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AFIRMA

Acceso a las Finanzas Rurales para
la Microempresa en México

AFIRMA QUARTERLY REPORT

PROJECT YEAR 4, QUARTER 3: April–June 2008



The AFIRMA Project, managed by Development Alternatives, Inc. prepared this publication for review by the United States Agency for International Development.

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USAID Contractor

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

Cover Photo (clockwise): Solidarity group in Campeche, MFI IDESUR (during diagnostics with PRONAFIM/FOMMUR); FIRA-UNDP Technical Assistance Program Launch with AFIRMA Support, June 2008; Strategic Planning Session with Oaxaca MFI CreceAmiga (during initial TA phase with PRONAFIM/FOMMUR); Second Meeting of the University Consortium for Microfinance, Universidad Autonoma de México (UAM).

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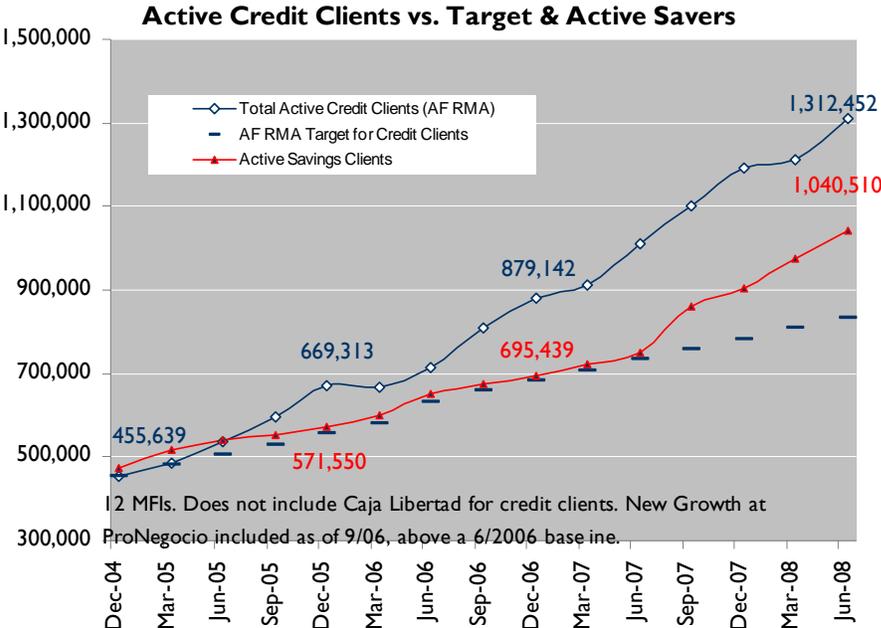
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EXECUTIVE SUMMARY

The USAID/Mexico-funded AFIRMA Project, implemented by DAI, is designed to help build an inclusive, sustainable microfinance sector in Mexico as a means to increase access to a range of financial services and contribute to local economic development. Increasingly, AFIRMA is maintaining an important advisory role with most partners, while also reducing direct investment in support to individual microfinance institutions (MFIs). The project is increasingly focused on strategic sector-wide initiatives, initiatives with public sector institutions where there is a great deal of leverage of USAID funding, and initiatives at the frontier of access to financial services, particularly in rural and agricultural markets.

AFIRMA’s MFI Partners Serve over 1.3 Million Active Borrowers and over 1 million Savers – AFIRMA continued to support specific needs of its partner MFIs last quarter focusing to differing degrees of intensity, depending on each partner’s situation. Support under this component is changing in focus to support initiatives aligned with task 3, rural and agricultural finance. AFIRMA partners under the microfinance institution building task now serve a total of 1,312,452 active credit clients, a 188% increase or 856,813 additional active clients above the December 2004 baseline. AFIRMA also continued to support redesign or development of financial products, including savings products. Six partners are now offering savings accounts, and have grown well, now serving 1,162,681 savers.

Linking universities to the microfinance sector – AFIRMA worked with 9 of Mexico’s leading universities to build the cross-institutional working group on higher education in microfinance through Mexico’s Microfinance University Network along with the Microfinance Management Institute.



Rural and agricultural finance – AFIRMA completed pilot initiative in value chain analysis and will continue to intensify work in agricultural finance through the end of the project. Given recent addition of the biodiversity funding earmark, AFIRMA is examining potential initiatives at the nexus between biodiversity, competitiveness, and access to finance, identifying areas for collaboration with local actors that have made important strides in sustainable enterprise and/or biodiversity analysis, and identifying ways in which access to finance can help overcome bottlenecks and scale productive activities that mitigate direct threats to Mexico’s rich biodiversity.

Deepening coordination with GoM microfinance programs– In addition to continued collaboration with the Secretary of the Economy microfinance program PRONAFIM, this quarter FIRA, along with the UNDP, requested support from AFIRMA to strengthen their small loans program. In both cases, the project is leveraging minimal investment towards developing key long term technical assistance programs. Based on this coordination AFIRMA and FIRA are considering joint initiatives in value chain finance.

INTRODUCTION

The Access to Rural Finance for the Microenterprise (AFIRMA) Project, a USAID/Mexico-funded project implemented by Development Alternatives, Inc. (DAI) forms a central part of USAID/Mexico's Results Framework, under the new regional Strategic Objective 2 (SO2) for Central America and Mexico – **Economic Freedom: Open, Diversified Expanding Economies**. Under SO2 the Intermediate Result (IR) to which AFIRMA contributes is IR3: **Broader access to financial markets and services**. AFIRMA is designed to help build an inclusive, sustainable microfinance sector in Mexico as a means to increase access to a range of financial services and the project's main goal can be summarized as:

"To contribute to the development of a dynamic, effective microfinance sector in Mexico that provides sustainable financial services to under-served urban and rural market segments, helping them manage risk and contribute to local economic growth."

AFIRMA's scope of work and year four work plan outline five distinct, interrelated tasks:

1. Strengthen the institutional capacity of MFIs;
2. Develop the local, commercially-based MFI support services industry;
3. Develop innovative products and technologies that expand access to rural financial services;
4. Strengthen the capacity of the CNBV and federation committees to supervise popular finance;
5. Improve the enabling environment for the microfinance industry.

These tasks, their relationship to one another and to the project goals are further outlined in the Performance Monitoring Plan. Progress towards each task over the third quarter of year 4 (April-June 2008) and key priorities for the fourth quarter of year 4 (July - September 2008) are presented in the next section, followed by a brief description of project management over the quarter.

AFIRMA WORK PLAN IMPLEMENTATION

I. Task I – Strengthen MFI Capacity

This quarter, the intensity of activity with individual MFI partners continued to decrease, as planned, in an effort to focus increasingly on sector-wide initiatives, policy initiatives, and rural & agricultural finance initiatives for the remainder of the project, as planned with USAID. Nonetheless, AFIRMA continues to accompany individual MFI partners and support key strategic initiatives, as detailed in Table I.

Table 1 – AFIRMA primary support of partner MFIs, 3rd Quarter, Year 4

MFI	Third Quarter Initiatives	Upcoming Initiatives
Finamigo	<ul style="list-style-type: none"> Supported Finamigo's implementation of the Loan Recovery Plan 10 x 10 in two more branches, and supported Finamigo's efforts to adjust human resources policies to reduce high staff turnover rates (W. Escobedo and I. Fertziger) 	<ul style="list-style-type: none"> Follow-up on progress in loan recovery efforts
AlSol	<ul style="list-style-type: none"> Following a successful 1 month trial period, Hugo Cruz, has been extended to a 1 year operations resident advisor role AFIRMA's W. Escobedo examined market dynamics in San Cristobal and Yajalón, culminating in recommendations for strengthening operations policies. Follow up in the development of the recently formed Human Talent (HR) unit (C. Martínez) 	<ul style="list-style-type: none"> Hugo Cruz will continue in his role as Resident Operations Advisor. With AlSol's decision to await the next version of MIFOS, AFIRMA will subsequently help evaluate the new version upon its release.
CrediAvance	<ul style="list-style-type: none"> Continued support of efforts to improve individual loan methodology, loan portfolio quality, and human resources policy (W. Escobedo). 	<ul style="list-style-type: none"> Help orient the new General Director in Microfinance best practices and sector dynamics in Mexico. Follow-up on loan recovery efforts
Finrecemos	<ul style="list-style-type: none"> Support to the Board on Individual Loan implementation, comparing different alternatives for implementing this strategic product, and highlighting key differences between village banking and individual loan methodology (I. Fertziger). 	<ul style="list-style-type: none"> Memorandum to the Board on strategies and considerations for offering Non-financial services
AMUCSS	<ul style="list-style-type: none"> Christophe Paquette, French Microfinance Consultant, completed his support (cost-shared between AFIRMA and AMUCSS) of AMUCSS' efforts to integrate all the Microbancos into one supervised institution with optimal growth prospects. Loan recovery program implemented in three branches (W. Escobedo) Individual loan training development (W. Escobedo) Support development of micro insurance and rural housing initiatives (W. Escobedo) 	<ul style="list-style-type: none"> Continued support of loan recovery program Support Strategic Planning initiative Individual loan training
Financiera Súmate	<ul style="list-style-type: none"> Gabor Simon helped Súmate define the most appropriate MIS system for the company, which Súmate has purchased and is currently in the process of implementing. 	<ul style="list-style-type: none"> In conjunction with Task 3, Juan Buchenau / Hector Cisneros will assess options in rural and agriculture microfinance, as well as initial product design, with support from N. Bourns.
Promujer México	<ul style="list-style-type: none"> Ongoing operation assistance from Claudia Ordoñez Gabor Simon finalized Systems department development. 	<ul style="list-style-type: none"> Finalize operation assistance from Claudia Ordoñez.
FINCA México	<ul style="list-style-type: none"> Completed the process of updating the systematization of administrative and operations processes (Servicios Internacionales de Negocios), which FINCA will be implementing in all branches in the coming months. 	<ul style="list-style-type: none"> Diagnostic of a cost management system (M. Chiappe). Risk Management System (E. Navarrete). Cost/Benefit analysis of different options for delivery mechanisms that would further expand FINCA's services into rural communities
FinComún	<ul style="list-style-type: none"> Loan recovery program implementation (W. Escobedo) Support human resources strategy towards staff remuneration programs (W. Escobedo) Mexican consultant Atenea Rico completed design and development of a distance learning pilot program for operations personnel. Risk Management Department consolidation and strengthening (Enrique Navarrete) 	<ul style="list-style-type: none"> Continued Loan recovery program implementation Contribute towards Human Resources strategy to reduce staff rotation Support transformation to niche bank Study tour to Peru to look at technology solutions to reduce costs and expand credit product offering
CAME	<ul style="list-style-type: none"> Market study of individual loan service providers in the regions where CAME offers this service (W. Escobedo) Loan Recovery Program implementation, with support from IPN interns (W. Escobedo) Individual Loan training (W. Escobedo) 	<ul style="list-style-type: none"> Implementation of Individual Loan product and service adjustments (W. Escobedo) Continued support of loan recovery efforts (W. Escobedo) Support efforts to change CAME's regulatory status
Caja Libertad	<ul style="list-style-type: none"> Continued monitoring of progress with the new MIS implementation, which is limiting advances in microcredit implementation 	<ul style="list-style-type: none"> Support of individual loan implementation
Créditos Pronegocio	<ul style="list-style-type: none"> Support efforts to hire individual loan consultants to train staff across the country 	

2. Task 2 – Develop Local, Commercially-based MFI Services

AFIRMA effort's within this task are focused on related lines of activity to leverage resources and transfer expertise to local actors, thereby contributing to the generation of local microfinance human capital and support service providers in key areas in Mexico. Aligned with other tasks activities outlined for this component have been adjusted at this stage of the project to better focus efforts and resources, with emphasis on building linkages with local actors to ensure permanence beyond AFIRMA.

This quarter showed new initiatives and practices within two primary lines of action under this task: (1) promote local service providers microfinance specialization, and (2) Microfinance human capital development program and research through University Network Initiative. Progress and next steps for each of these initiatives are detailed below.

2.1. Contracting Local Consultants and Firms

AFIRMA continued working on microfinance specialization where applicable, often linked with other tasks, fostering ties with Sector. AFIRMA work with local consultants and firms this quarter include:

- **AFIRMA Mentoring Program:** As planned, AFIRMA continues its Mentoring Program, focusing on linking trained professionals to the sector, including alumni from a wider variety of universities. AFIRMA hired three 3 professional interns to work under supervision from Microfinance Specialist, Willy Escobedo:
 - Sonia Arriaga, UNAM alumni with previous experience with Financiera Rural as AFIRMA Junior Microfinance consultant.
 - Maricela Goreti and Dulce Jeanette Padron, from IPN, supported the implementation of CAME Loan Recovery Plan. Unfortunately, a long term contract with the institution was not achieved, but both continue to be interested in working within the Popular Finance Sector.
- **Microfinance Skills Building and Linkages:** AFIRMA continued working with local providers and facilitating linkages of high quality local providers, universities and researchers with Popular Finance Sector organizations (where applicable).
 - Ivana Ferziger, AFIRMA Microfinance Specialist worked with local firm “*Construyamos*” (under a TOT approach) to implement a group lending training project. Results include:
 - More than 24 MFIs & 90 participants attended three workshops around the country, sponsored and hosted by PRONAFIM. The number of participants increased by nearly 100% over last year's events and results obtained from participant evaluations show a clear improvement in preparation, content, and implementation.
 - Participation of high level participants (primarily MFI Directors and Credit Mangers) made it possible for the majority of participants to leave the workshop with a credit manual either developed or adjusted, and ready for internal institutional review.
 - A Training kit, including Guides for Trainers, Training Material and a Credit Manual development guide, was finalized and delivered to PRONAFIM and *Construyamos*.
 - Additionally, AFIRMA evaluated the projected and gave PRONAFIM specific recommendations for improving this training module going forward.

AFIRMA plans to continue working with “*Construyamos*” within PRONAFIM projects where possible in order to continue the local firm's specialization.

Next quarter AFIRMA will:

- Finalize evaluation and document lessons learned under the AFIRMA Mentoring program
- Continue working with and promoting local service providers, specialized firms, such as rating firms (during Risk workshop), and universities programs to provide important services to the Sector.

2.2. Microfinance human capital development & university research

Due to increasing needs for human capital and sector information and increasing interest of Universities and academics in microfinance and popular finance, AFIRMA worked this quarter to extend its experience with IPN program to collaborate with a consortium of universities and create a Mexican Microfinance University network, with the *Instituto Politecnico Nacional* (IPN) and the Microfinance Management Institute (MFMI) as key partners. AFIRMA's work with universities included:

- **Microfinance Professional development program with IPN:** Through AFIRMA's efforts to transfer microfinance technical knowledge, and as part of the IPN's own initiative to improve in-house skills, the IPN has been training new professors. Although an important planning session has been delayed as a result of internal IPN dynamics, and University-wide Microfinance Center initiative is currently on stand-by, the Economics School continues to institutionalize their program:
 - AFIRMA met with professors who are acquiring microfinance expertise.
 - The Fourth Microfinance Introduction Course was held June 16 to 30 at the IPN campus in Mexico City. The course was delivered by Dr. Gonzalez Vega, from subcontractor The Ohio State University (OSU) the AFIRMA team in conjunction with IPN professors, and distinguished guest speakers, who continue supporting this effort. 15 professors and 50 students from three IPN Schools, UAM and COLMEX attended to this course.
 - A database monitoring system was finalized by the Economics School, with support from the central office and AFIRMA's Victor Valerio, including supervision from Ivana Fertziger.

Next quarter AFIRMA will support course evaluation and analyze possible models for expanding program offering, continuing in its strategic and technical advisory capacity.

2.3. University Network Initiative

AFIRMA support of this network has focused on continuing to foster ties with sector and human capital development, through strengthening university programs in teaching and research. Primary activities this quarter included:

- **Two working meetings with universities design activities and continue building bridges between universities and microfinance sector actors:** UAM hosted the second meeting, where PRONAFIM and CNBV high-level directors presented training and research requirements for popular finance development. COLMEX hosted a third meeting where BANSEFI and Prodesarrollo representatives presented opportunities for collaboration. Currently 26 academics from 8 universities have participated in the activities. Additionally, as result of the second meeting, two committees were formed to focus on research and faculty development efforts
- **Microfinance training activities for academics included:**
 - AFIRMA facilitated three scholarships for PRONAFIM workshops on credit methodologies and costing strategies.
 - Conference in Fundamentals of Microfinance for Academics delivered by Claudio Gonzalez Vega on June 19 at the UAM Campus, attended by 30 academics from 8 universities.
 - A University Partnership workshop was held June 23 to 25 in collaboration with the MFMI, hosted by the IPN Continuous Education Center. This workshop was facilitated by AFIRMA technical specialists Claudette Martinez and Fernando Fernandez, as well as Leslie Barcus and Ron Chua from MFMI, and Luis Noel Alfaro from INCAE. 30 academics from 8 universities collaborated to identify key projects and next steps for this important consortium.

Call for Research, First round: A Selection Committee convened on June 30, following a process to promote research opportunities in the field. Thirteen proposals were presented from 8 universities for funding support. The selection committee selected three initiatives to support, including researchers from CIDE, COLMEX and the University of Tlaxcala. Researchers will receive funding in early July, with first results expected for late September.

Other collaborations & linkages: AFIRMA facilitated and supported efforts on behalf of two University Partnership committees to present proposals to Deutsche Bank for support of microfinance human capital development and research efforts.

Next quarter, Claudette Martinez will continue supporting network priorities, including:

- Elaborate work plans with academic/universities leaders for initiatives to strengthen microfinance training programs:
 - Curricula Development for credit officials and branch managers (UAM & IPN)
 - Case Methodology application in trainings (COLCAMI)
 - Implementation of management training programs in Mexico (COLPOS, UAM)
- Support Research committee to establish an agenda to promote and spread research efforts. As a result, new academics are expected to be incorporated into the network, increasing microfinance research and knowledge dissemination via events & publications.
- A Fourth working meeting with universities will be hosted by COLCAMI to follow up on suggested activities.

AFIRMA will continue facilitating linkage with actors who can support University initiatives going forward, contributing to increased sector capacity and information.

2.4. ProDesarrollo

Collaboration with ProDesarrollo on benchmarking has led to the creation of an area dedicated to market intelligence and information, led by Samuel Perez, junior consultant supported and trained by AFIRMA. This will ensure the continuation of AFIRMA supported efforts such as the Mexican Microfinance Sector Report and dissemination of a standard of set of indicators for a growing number of Mexican MFIs. Mr. Perez has led the development with the MIX market to continue annual benchmarking of MFI performance in Mexico. Nate Bourns is providing guidance to this year's report, although authorship will rest fully with ProDesarrollo and MIX.

Additionally, AFIRMA will work with ProDesarrollo to analyze human resources as a key institutional risk factor for MFIs today (described further under Task 5).

3. Task 3 – Support Innovations to Expand Access to Rural Finance

The goal of Task 3 is to expand access to rural and agricultural finance by encouraging innovative business models and technologies for providing financial services. This task is central to AFIRMA's strategy to expand access to rural and agricultural finance, and is increasingly requiring more project time and resources.

Activities last quarter included:

- **Biodiversity Strategy Development** - In an effort to identify strategies at the nexus between competitiveness, biodiversity, and access to finance, and to ensure compliance with funding issued under USAID's biodiversity earmark, DAI consultant Christy Owen began working this

quarter to outline potential AFIRMA strategies to mitigate important threats to Mexico's vast biodiversity. Recommendations will be finalized next quarter.

- **Agricultural Value Chain Analysis** –AFIRMA worked this quarter with AMAP/FSKG to finalize research on upgrading opportunities for small mango producers in Chiapas, with particular interest in upgrading opportunities that protect the region's coastal biodiversity. The draft report, by horticulture commercialization specialist, Patrick Hanemann and AFIRMA's Nate Bourns and Ivana Fertziger, was presented in a participatory workshop conducted in Chiapas with key value chain actors shortly after the close of the harvest season. The workshop was very useful to obtain feedback, verify conclusions and prioritize sector needs and opportunities. A final analysis of the mango value chain in Chiapas will be published next quarter, incorporating key input from the workshop. An FSKG case study will also be finalized next quarter, documenting the application of a set of FSKG developed guidelines for how to include finance in value chain analysis and upgrading strategies, as well as overall learning experiences that may be useful for others conducting similar research.
- **Pineapple variety conversion business case with CrediAvance** - Last quarter, following field research in Isla, Veracruz, Nate Bourns finalized a business case for Red Rural, a commercialization company linked to MFI partner CrediAvance, who is to develop the MD2 pineapple variety, having identified a potential production window (due to the timing of the rainy season in Isla) that could offer competitive advantage for producing this highly popular variety in Sinaloa/Nayarit. Mr. Bourns will continue to help Red Rural to identify potential options for implementing this project, with particular emphasis on financial options.
- **Strategic partnership development** – In an effort to find strategic partners for collaborating on efforts to expand access to rural and agricultural finance, while also addressing threats to Mexico's biodiversity, AFIRMA's Nathanael Bourns and Ivana Fertziger met with local firm New Ventures, a business accelerator for sustainable enterprises. The firm expressed interest in collaborating with AFIRMA going forward. Initial collaboration is being designed with New Ventures client *Aires del Campo*, an organic commercialization company, in identifying strategies for financing organic producers in order to supply the company's growing demand for local organic products. Additionally, New Ventures expressed interest in collaborating to further understand the international carbon market and Mexico's place within, as well as identifying opportunities to further incorporate Mexican initiatives in this growing marketplace.

Next quarter, efforts will focus on the following activities:

- Information and Communications Technology and Access to Finance – The report produced by USAID's Nhu-An Tran and Judy Payne will be presented next quarter and a sector-wide event including key public and private actors. Event dialogue and panelist feedback will be incorporated into the finalized document.
- Finalize Mango Research on Upgrading Opportunities for small producers (N. Bourns, I. Fertziger in collaboration with AMAP FSKG)
- Mango production evaluation – A local firm will start next quarter to identify implications for biodiversity of Ataulfo Mango production in the SOCONUSCO region.
- Assist Soconusco mango association to examine the feasibility of a biomass-powered juicing plant in the region, including analyzing whether part of the finance could come from carbon credits as a result of methane capture.
- Begin to work with Aires del campo to examine possibilities for facilitating finance to small organic producers in order to increase production and meet the company's growing demand.
- Strategic partnership meeting with the local office of Ecorescurities, a leading international firm in sourcing, developing, and trading carbon credits.

- Finalize AFIRMA's biodiversity strategy development (C. Owen)
- In conjunction with AFIRMA's Task 1, Juan Buchenau / Hector Cisneros will assess options in rural and agriculture microfinance, as well as initial product design, with support from N. Bourns.

4. Task 4 – Strengthen the Regulatory Environment for Micro- and Rural Finance

Collaboration with *Comisión Nacional Bancaria y de Valores (CNBV)* authorities was on hold this quarter, awaiting Caja Popular Mexicana (CPM) information in order to finalize the Money Laundering Report being developed by AFIRMA subcontractor, ICC.

Upcoming Task 4 initiatives include the following:

- Complete ICC money laundering report, and prepare meetings with CNBV to discuss this report and possible new activities.

5. Task 5 – Strengthen the Micro- and Rural Finance Industry

AFIRMA efforts for Task 5 include supporting initiatives to improve the enabling environment for microfinance, including initiatives with GoM agencies, initiatives with private sector stakeholders in micro- and rural finance, and other industry initiatives.

5.1. Initiatives with GoM Agencies

PRONAFIM

AFIRMA and USAID continued to work closely with the National Microenterprise Finance Program (PRONAFIM) within the Secretary of the Economy and its senior leadership. This included, at a **very low level of investment of project funds**, a variety of important activities since late 2007.

Having built a dynamic of trust and collaboration through annual support of the National Microfinance Conference, AFIRMA training Specialist, Claudette Martinez, and Fernando Fernandez, AFIRMA Chief of Party, worked this quarter support PRONAFIM to:

- Redesign and Strengthen PRONAFIM's training program to better adapt to MFI needs. This included support for courses in group lending methodology and risk management. For the group lending course, AFIRMA's Ivana Fertziger and Claudette Martínez worked with a local training firm to transfer knowledge and build capacity so that the local firm may continue offering the course into the future. This training program was developed in DF, Oaxaca and Chiapas.
- Continue to support a capacity building pilot project for rural MFIs, focused on strengthening selection and technical assistance processes for PRONAFIM's fund for expanding access to financial services for women (FOMMUR). The second phase initiated last quarter with a series of strategic planning sessions that continued into this quarter, offering MFI participants integral technical assistance focused on developing institutional capacity in order to expand and improve financial services for rural women microentrepreneurs. With support from AFIRMA, FOMMUR is setting the stage for improved selection and technical assistance processes going forward. This quarter AFIRMA and FOMMUR worked to establish the administrative mechanism for collaboration going forward.

Upcoming activities with PRONAFIM include:

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- Continue an integrated technical assistance program for MFIs selected by PRONAFIM from the initial diagnostic period.
- Strengthen PRONAFIM's training program, including support for courses in cost and risk management. In the case of the risk course, an international seminar will be held on August 12-14th, with additional collaboration from FIRA and Financiera Rural. The AFIRMA team and AFIRMA consultants will participate in this seminar, with the majority of the experiences shared, including local and international cases, include MFIs supported by AFIRMA and DAI.
- Continue the PRONAFIM Strategic Planning that was initiated in December 2007.
- Support the development of the 2008 National Microfinance Conference, which will focus on rural finance.

FIRA

During this quarter, UNDP (United Nations Development Programme) and FIRA (Fidecomisos Instituidos para la Agricultura) requested USAID/AFIRMA Project support to strengthen Small loans program of FIRA.

AFIRMA CTO approved to initiate this support using primarily the AFIRMA long-term team's capacity led by the Chief of Party. AFIRMA assisted FIRA to develop a competition program to strengthen a small group of MFI (6-8), the program was presented by FIRA in a meeting with 70 over participants in late June. AFIRMA also held planning meetings with FIRA for this program.

FINANCIERA RURAL

Apart from aforementioned collaboration with Financiera Rural to train junior consultant Sonia Arriaga alongside AFIRMA's Willy Escobedo, the team also met with Financiera Rural on several occasions to discuss relevant microfinance issues, including scoring models for evaluating MFIs (for which AFIRMA provided feedback on the model developed by Financiera Rural), portfolio at risk. Nate Bourns provided a session with Financiera Rural staff on best practices in monitoring indicators for microfinance.

5.2. Other Industry Initiatives

- **Human Capital and Institution Risk** – Upon Prodesarrollo's request to help analyze human capital as a key institutional risk factor identified by the network's MFI members, AFIRMA is moving forward to develop the initiative for next quarter. This will help MFIs to identify factors that are contributing to high staff turnover, elevated portfolio at risk, and in many cases, restricted growth.
- **Documentation of AFIRMA Lessons Learned** – This summer, two interns from Masters programs in the United States are working with AFIRMA's Ivana Fertziger to document key lessons learned during the life of the project to date. Erin Hopkins will document AFIRMA's sector-wide initiatives in Credit Information Services, Regulation/Supervision, and collaboration with local development agencies such as Pronafim, FIRA, and Financiera Rural. Radhika Pradu is working to synthesize lessons learned within task I, including both AFIRMA and individual MFI experiences in the implementation of a technical assistance program such as AFIRMA. This is particularly relevant, given that key local actors such as Pronafim, FIRA, and Financiera Rural are looking to AFIRMA for recommendations on how to adjust and implement their own technical assistance programs going forward.

Upcoming Task 5 initiatives include the following

- Continue to assist FOMMUR-PRONAFIM in its new rural Institutional Strengthening program. This AFIRMA activity will continue throughout 2008. AFIRMA advisor John Magill will work with CIDE, Pronafim, and SEDESOL to understand innovative potential for utilizing mapping technology for popular finance initiatives.
- Continue collaboration with FIRA y PNUD, with institutional diagnostics likely to initiate in September 2008 (following internal FIRA selection of 6 to 8 institutions).
- Continue collaboration with Financiera Rural, as requested by the institution
- Implement initiative to analyze human resources as a key risk factor for MFIs today.
- Finalize case documents of AFIRMA experiences.

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