Foundation on mobile phone cash payment systems was postponed during the quarter pending a forthcoming baseline technology assessment of Kashf and the broader technology/telecom industries in Pakistan. This assessment will be carried out in the next quarter under WHAM by a combination of SBI and Sevak Solutions (www.sevaksolutions.org).

First Microfinance Bank

During 2006, initial work with FMFB was started but put on hold because FMFB was not ready for the implementation steps. FMFB re-contacted the WHAM project late in the quarter to renew work together. They have asked for an internal training curriculum to assist FMFB roll out of a larger loan size enterprise product across their nation wide branch network. Work on this will begin again in the next quarter.

3. Industry Development

The WHAM project revisited its overall project objectives during the quarter and planned several new high priority objectives in light of the fast moving changes in the sector and the new policy direction driven by the new Governor of the State Bank. This included negotiating an extension to an agreement with the PMN, ground work on the market assessment and concept development for a Human Resource Development and Training initiative, design of a Pakistan Micro-Savings Initiative in partnership with the PMN, and preparation for a Capital Markets Feasibility study to raise capital across the sector.

Coordination and Competition

Industry wide efforts to promote coordination and competition continued. The quarter witnessed wider and greater acceptability of the industry growth targets and figures that WHAM with the PMN have been promoting across the industry. The Minister for State Omar Ayub Khan quoted a total market size of 10 million and an active client base of nearly 1 million at a speech hosting professor Yunus. These figures come from the

combined trends analysis and MicroWatch report data. This is a sign of the acceptance of these figures within the general public and press.

Forthcoming Research: Lahore Market

In 2006, WHAM undertook research in partnership with PMN to explore the degree and nature of the competition in highly “overlapped” parts of Lahore. The objective of this research is to document the dynamics of the microfinance market in Lahore, the most mature microfinance market in Pakistan. The results will support and develop coordination among microfinance providers, potential clients and encourage healthy competition. SBI documented the findings of the research and produced a first draft in the previous quarter. In this quarter, SBI and PMN refined and edited the draft, including using the services of professional mapping company to design some map exhibits for the report. The report is in its last stages and will be published and disseminated in the next quarter.

MicroWATCH: Quarterly Microfinance Bulletin

Driven by the need for up-to-date information, PMN and SBI conceived the idea last year of a quarterly bulletin - MicroWATCH. The first volume of the publication was disseminated last quarter. Following the dissemination of the first issue, the PMN and WHAM jointly collected feedback from the market on: a) the frequency – there was strong feedback that quarterly is important, b) that certain formatting changes were necessary, and that c) overall the serial is a very useful contribution to spurring growth in the sector. During the quarter the next issue of MicorWATCH was finalized. In subsequent quarters, the goal is to finalize and disseminate MicroWATCH within 45 days of quarter end.

Savings Initiative Design

Under the work conducted to prepare the Governor of the State Bank’s microfinance sector strategy, savings was identified as a key gap but also an area of potential strength for the microfinance sector in Pakistan. Together with the PMN, a savings initiative has been agreed upon which will:

- Provide an overview of savings supply in Pakistan;
- Assess the potential market size and segments;
- Review the progress made under NGO mobilization of savings in Bangladesh and possible applications to Pakistan;
- Conduct initial demand assessments of certain geographies and market segments in Pakistan – possibly with the collaboration of MicroSave;
- The findings from the whole savings initiative will be shared under a joint dissemination program.

Capital Raising Initiative Design

The PMN and WHAM together will undertake an industry wide review of the supply and demand for capital in the microfinance industry. This will eventually lead to a joint event later in 2007. In particular this review will identify the key steps microfinance institutions need to take to access more diverse and plentiful sources of capital. It will also examine the international and domestic sources of capital. Finally, it will identify various mechanisms, structures, policy, legal and other issues that will need to be addressed for supply and demand of capital to come together in Pakistan.

Learning tour of Indian Microfinance Market

The Chief of Party of WHAM undertook a short five day visit to three cities in India to assess the ways and means by which microfinance has raised capital in India. A trip report was finalized and disseminated widely across Pakistan following this trip. This trip clearly identified that Indian microfinance has an advantage in capital raising due to Priority Sector lending requirements imposed by the central bank. Without this regulatory incentive Pakistan will need to do more work and to be more transparent and credit worthy in order to access the large amounts of capital required to fund growth. The report, however, also highlighted the major regulatory advantages Pakistan has in comparison with India – and in particular that the Microfinance Bank option in Pakistan provides a regulatory vehicle not found in Pakistan for the broad provision of credit and savings services.

Training

In the previous quarter, WHAM and PMN identified in a strategy note on the microfinance sector of Pakistan, human resource capacity in the sector to be one of the major challenges for the growth of the sector. With a broader mandate to strengthen the local microfinance industry, WHAM began to explore possible avenues of human resource capacity development for the microfinance sector in Pakistan and at the same time build local capacity of potential training institutes to serve the market.

In the latter period of last year, WHAM undertook:

- A preliminary assessment of the supply and demand for training in the microfinance sector. The main finding of the assessment was that in the light of the growth projections of the MF sector in the coming few years, there was a big gap between the demand and supply of human resource capacity building opportunities for the middle management in the microfinance sector.
- Assessment of the effective demand for capacity building opportunities for middle managers in MFIs through a round table discussion with the key MFIs and other stakeholders (potential training providers and donors). One of the main findings (consolidated in a report) was that the reason previous training efforts for the sector failed to demonstrate impact was that the processes involved in the preparation before and the follow up after the trainings were delivered lacked thoroughness.
- Engaged with a range of potential providers of human resource development and training for the microfinance sector. Organizations engaged with ranged from universities-(LUMS, National College of Business and Economics etc.) to training institutes-(NIBAF, IBP, Microfinance Management Institute etc.)

After over two quarters of looking for local and international institutions that could absorb and run the human resource capacity building initiative for the microfinance sector, this quarter WHAM came to the conclusion that WHAM itself must initiate from its own energy and resources a consortium style sector wide human resource development initiative. WHAM has decided to design a four to five course training program targeted at the branch and regional managers of Pakistan's leading microfinance

institutions. The program is to be offered over the second half of 2007, following intense design and marketing efforts next quarter. The program also envisions involving local resources (training institutes and individuals) in contributing to implementation. In the process there was enough interest generated for them to serve the MF market in the future. To develop the concept and initiative design further, a consultant (Ms. Pete Sparreboom) has been engaged on a short-term basis to define the processes and material required to launch the first delivery of trainings.

Event: Round Table Discussion on Preparing Middle Management for Growth Building Capacity and Leadership

On the 12th of February 2007, WHAM organized a Round Table on training needs of middle managers in microfinance institutions poised for growth, aimed at the CEOs and Human Resource Managers of Pakistan's leading microfinance providers. The event was hosted by the Social Enterprise Development Center at the Lahore University of Management Sciences (LUMS).

The purpose of the Round Table was threefold:

- To explore participants' views on what is critical to developing staff;
- To discuss what participants would want to see from a management training initiative aimed at middle management;
- To provide participants with an opportunity to shape the direction of future training initiatives.

Out of ten leading microfinance providers that were invited, seven participated in the Round Table. They discussed key questions on training and development's place in human resource management, the role of internal versus external training, and aspects of training that are critical for ensuring matching and impact. After the Round Table, eight of the invited microfinance providers plus one prospective provider completed a questionnaire that helped to specify and quantify their middle managers' training history and training needs.

The event received national and international press coverage. The findings of the event were summarized in a report “Preparing Middle Management for Growth Building Capacity and Leadership” and were shared with all the target stakeholders identified initially for the Round Table. The findings also form a significant basis around which WHAM’s initiative on Human Resource Development for Microfinance sector is being designed.

The news reached all corners of the local press. Some major papers that covered the roundtable are:

1. All three editions of The Nation (Lahore, Karachi, Islamabad)
2. All three editions of The Jang (Lahore, Karachi, Rawalpindi)
3. The News (Islamabad)
4. All five editions of The Pakistan Observer (Karachi, Lahore, Peshawar, Quetta and Muzaffarabad)
5. All seven editions of Daily Khabrain (Lahore, Multan, Karachi, Hyderabad, Peshawar, Sukkur and Muzaffarabad)
6. Both editions of The Post (Lahore and Islamabad)
7. Jinnah (Lahore)
8. The Sun (Lahore)
9. The Patriot (Islamabad)
10. Financial Post (Karachi)
11. Balochistan Express (Quetta)
12. Daily Independent (Quetta)

Table of Trainings Delivered during the Quarter:

Topic	SME Credit Training	SME Credit Training	SME Credit Training	Loan officer training
Description	Training on cash flow based lending methodology for lending to SMEs.	Training on cash flow based lending methodology for lending to SMEs.	Training on cash flow based lending methodology for lending to SMEs.	Training of loan officers in Tameer policies and procedures
Attendees:	27	32	22	25 male
Male	27	31	21	2 female
Female	0	1	1	
Location	National Bank of Pakistan, Staff College, Lahore	National Bank of Pakistan, Staff College, Lahore	National Bank of Pakistan, Staff College, Lahore	Lahore
Duration and Dates	March 12-14, 2007	March 19-21, 2007	March 26-28, 2007	March, 2007
Trainers:	Aqeel Ahmad & Raheel Dahir	Aqeel Ahmad & Raheel Dahir	Aqeel Ahmad & Raheel Dahir	2 male
Male				
Female				

IV. Administration and Operations

- The first quarter of the year started with the immediate legal requirement of SBI Pakistan's name change with SECP and CBR. Accordingly State Bank of Pakistan's NOC was a major requirement for SECP documentation. With great team efforts SBI Pakistan operations was able to obtain NOC from SBP and subsequently succeeded in getting the name changed with SECP and new CBR income tax certification in record time. This was followed by a new bank account of SBI Pakistan with Standard Chartered Bank Ltd.
- After adopting proper hiring procedure, one more trained driver was hired for SBI Islamabad's rented office vehicle. Both SBI drivers at Lahore and Islamabad have been given basic security training.
- Security is always a big challenge for every international organization working in Pakistan and with the enhancement of extremism and continuous suicidal bombings, security was also the main focus of SBI Pakistan offices. After the last quarter's ShoreBank International Pakistan offices' security assessment, the best security practice was continued, with all practical implementation of SBI P security protocol along with routine security updates and briefing for staff.
- SBI Operations was also busy with facilitating microfinance stakeholder and partner organizations (PPAF, BRAC, PMN, IFC, Kashf Foundation) regarding their related operational issues.
- During the quarter WHAM operations was very busy in travel and logistic support to SBI national and international consultants, organizational support for SBI P trainings, short term visas of visiting international consultants, Turkish and Indian visas for SBI-P national and international staff members, effective government liaison with GOP departments including Ministry of Interior, EAD, CBR.

- SBI Pakistan also introduced new salary structures for national staff along with regular updates to all job descriptions as new workplans were developed for the third year of the WHAM project. A new employee Performance Measurement Plan was also put in place to monitor the performance of local staff.

V. List of Key Meetings in the Quarter

Organization	Key Contacts	Date and Location	Key Issues
State Bank of Pakistan	Syed Irfan Ali (Director Banking Policy & Regulations) Qasim Nawaz (Director SMEs & Microfinance Dept.)	March 30, 2007 State Bank of Pakistan, Karachi	Microfinance and SME industry update
Crescent Commercial Bank	Mueen Batlay (Executive Vice President) Khurram Khawaja (Corporate Head South)	March 31, 2007 Karachi	Discussions on the SME Industry and the Bank's suitability to move into this segment.
Unitus	Unitus Team in Seattle	January 13, 2007	Introduction to Pakistan and Facilitation to finance Pakistani microfinance.
Unitus	Mark Wensley & Clare Jenkins	February 14, 2007	Overview of microfinance in Lahore.
GF USA	Alex Counts	February 16, 2007	Setting up a capital markets fund for Pakistan.
PFSSRP	Kiran Afzal	February 22, 2007	Collaboration on collecting SME data
FSSP	Khalid Nawaz	February 23, 2007	Coordination on human resource development.
USAID	Economic Growth Team	February 27, 2007 Peshawar	Review of FATA strategy.
WVI		February 28, 2007	Considering setting up a new microfinance operation in Pakistan.
UPAP	Masood Gill	February 28, 2007	Review of UPAP's progress and future options.
Grameen Foundation	Yunus at National Library	March 5, 2007	Speech to Pakistani general public.
PM House Lunch	Prime Ministers House	March 5, 2007	Lunch hosted by PM for Yunus.
Plan International	Nasim Sherin	March 5, 2007	Microfinance Strategy

	Disbursed/Borrowers:								
	MICROFINANCE								
	INSTITUTIONS								
	\$ WHAM Credit								
	Disbursement (COST								
	SHARE): COMMERCIAL								
	BANKS	0	0	0	0	0	0	0	0
	\$ WHAM Credit								
	Disbursement (COST								
	SHARE): MICROFINANCE								
	INSTITUTIONS	0	0	0	0	0	0	0	0
	# WHAM Loans								
	Disbursed/Borrowers:								
	COMMERCIAL BANKS	0	0	0	9	7	30	2	48
	# WHAM Loans								
	Disbursed/Borrowers:								
	MICROFINANCE								
	INSTITUTIONS	0	0	0	0	0	0	0	0
	\$ WHAM Credit								
\$50,000 -	Disbursement (COST								
\$166,666	SHARE): COMMERCIAL								
	BANKS	0	0	0	808,333	488,333	3,055,000	216,667	4,568,333
	\$ WHAM Credit								
	Disbursement (COST								
	SHARE): MICROFINANCE								
	INSTITUTIONS	0	0	0	0	0	0	0	0
	# WHAM Loans								
	Disbursed/Borrowers:								
	COMMERCIAL BANKS	0	0	1	130	25	74	4	234
	# WHAM Loans								
	Disbursed/Borrowers:								
	MICROFINANCE								
	INSTITUTIONS	0	0	0	0	0	0	0	0
	\$ WHAM Credit	0	0	50,000	792,833	471,417	1,534,833	150,000	2,999,083

	Disbursement (COST SHARE): COMMERCIAL BANKS								
	\$ WHAM Credit Disbursement (COST SHARE): MICROFINANCE INSTITUTIONS	0	0	0	0	0	0	0	0
	# WHAM Loans Disbursed/Borrowers: COMMERCIAL BANKS	0	0	0	3	3	16	0	22
	# WHAM Loans Disbursed/Borrowers: MICROFINANCE INSTITUTIONS	0	0	0	0	0	0	0	0
\$1,667 - \$5,000	\$ WHAM Credit Disbursement (COST SHARE): COMMERCIAL BANKS	0	0	0	14,167	6,500	61,000	0	81,667
	\$ WHAM Credit Disbursement (COST SHARE): MICROFINANCE INSTITUTIONS	0	0	0	0	0	0	0	0
	# WHAM Loans Disbursed/Borrowers: COMMERCIAL BANKS	0	0	0	0	0	0	0	0
	# WHAM Loans Disbursed/Borrowers: MICROFINANCE INSTITUTIONS	20	53	50	217	821	1,615	2,576	5,352
\$500 - \$1,666	\$ WHAM Credit Disbursement (COST SHARE): COMMERCIAL BANKS	0	0	0	0	0	0	0	0
	\$ WHAM Credit	13,333	35,833	24,717	133,767	549,750	892,688	0	1,650,088

	Disbursement (COST SHARE): MICROFINANCE INSTITUTIONS								
	# WHAM Loans Disbursed/Borrowers: COMMERCIAL BANKS	0	0	0	0	0	0	0	0
	# WHAM Loans Disbursed/Borrowers: MICROFINANCE INSTITUTIONS	0	0	0	0	0	0	0	0
0 - \$500	\$ WHAM Credit Disbursement (COST SHARE): COMMERCIAL BANKS	0	0	0	0	0	0	0	0
	\$ WHAM Credit Disbursement (COST SHARE): MICROFINANCE INSTITUTIONS	0	0	0	0	0	0	0	0
	# WHAM Loans Disbursed/Borrowers: COMMERCIAL BANKS	0	0	1	142	35	120	6	304
	# WHAM Loans Disbursed/Borrowers: MICROFINANCE INSTITUTIONS	20	53	50	217	821	1,615	2,576	5,352
TOTAL	\$ WHAM Credit Disbursement (COST SHARE): COMMERCIAL BANKS	0	0	50,000	1,615,333	966,250	4,650,833	366,667	7,649,083
	\$ WHAM Credit Disbursement (COST SHARE): MICROFINANCE INSTITUTIONS	13,333	35,833	24,717	133,767	549,750	892,688	0	1,650,088

# Female Borrowers COMMERCIAL BANKS	0	0	0	4	0	0	0	4
# Female Borrowers MICROFINANCE INSTITUTIONS	20	53	50	38	41	166	258	626
# WHAM Repeat Borrowers COMMERCIAL BANKS	0	0	0	0	0	0	0	0
# WHAM Repeat Borrowers MICROFINANCE INSTITUTIONS	0	0	0	0	121	376	200	697
\$ WHAM Portfolio at Risk (over 90 days) COMMERCIAL BANKS	0	0	0	0	0	0	0	0
\$ WHAM Portfolio at Risk (over 90 days) MICROFINANCE INSTITUTIONS	0	0	0	0	0	0	0	0
\$ Annualized Revenue Generated by WHAM Loans COMMERCIAL BANKS	0	0	6,000	107,140	115,950	558,100	44,000	831,190
\$ Annualized Revenue Generated by WHAM Loans MICROFINANCE INSTITUTIONS	505	1,400	2,519	22,019	18,943	0	0	45,386
# WHAM Trained Lenders COMMERCIAL BANKS	0	20	26	29	0	0	81	156
# WHAM Trained Lenders MICROFINANCE INSTITUTIONS	6	3	15	22	26	9	0	81

MICROFINANCE INDUSTRY STRENGTHENING INDICATORS	Jun-Sep 05	Oct-Dec 05	Jan-Mar 06	Apr-Jun 06	Jul-Sep 06	Oct-Dec 06	Jan-Mar 07	Total To Date		End of Project PROJEC- TIONS (March 2008)	End of Project TARGETS (March 2008)
(a) Output Indicators - WHAM Project											
Trained Professionals - Total	0	80	71	56	79	9	106	401		600	300
Trained Professionals - Female	5	3	19	6	22	1	4	60		150	100
Trainings Delivered	0	4	4	4	3	1	4	20		30	25
Training Unit Cost Recovery	0	0	0	0	0.5	0.0	0	0.5		0.5	0.5
Industry Seminars and Events	0	1	0	1	0	2	1	5		6	6
New Publications Produced and Disseminated	0	0	0	1	0	1	1	3		5	5
(b) Outcome Indicators - All Pakistan	0	0	0	0	0	0	0	0		0	0
% Coverage of Microfinance Market by PMN's PIR Report (Annual)	60%	95%				95%	*	95%		95%	95%
Average Portfolio Yield Microfinance Providers (Annual)	18%	18%					*	18%		20%	25%
Financial Self-Sufficiency of Microfinance Providers (Annual)		62%					*	Decreasing		Decreasing	Increasing
Number of Active Microfinance Loans	527,275			730,960	921,559	997,778	*	997,778		1,859,151	1,500,000
Number of Active Microfinance Upscaling Loans				36,243	54,550	65,002	*	65,002		209,089	100,000

* Data will be available in subsequent quarters.

Annexes

Curriculum Vitae



SHOREBANK INTERNATIONAL

Ms. Deborah Boyer

Key Qualifications

Ms. Boyer brings over 15 years of international experience in bank downscaling, microfinance wholesale and apex institution management, product design and delivery, staff and management training and capacity-building, MIS systems design and implementation, and institutional and sector assessments. This experience is complemented by over 15 years of domestic experience in all aspects of commercial bank management and operations, ranging from teller/cashier operations to executive oversight and strategy. Ms. Boyer has worked for clients ranging from multi-lateral banks, bi-lateral aid agencies, private contractors, commercial banks, and national governments. Ms. Boyer holds a degree in Business Administration and Human Resource Development.

Relevant Experience

- **Microfinance Consultant, World Bank Microfinance Development Fund, Ulaanbaatar, Mongolia, 9/06 – 10/06**

Conducted a feasibility study for developing a micro-leasing product offering.

- **Banking Consultant, Asian Development Bank, Uzbekistan, 7/06**

Oversight and Evaluation Mission for SME loan project at National Bank of Uzbekistan.

- **Facility Manager, Development Alternatives, Inc/MISFA, Kabul, Afghanistan, 9/03 – 6/05**

Managed start-up of \$60 million project for the establishment of an apex wholesale finance and TA organization supporting Afghanistan's microfinance sector. During this period led a team of consultants and national counterparts to select, finance, monitor, and support the establishment of 12 new micro finance institutions (MFIs) and facilitate the transformation of existing microfinance programs into MFIs operating under global best practice principles. Built local staff management and institutional capacity to facilitate transformation to primarily locally-managed, quasi-public wholesale finance facility.

- **Chief Operating Officer, Development Alternatives, Inc/Khan Bank, Ulaanbaatar, Mongolia 7/00 – 9/03**

Implemented major strategic management contract for returning a failed commercial bank to profitability and preparation for re-privatization. Responsibilities included

developing, training and implementing a new lending program, with a base of micro lending products at 320 branch banking offices; overseeing selection and installation of new banking software; improving MIS systems; introducing a comprehensive human resource compensation system; developing deposit products to better meet the needs of rural communities; and re-engineering branch operations and audit practices.

- **Credit Advisor, Bannock Ltd, Kampala, Uganda 9/99 – 7/00**

Assisted Credit Manager with development and implementation of new SME loan products and credit training.

- **MIS Advisor, Bannock Ltd, Nairobi, Kenya, 11/98 – 8/99**

Analyzed commercial bank's current management information systems and proposed a plan to provide system and software support for new micro credit and savings products. Conducted follow-up in 1999 to review organization and function of the IT/MIS systems within the bank and to assist them in re-engineering and implementation of new systems.

- **Project Director, Development Alternatives, Inc, Chisinau, Moldova, 9/96 – 10/98**

Led EBRD bank-downscaling mandate with four EBRD partner commercial banks. Developed lending strategies, selected and trained loan officers, designed incentive programs, wrote loan procedures, established product pricing, developed and implemented MIS framework and systems, and implemented marketing activities. Oversaw the formal training of loan officers, as well as day to day mentoring and supervision of bank staff as they worked with loan clients.

- **Rural Banking Specialist, IBRD/World Bank Group, Ulaanbaatar, Mongolia, 7/96**

Evaluated the financial and operational status of the country's small, private commercial banks. Also performed an analysis of the banking sector's major borrowers in conjunction with ongoing restructuring of local financial institutions in Mongolia.

- **Banking Specialist, USAID, Ulaanbaatar, Mongolia, 8/96**

Conducted follow-up review of evaluation conducted in 1995 to update and provide additional implementation recommendations for addressing USAID strategic training objectives for the banking sector.

- **Rural Financial Institution Restructuring Specialist, Development Alternatives, Inc, Bishkek, Kyrgyzstan, 1/96 – 6/96**

Responsible for analysis of rural financial sector & development of restructuring plan. Led consultant team's analysis of institutions, reviewing their financial performance and stability, MIS, and overall capability of sector personnel.

- **Bank Training Specialist, USAID, Ulaanbaatar, Mongolia, 7/95 – 8/95**

Evaluated and made strategic recommendations for improving USAID-funded 18-month bank training program.

- **Consultant, Asian Development Bank, Ulaanbaatar, Mongolia, 7/95 – 8/95**

Conducted field-based research and analysis for strategic regional evaluation of microfinance activities.

- **Volunteer, US Peace Corps, Ulaanbaatar, Mongolia, 6/93 – 1/95**

Advisor to Agricultural Bank of Mongolia's President, focused on MIS and IT systems re-engineering, financial statement analysis, profitability analysis and advisory, and strategic planning.

- **Vice President - Operations, Chittenden Bank, Burlington, Vermont, 9/74 – 7/91**

Oversaw all aspects of operations for leading local/regional commercial bank, including credit and deposit activities.

Educational Background

B.S. Business Administration and Human Resource Development. Trinity College. Burlington, Vermont. May, 1993.

Preparing Middle Management for Growth

Building Capacity and Leadership

Round Table Summary

Prepared by: Pete Sparreboom

Sponsored by:

United States Agency for International Development under the WHAM Project

In collaboration with:

Social Enterprise Development Center at the Lahore University of Management Sciences

1. Background of the Round Table

On the 12th of February 2007, ShoreBank International, under the USAID WHAM Project funding, organized a Round Table on training needs of middle managers in microfinance institutions poised for growth, aimed at the CEOs and Human Resource Managers of Pakistan's leading microfinance providers. The event was hosted by the Social Enterprise Development Center at the Lahore University of Management Sciences (LUMS).

The purpose of the Round Table was threefold:

- ◆ To explore participants' views on what is critical to developing staff
- ◆ To discuss what participants would want to see from a management training initiative aimed at middle management
- ◆ To provide participants with an opportunity to shape the direction of future training initiatives

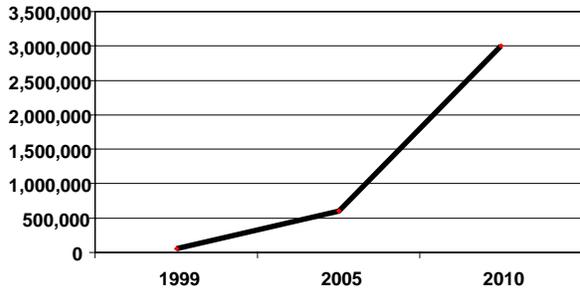
Out of ten leading microfinance providers that were invited, seven participated in the Round Table¹. They discussed key questions on training and development's place in human resource management, the role of internal versus external training, and aspects of training that are critical for ensuring matching and impact. After the Round Table, eight of the invited microfinance providers plus one prospective provider completed a questionnaire that helped to specify and quantify their middle managers' training history and training needs². Six of the nine respondents had participated in the Round Table.

2. Human Resource Development – strategies for growth

Expected growth in number of borrowers

¹ Round Table participants were Asasah, Damen, Kashf, Khushhali Bank, Pak-Oman Microfinance Bank, Tameer Bank and Thardeep Rural Development Programme.

² Completed questionnaires were returned by Asasah, Damen, Kashf, Khushhali Bank, SAFWCO, Tameer Bank, Thardeep Rural Development Programme and UPAP/ NRSP, as well as prospective microfinance provider BRAC. Pak-Oman and First Microfinance Bank did not return the questionnaire. The joint number of clients of these institutions constituted more than 89% of the outreach of the institutions that were presented in the 2005 Performance Indicator Report of the Pakistan Microfinance Network.



Microfinance in Pakistan is poised to grow. On the basis of the growth plans of the leading microfinance providers Shorebank International expects that the sector could grow fivefold from 600,000 clients in 2005 to 3 million by 2010.

One of the requirements for making this growth possible is the development of human resources. Once growth takes off, the greatest challenge lies with building a strong cadre of middle managers. For the Round Table middle managers were defined as *all staff who manage people, with the exception of the top executives.*

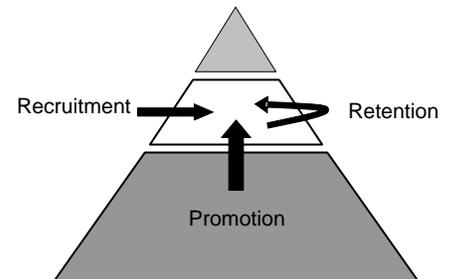
Current number of middle managers		
	Number	Percentage
Branch managers	278	43%
Other designations (49)	366	57%
Total	644	100%

The adjacent table shows that at the time of the Round Table, the eight survey respondents that were operational had a total of 644 middle managers. Together they used no less than 50 different job titles. The only designation that all providers had in common

was that of branch manager. Branch managers constituted two fifths of all middle managers.

In the next few years, participants expected to face the following principal challenges for developing human resources in general, and for building a strong cadre of middle management in particular:

- i. **Not enough promotable staff.** The majority of participants' current middle managers had been promoted internally. Many of these middle managers were performing below the required levels.
- ii. **Not enough recruitable staff.** Exponential growth plans were likely to make it increasingly difficult to continue the focus on internal promotion. However, they felt that people interested in working in the sector often did not match the sector's needs.
- iii. **Increased risk of losing staff.** Some participants identified high losses of staff to other organizations within the sector as their principal problem. They expected this problem to be exacerbated by the growth in competition and the possible entry of new players.



Participants were using a number of human resource management tools to resolve the problems they were facing.

i. Not enough promotable staff

To increase the availability of staff that could be promoted to middle management positions it was considered necessary to create an in-house talent pool of sufficient size and quality to

meet the expected needs of the institution in the foreseeable future. This would involve the development of, among others:

- **Better expansion and succession plans**, based on the identification of new positions that need to be filled as well as filled positions for which replacements have to be available.
- **Better training and development practices**, based on the identification of gaps in competencies required for the satisfactory execution of the current job as well as for potential future jobs.

ii. Not enough recruitable staff

To increase the interest of qualified and motivated people in working in microfinance it was considered advisable to make working in the sector more attractive. This would involve the development of, among others:

- **A more attractive reward system**, through an analysis of compensation structures offered for comparable positions available to potential recruits.
- **Better career prospects**, through the development of a career path linked to a transparent and fair performance management system.

iii. Increased risk of losing staff

To increase retention of existing staff it was considered recommendable to create incentives for people to stay on. This would involve the development of, among others:

- **The tools mentioned under promotion and recruitment.**
- **Greater emphasis on building loyalty**, through the continued involvement of top management in the creation of a positive culture and sense of ownership.

Research shows that the most successful firms have a strong human resource strategy. They recruit the right staff, promote managerial talent grown from inside the company, and retain this talent. Human resource management tools play a major role in their success.

While many participants were using certain human resource management tools, few participants had a comprehensive human resource strategy. Some said they would welcome assistance in developing such a strategy. They agreed, however, that improvements in human resource management strategies and practices needed to be accompanied by a conscious effort on the side of microfinance providers to contribute to initiatives that aim at creating a greater external supply of qualified and motivated middle managers.

3. Training and Development – internal and external options

Training and development is one of the key functions of human resource management.

- ◆ **Training** is the acquisition of knowledge, skills and attitudes that improve performance in the current job. The focus is on specific tools and short-term requirements.
- ◆ **Development** focuses on knowledge, skills and attitudes for the long-term achievement of an individual's career goals as well as the organization's objectives. It prepares staff for future opportunities.

Training and development not only impacts on the individual level through enhanced performance in the current job and increased possibilities of promotion. If used well it can also be a good instrument for reducing staff turnover. At the institutional level it results in greater outreach and higher levels of sustainability. One undeniable conclusion of research is that investing in people is the surest path to business success.

There was general agreement that growing microfinance providers should develop a specialized function for providing internal and coordinating external training. They should do this before it becomes too expensive for management to be providing the training.

While in-house training has its advantages, it also has clear challenges and limitations. The table below gives an overview of criteria that participants were using to decide whether to opt for internal or external training.

Internal training is more useful when:	External training is more useful when:
<ul style="list-style-type: none"> • Large numbers of staff need the training • Contents need to be tailored to the specific needs of the institution • It is desirable to adapt the contents to the reality of every-day work • Contents should remain within the organization because they are confidential • The building of team spirit among staff is an objective • The enhancement of a sense of ownership and loyalty is envisaged 	<ul style="list-style-type: none"> • Small numbers of staff need the training • Cross-learning among different organizations adds value • It is necessary to bring in expertise that does not exist in-house • The authority of an outside voice will help to convince staff • Networking among different organizations is desirable • Staff motivation can be increased through the status conferred by participation

3a. Current situation

The questionnaire-based survey collected information on the educational background of current middle managers and where they came from³. The adjacent tables show that:

Educational background of current middle managers		
	Number	Percentage
Post-matric	574	89%
Matric	67	10%
No response	3	0%
Total	644	100%

- ◆ Almost ninety per cent of the survey respondents' middle managers had some kind of tertiary education.

³ The survey also collected information on internal and external training received by current middle managers. However, due to the incompleteness of the data received, it was not possible to summarize the information.

- ◆ More than seventy per cent of them had been promoted internally, which usually meant that they had field experience.

Round Table participants felt that most existing middle managers had a good grasp of the methodology and field operations, and had internalized the institution's core values and culture.

Origin of current middle managers	Number	Percentage
Promoted internally	462	72%
Recruited externally	182	28%
Total	644	100%

3b. Desired content

Round Table participants felt that existing middle managers mostly required strengthening of their broad management and leadership skills. Questionnaire respondents indicated the principal designations within their organization for which training was needed and the priority topics for each of these designations⁴. The priority external training needs reported by currently operational microfinance providers are shown in two different tables below.

Key topics of external training by number of organizations		
	No.	%
Financial analysis & management	7	88%
Risk analysis & management	5	63%
People management	5	63%
Best practices in microfinance	5	63%
Total number of organizations	8	100%

management, and five each in risks analysis & management, people management and best practices in microfinance.

The adjacent table shows the training topics mentioned as important by more than half of the respondent organizations. Topics that generated interest from four or less organizations only are not shown in the table. As can be seen, out of the total number of eight respondent organizations, seven were interested in financial analysis and

Key topics of external training by number of current middle managers		
	No.	%
People management	189	29%
Financial analysis & management	148	23%
Branch management	127	20%
Risk analysis & management	103	16%
Total number of managers	644	100%

100 middle managers across different organizations. The table shows that three of the four topics required by a high number of organizations were also required by a high number of staff.

For each priority training topic, respondents had to indicate the designation that required the training. Since they had also given the total number of staff of that designation, the total number of staff requiring training in a particular topic could be calculated⁵. The adjacent table shows the training topics required by a total of more than

Some participants said that they preferred courses specific to the type of microfinance provider (e.g. microfinance banks), but recognized that this was not always feasible. Others thought that in some cases courses did not need to be specific to microfinance. Several participants expressed a

⁴ The questionnaire presented a menu of 25 topics that respondents could choose from, including "other (please specify)".

⁵ It was assumed that if a respondent said that people of a particular designation required training in a particular topic, then ALL people of that designation needed the training. This is likely to have resulted in an overestimate of training needs.

demand for external training of master trainers or for technical assistance for the development of their in-house training capacity.

3c. Desired methods

Participants were generally aware of the advantages of methods for adult education and experiential learning for achieving impact. They thought if trainers would help course participants to draw up an action plan, and agreed on a follow-up meeting to check on implementation, this would greatly enhance the likelihood of implementation. It was felt however, that ensuring impact depended mostly on the follow-up given within the institution that sent the participant. Each microfinance provider should develop systems and procedures for ensuring that maximum use was made of the learnings gained from external courses.

3d. Desired logistical arrangements

Many participants had started making regular training plans, and in this context they emphasized the need for timely announcement of courses. Most questionnaire respondents found 3-5 days to be the ideal duration of a course, and preferred the training to take place in the beginning or the middle of the month, as illustrated in the graph above. The adjacent graph shows that the majority felt that providing courses in December and January should be avoided.

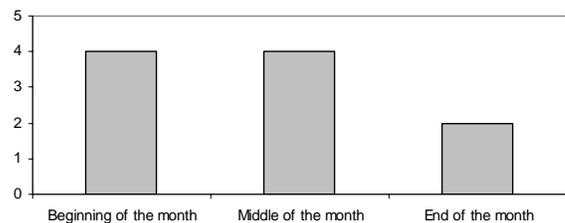
Ideally quality courses should be repeated several times during a year to allow for the participation of managers of a particular designation in small batches instead of all at once. On-site training for wide branch networks was considered desirable but not always feasible.

3e. Desired profile of training institutions and trainers

Participants expressed an interest in sending staff to courses by reputable local training institutions, and felt this could be worth the money. They felt that training was most effective when given by a team of trainers whose background combined international knowledge with local field experience. Trainers should keep up to date with international research, and use the findings from their follow-up meetings with course participants to improve their course materials and teaching methods.

It was felt that in the long run the sector needs a sector training institute, to give specific trainings for staff that are to be promoted, but mostly to build the large numbers of potential recruits that the sector is likely to need to meet its growth targets. Microfinance banks may wish to invest as a consortium. It would be wise to start thinking about that now given the inevitable time lag between concept development and implementation.

Number of organizations interested in training in each part of the month



Number of organizations interested in training in each month

