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AFIRMA

**Acceso a las Finanzas Rurales para
la Microempresa en México**

ACCESS TO RURAL FINANCE FOR THE MICROENTEPRISE (AFIRMA) PROJECT

FINAL REPORT



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

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Cover Photo: AISol Client, Chiapas, Mexico, by Fernando Fernandez

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CONTENTS

SECTION I	1
1. INTRODUCTION	1
2. BACKGROUND	1
3. CONTEXT	2
3.1 Description of the Microfinance Sector in Mexico	2
4. AFIRMA APPROACH AND PRINCIPLES	3
5. ACHIEVEMENTS	4
6. CONCLUSIONS	7
SECTION II	9
COMPONENT ACHIEVEMENTS AND LESSONS	9
COMPONENT 1: Strengthen the institutional capacity of mfis	11
COMPONENT 2: develop a local, commercially-based mfi support services industry	17
COMPONENT 3: develop innovative products and technologies to expand access to rural financial services	21
COMPONENT 4: Improve Regulation & Supervision of Microfinance	30
COMPONENT 5: improve the Enabling Environment for the Rural and Microfinance Industry	32
ANNEX 1: REPORT MATRIX	37

SECTION I

1. INTRODUCTION

The objective of this report is to reflect on the achievements and lessons that have emerged from the AFIRMA project and their implications for future programs, as well to summarize the activities and results.

The document is organized into two main sections. The first provides an overview of the project, its approach, achievements and lessons and the second provides a summary of the activities, achievements and lessons of each of the five project components and biodiversity focused activities.

2. BACKGROUND

USAID/Mexico has supported the development of the microfinance industry in Mexico for a decade through support to the strengthening and growth of individual MFIs, through the microfinance association ProDesarrollo and through broad-based microfinance sector initiatives. The projects USAID has funded are similar to support USAID has provided in other countries in the region, although the context of the Mexican market presents unique challenges and opportunities. These are mostly due to the large size of the market compared to most other countries in the region, as well as the important role of multiple public sector institutions in supporting and funding micro- and rural finance. During this time, the Mexican financial sector has undergone an important transformation to allow for the development of a private microfinance (or popular finance, as it is frequently called in Mexico) sector supported by public policy, financing and different legal and regulatory schemes. USAID's collaboration with and support of public and private sector actors has proved important in advancing consolidation and development of the sector.

Within this context, for the past five years, the Access to Rural Finance for the Microenterprise (AFIRMA) Project, a USAID/Mexico-funded project implemented by DAI, has been an important part of USAID/Mexico's Strategic Objective 2 (SO2) – Economic Freedom: Open, Diversified Expanding Economies. Under SO2 the Intermediate Result (IR) to which AFIRMA directly contributes is IR3: Broader access to financial markets and services. AFIRMA was designed to help build a more inclusive, sustainable financial sector in Mexico, increasing access to a range of services. The project's goal was:

"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 five year work plan outlined five 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, while addressing threats to biodiversity
4. Strengthen the capacity of the CNBV and federation committees to supervise popular finance;
5. Improve the enabling environment for the microfinance industry.

In order to achieve an integrated approach and tangible results, the AFIRMA project took a portfolio approach to MFI and industry development. Specifically, the project supported a select group of promising institutions to serve as points of reference for replication and growth while also promoting the development of the industry infrastructure as well as the regulatory and supervisory environment. Given the large size of the country and market as well as the significant number of actors involved in the sector, the project was selective and remained flexible, within its project objectives and mandate, to support initiatives of high potential within the Mission's objectives of building local capacity while also leveraging local private and public sector resources.

3. CONTEXT

To better comprehend the objectives, strategy, activities and results obtained by AFIRMA, it is important to understand the development of the microfinance sector in Mexico, including the role of the public sector and structure and performance of the private sector.

3.1 DESCRIPTION OF THE MICROFINANCE SECTOR IN MEXICO

The microfinance sector is part of what is known in Mexico as the "popular finance" sector, which is itself a sub-sector of the overall Mexican financial sector. The banking sector is dominated by international banks which hold 85% of assets following the '94-'95 "tequila crisis." The primary sources of banking profits are high margins, service charges, and investments in government bonds. The banking sector maintains a significant concentration in urban centers with 62% of the banking loan portfolio in Mexico City and very limited access among the poor & MSMEs.

Popular Finance is supported by many government programs at the Federal and State level. These programs have significant capital. The micro- and rural finance sub-sector, comprised of between 500-2000 institutions depending on institutional types, included lags behind other countries in the region in terms of its penetration, efficiency and outreach. While efficiency remains low, in part due to high cost structure and in part due to low average loan amounts and short terms, growth has been rapid over the past five years. AFIRMA project partners, including market leaders Compartamos, Finca Mexico and FinComun, and regional players such as Súmate and AISol, among others, have introduced new approaches to service

delivery and financial discipline and have grown rapidly. While the popular savings and credit law provides a legal framework for deposit taking microfinance institutions and credit unions its influence in the sector has been uneven over the years with significant uncertainty, accompanied by a proliferation of legal figures, contributing to market fragmentation and inefficiency.

4. AFIRMA APPROACH AND PRINCIPLES

AFIRMA has worked based on a market and industry development approach to direct limited financial and technical assistance to support initiatives at the micro, meso and macro levels, with a priority focus on initiatives that benefit the industry as a whole such as institutional performance benchmarking, credit bureau development and university education and research.

The project also focused on microfinance institution building, selecting and working closely with a portfolio of partners that represented different types of geographic outreach, institutional forms and product offerings. Support was based on in-depth and ongoing institutional assessments, strategic business plans, performance measures and flexibility. The objective of these partnerships was not to attempt to meet the entire demand for financial services but to establish points of reference of best practices that could serve as examples for replication.

In an effort to support increased outreach, for work directly with microfinance institutions, AFIRMA sought to strike a balance between the breadth of outreach, in terms of the number of new clients served, and the depth of outreach, in terms of the poverty level and geographic location of clients. The project strategy to work with institutions of various types, sizes and target markets, and the diverse institutional development needs of these institutions, illustrate trade-offs between achieving the greatest number of new clients with access to service (project goal was 500,000) and working with poorer and rural clients, or niches such as small scale agricultural producers, where total growth may be slower and where institutions may require substantial capacity-building before emphasizing growth. As a result, AFIRMA prioritized assistance based on achieving this balance, taking into account factors such as geographic market, marginalization of target clientele and outreach in terms of providing financial services where they are most difficult to deliver, as well as potential growth in the breadth of outreach.

As the project advanced and built credibility in the sector, it shifted from primarily direct MFI technical support to working with public sector institutions, the industry association and relevant networks, and supporting the private sector to inform public policy.

Given the size of the market and the limited project resources, combined with the available resources of many project partners, AFIRMA managed resources in a prudent manner and regularly leveraged partners' financial resources to support and advance mutual objectives and goals.

Key to the project's success and one of its objectives was using local and regional expertise to ensure assistance was adapted to the local context while building local capacity beyond the life of the project. The project also used a flexible work planning approach, able to anticipate and address partners' needs and Mission objectives. In this way it was also able to integrate a significant biodiversity component, using a strategic approach to work at the intersection of biodiversity conservation and economic development.

5. ACHIEVEMENTS

The AFIRMA Project had a combination of qualitative and quantitative achievements that demonstrate the scope and depth of the project.

AFIRMA partners under the microfinance institution building task now serve a total of 1,733,197 active credit clients, a 280% increase or 1,277,558 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 1,104,514 savers. This significant achievement is due to the hard work of its partner MFIs, particularly in the face of a hostile financial market environment over the final year of the project which contributed to an increase of arrears.

At the institutional level, AFIRMA supported its partner MFIs to design and adapt new credit and savings products – moving beyond the well established group based working capital loans to individual investment and agricultural loans for farming households. AFIRMA supported development or adjustment of 13 savings and loan products with a variety of partners.

These products have helped partners both retain existing clients and expand into un-served market segments. Among these, AFIRMA has supported development of a new model for agricultural microfinance for Mexico, documented under Component 3 below, which focuses on the small farm family and has significant potential for expansion and replication across the country to address this difficult-to-serve market segment for financial services. The project also helped several MFIs to determine their information technology needs and to acquire and implement new information systems, establish in-house training programs and risk management units. These are just a sample of the types of institutional development and innovations the project supported.

Perhaps more importantly, the project played a catalytic role in the generation and use of market information to improve industry infrastructure. Three of the most notable examples include the global standard industry indicators and annual benchmarking report now produced by ProDesarrollo and including 60 institutions, the massive expansion of the use of private credit bureaus and the creation of digital industry maps of popular finance institution outreach all of which contribute to the transparency and competitiveness of the industry. As a result of these concrete initiatives, as well as the promotion of the University Network, the project helped promote the inclusion of diverse actors to build industry.

One of the most notable achievements of the project was a result of its interaction with the public sector that has taken on a best practices approach to supporting the development of a private sector retail financial system for microfinance. The project achieved this over time, through building trust based on results and a reputation of being connected to markets and institutions on a day-to-day basis, and being available to contribute when asked. Given the significant role of the public sector in the micro and rural finance markets, this was essential for the project's success.

Across the board, the AFIRMA Project has been transparent in its objectives and support and promoted sector transparency. It strived for professionalism and achieved it, raising standards for assistance across the industry as repeatedly stated by project partners in the project's closing event in July 2009.

Finally, in the realm of biodiversity conservation, the project applied an innovative approach to working at the intersection of biodiversity conservation and economic development. It introduced environmentalists, public and private sector actors to end market analysis and value chain assessments with financial services overlay to develop viable business cases. It also helped these actors establish linkages to advance the initiatives beyond the life of the AFIRMA project.

Table 1 – Task One Indicators

Indicator	Baseline Dec. 2004	June 2009	Variance	LOP Target
1. Strengthen the institutional capacity of MFIs				
1.1 Number of active credit clients	455,639	1,733,197	1,277,558	Increase 500,000
1.2 Number of MFIs mobilizing savings deposits	3 (FC, AMUCSS, CL)	6 (+Finamigo, CAME, Compartamos)	+3	6
1.3 Total Value (USD) of outstanding loans by AFIRMA MFIs (CL not included)	\$139,816,887	\$585,851,139	+419%	Increase – no targets set
1.4 Increased Points of Service	338*	814	240%	Incr. POS 50%
1.5 Financial and Operational Self-Sufficiency	5 of 12 FSS.	8 of 12	+3	All MFIs FSS
1.6 Operating Expense Ratio	0 (by definition)	7 of 12 improved	7 of 12 improved	10 of 12 improve
1.7 Loan officer productivity	0 (by definition)	7 of 12 improved	7 of 12 improved	All MFIs improve
1.8 Portfolio-at-risk > 30 days	9 under 5%	5 under 5%	-4	< 5% for all MFIs
1.9 Portfolio write-off ratio (average)	1.0%	1.58%		Minimize
1.10 No. MFIs using accepted accounting practices due to AFIRMA support	0 (by definition)	1 (AMUCSS)	1	No specific targets set.

*The total does not include Caja Libertad, because data can't be segregated from consumer and other lines of business – CL estimates that 25% of the current 379,534 clients are microenterprise clients.

Table 2 – Task 2-5 Indicators

Indicator	Baseline Dec. 2004	June 2009	Variance	LOP Target
2. Develop a local, commercially-based MFI support services industry				
2.1 Number of quality service providers	0 according to Partner MFIs in 2005 survey.	9 (SIN, SIEM, FINDES, Link, Anjona, Inovatec, Serta, Construyamos, ProNatura)	+9	> 1 quality service provider in each of the 5 most important service areas
2.2 Unsubsidized MFI purchase of local services	Very limited unsubsidized purchase of services	5*	+5	> 6 MFIs procuring services at full cost by Year 5
2.3 Number of local firms used	0 (by definition)	14	+14	No specific targets set
2.4 Number of consultants trained in key areas	0 (by definition)	8**	+8	No specific targets set
3. Develop innovative products and technologies that expand access to rural financial services				
Number of effective innovations supported	0 (by definition)	<ul style="list-style-type: none"> ▪ FinComún: refine approach to alternate delivery Channels ▪ Compartamos parametric desertion scoring to offer alternative products ▪ New approach to small scale diversified agricultural finance implemented with Súmate ▪ Mango Chain pack house with Solucion ASEA, ▪ Channel strategies tool (FINCA) 	+5	5 effective innovations supported
Number of new or adjusted products	0 (by definition)	13***	+13	Increase – no specific targets set
4. Develop innovative products and technologies that expand access to rural financial services				
4.1 Work plans for key areas	0 (by definition)	2 (LACP reforms, Anti-money Laundering AML)	+2	Annual work plans established and implemented
4.2. TBD based on work plans with CNBV	Reform LACP law to focus on key areas of MFI risk	Specific LACP reforms passed into law AML report delivered for CNBV review	+1	Law reformed identifying specific microcredit risks, focusing regulation on key areas of MFI risk

5. Improve the Enabling Environment for Microfinance

Increase provision of useful market information	Sparse, disparate information available	<ul style="list-style-type: none"> ▪ OSU/AFIRMA reports published (microlinks) ▪ Sector report published, > 30 new MFIs reporting to ProDesarrollo & MIX ▪ Regular development of technical informational seminars ▪ Supported Industry mapping with CIDE to produce a public database of popular finance and financial sector branch locations ▪ Supported launch of new private technical blog on microfinance 	complete	Useful Market information readily available online from multiple sources where virtually none existed before
Benchmarking system	No effective system	<ul style="list-style-type: none"> ▪ Global-standard with Prodesarrollo / MIX Market, ongoing annually; Bi-annual indicators being published on www.prodesarrollo.org 	complete	Global-standard Benchmarking system established

* AFIRMA has decreased subsidies by 63% on projects with local firms such as SIN and LINK international working for Finca and with Innovated working for FinComún. Alsol and Prodesarrollo with FINDES without subsidy from AFIRMA, and has had a follow-up rating with MicroRate, which is looking to establish a local office given local demand generated in part by AFIRMA.

** Hector Sanchez worked on management operations systems and procedures. Fernando Palmos with in-depth knowledge of accounting and regulatory topics, has worked as a trainer for MFIs and advisor for ProDesarrollo and will work with PRONAFIM during this year. Juan Omar Flores after a one year of on the job training was hired by CTI, an MFI Systems provider. Samuel Perez was hired by Prodesarrollo after worked closely with AFIRMA staff on best practices in microfinance benchmarking. Alejandro Fernandez was hired by AMUCSS after worked closely with AFIRMA, as resident consultant. Veronica Corzo, Information Systems Specialist is working with Alsol in coordination with international consultant Carlos Paredes for the MIS project. Rafael Cerritos, participant in the AFIRMA mentor program is now full time with Financiera Rural. Ernesto Aguirre worked with Claudette Martinez and the FOMMUR program on an MFI diagnostic.

***AFIRMA has assisted in the development of New/Adjusted products at FinAmigo, PMM, CrediAvance, AISol (adjusted loan methodology), Súmate (3: adjusted solidarity group loan, implemented individual loan, and agricultural loan), FinComún (adjusted 2 products – savings and loan), and Compartamos (re-designed 2: individual and solidarity loan products, designed micro-insurance product and a home improvement loan product).

6. CONCLUSIONS

USAID has played an important role in exposing public and private Mexican institutions to best practices and supporting them in their institutional development and industry formation. It has established partnerships with important public and private sector players who are poised to carry the torch forward in the advancement of the popular finance sector. While capacity, resources and willingness clearly exist in Mexico to achieve true and extensive access to finance for all Mexicans, developments in the global financial system and their implications for national financial markets and institutions mean that new challenges continuously emerge.

Despite the many achievements the sector has reached during the AFIRMA Project, many challenges remain. In particular the recent financial and economic crises have forced some institutions to face liquidity shortages while arrears have risen. Despite industry and institutional education and training programs, the sector continues to face high turn-over and a shortage of qualified personnel. While growth continues and more financial institutions have entered this market, interest rates remain high, covering relatively inefficient cost structures. Recent institutional transformations have opened the door to increased deposit

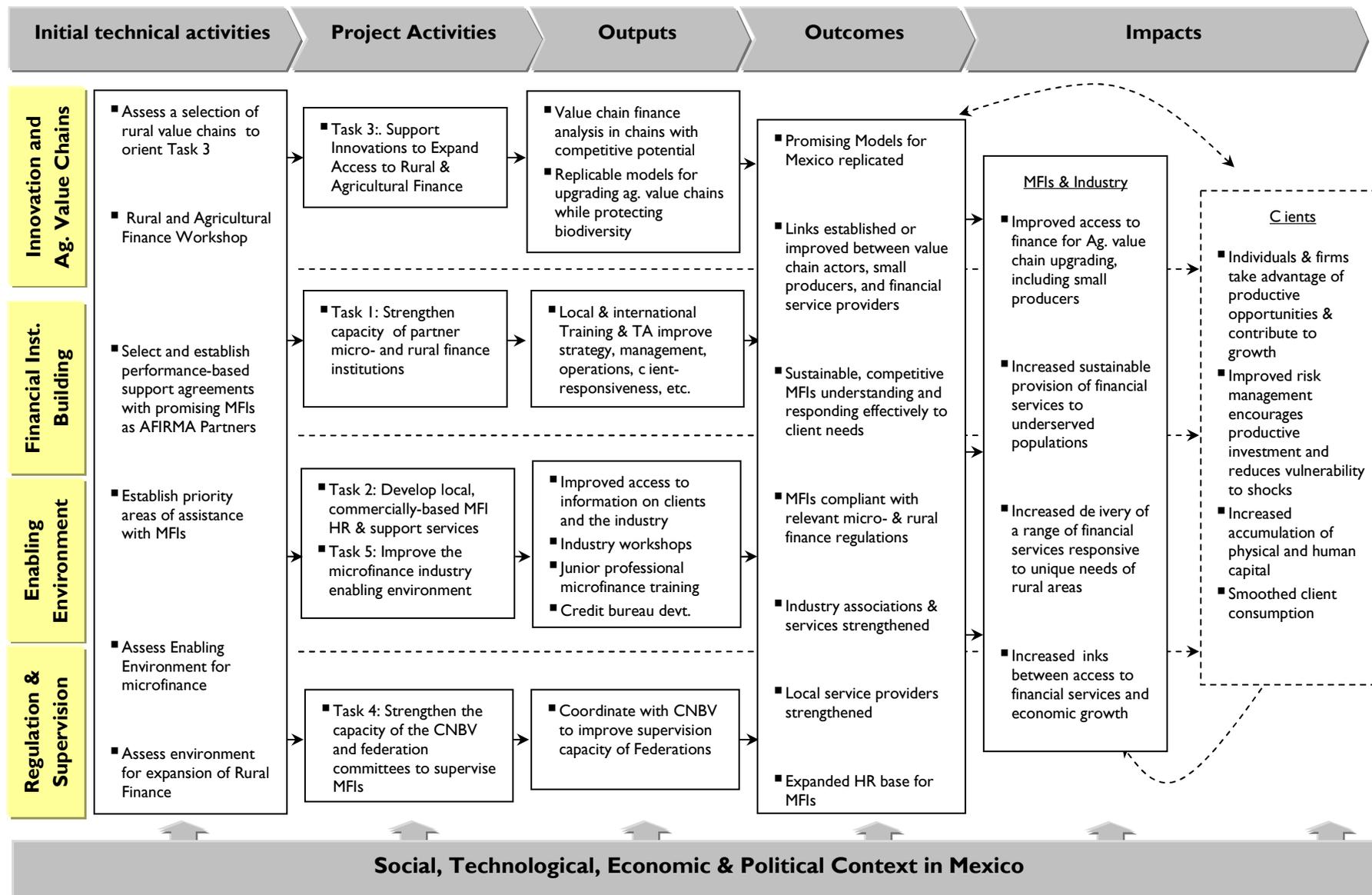
mobilization and new technologies and the public debate around correspondent banking for microfinance which the project helped spur, hold promise to help promote outreach and efficiency. The coming years will demonstrate if the solid foundation has been laid to take advantage of these opportunities and achieve the promise of financial access for all.

SECTION II

1. COMPONENT ACHIEVEMENTS AND LESSONS

The causal model presented in figure 1 provides a graphic summary of how the project's five components, which served as the framework for performance management, drove project activities, outputs and outcomes. Following the graphic representation of the causal model, the activities, achievements and lessons from each component are described as well as the cross cutting biodiversity initiatives.

Figure 1 causal model from the afirma performance monitoring framework



COMPONENT 1: STRENGTHEN THE INSTITUTIONAL CAPACITY OF MFIS

Objective and Approach

In AFIRMA's efforts to support increased outreach of financial services in un-served and under-served communities throughout Mexico, it has strived to strike a balance between the breadth of outreach, in terms of the number of new clients served, and the depth of outreach, in terms of the poverty level and geographic location of clients. The project took a portfolio approach to selecting and working closely with a diverse range of microfinance institutions that demonstrated promise and could serve as examples for others in the market. The project strategy to work with institutions of various types, sizes and target markets, and the diverse institutional development needs of these institutions, illustrate the potential trade-offs between achieving the greatest number of new clients with access to service (project goal is 500,000) and working with poorer and rural clients, where total growth may be slower and where institutions may require substantial capacity-building before emphasizing growth. As a result, the project did not choose the simplest path to achieve quantitative targets. Factors such as geographic market, marginalization of target clientele and outreach in terms of providing financial services where they are most difficult to deliver, as well as potential growth in the breadth of outreach were important factors that AFIRMA considered in prioritizing assistance.

Core principles of AFIRMA support of Partners

- **Respond to well-thought-out business plans**, owned by partners, addressing needs and capacity for sound growth and sustainability.
- **Demand-based approach** – respond proactively to the needs of each partner within the framework of business plans and project objectives,
- **Maintain flexibility** to respond to the changing market conditions and partner needs.
- AFIRMA consultants are **facilitators of change**, but partners themselves take ownership of the processes and changes.
- **Continue support based on results**, responsiveness, openness to change, and capacity to absorb assistance.

In addition to the factors mentioned above, the principles on which AFIRMA worked with individual MFIs were:

- The activities AFIRMA supported **responded to a well-thought-out business plan** for each partner over which the institution feels ownership and which addresses its needs and capacity for sound growth and sustainability. Experience shows that one-off consultancies and trainings that are not founded on a broader strategy tend to have little long-term impact. AFIRMA partners carried out strategic and business planning, in several cases with support from the project.
- AFIRMA took a **demand-based approach** to working with institutions, responding proactively to the needs of each institution individually within the framework of business plans and within project objectives, while recognizing the need to maintain **flexibility** given that market conditions, and hence institutional needs, can change quickly.

- Related to the previous point, AFIRMA sought for its consultants to be **facilitators of change**, recognizing that partners themselves must take ownership of the processes and of the changes themselves for the support to be effective in the long term.
- **Continuing support was based on results**, responsiveness and openness to change within each partner, as well as each partner's demonstrated capacity to take advantage of assistance.

Throughout the process, AFIRMA staff maintained abreast of Mexican microfinance market dynamics, a critical criteria for supporting individual institutional goals as well as broader, sector wide initiatives discussed in subsequent sections.

Activities

Technical assistance packages varied considerably across institutional partners, according to their unique needs and strategies for growth. Nonetheless, there were some commonalities, divided roughly by AFIRMA into "generations" of technical assistance.

First generation technical assistance focused on laying the foundations for sound growth, including improving existing lending methodologies (in most cases group lending), upgrading to robust management information systems, strengthening human resource management (often shifting the area from a focus on day-to-day HR administration to a strategic department that addresses a broad range of personnel needs during expansion), and in many cases study tours for MFI managers and board members to visit successful MFIs in the region that have faced similar challenges.

Some partner institutions shifted to **second generation** technical assistance, generally with a focus on improving efficiency, reducing heavy operational cost structures, improving risk management, and innovating to new financial products, delivery channels, and/or technologies to better address client needs.

Organizations that fall into the first category may not have seen aggressive quantitative growth results found in some of the institutions in the second category, but in many cases claim that AFIRMA has helped them lay the groundwork for stronger growth going forward. Juan de Dios Peña of Credavance¹, a regional MFI working in the Northwest states, indicates that he has seen the qualitative results of AFIRMA's technical assistance. The project focused on helping the organization fortify the organizational structure and establish human resources strategies, key foundations for Credavance's growth going forward.

Other institutions received lighter support over the project. For example CAME, one of the original leaders of village banking in Mexico, participated marginally in the AFIRMA project. However their Manager states that AFIRMA planted the seed of individual lending in the institution, helping it to develop a commercially viable and competitive product to satisfy

¹ Formerly "Despeno".

client demands and develop the method to manage the risks. Based on that work, the institution has taken the necessary steps to launch the program on its own.

One institution that made the transition from first to second generation technical assistance was *Alternativas Solidarias de Chiapas*, AISol, an NGO that uses Grameen group lending methodology and focuses on serving indigenous women in the state of Chiapas, many of whom live in rural areas and do not speak Spanish. AFIRMA assistance focused on working with AISol to build the foundation for future growth and continued penetration in rural under-served markets. Technical assistance focused on strengthening their credit methodology, management information systems, organizational structure, strategic planning, internal controls, human resources, and efficiency among other areas. Currently a market leader in the state of Chiapas with over 18,000 clients as of June 2009, AISol had only 3,000 clients in January 2005 when it began receiving assistance from AFIRMA. While maintaining its strong poverty focus, AISol has maintained growth while improving efficiency and offering some of the lowest cost loans in the market. For AISol, some the key factors that contributed to a successful relationship with AFIRMA were:

- 1) AFIRMA's ability to demonstrate from the onset and with every suggestion, comment, and consultancy, that the team understood the institutional culture and "mystique". The level of trust developed extended from loan officers to the board of directors, where AISol regularly requested AFIRMA staff to participate in board meetings. The team adapted the technical assistance to AISol's institutional qualities, recognizing that what the organization may have lacked in microfinance experience and expertise it made up for in willingness and drive.
- 2) The selection of consultants who could relate to AISol on their level, with the required technical support but with a great deal of respect and empathy. Director Katia Corroy stresses the importance of selecting the right consultants for the technical work, but also individuals who can relate to the organization, because "it's like choosing your dentist. You don't open your mouth for just anyone!"
- 3) The AISol team's willingness to learn and improve. For them, it is not just about another subsidy for technical assistance, it is about improving the organization and strengthening the skills of individual employees. They worked to take advantage of the assistance, offering complete transparency in order to reap the full benefits of the consultancies. This approach came from the Board of the Directors and trickled down throughout the organization.
- 4) AFIRMA's ability to suggest the right kind of assistance, for the organization's priorities and its internal capacity, at several different stages in the organization's development, as well as AISol's skill at measuring their own internal capacity for absorbing and implementing the technical assistance provided.

Highlights from support to other MFIs included:

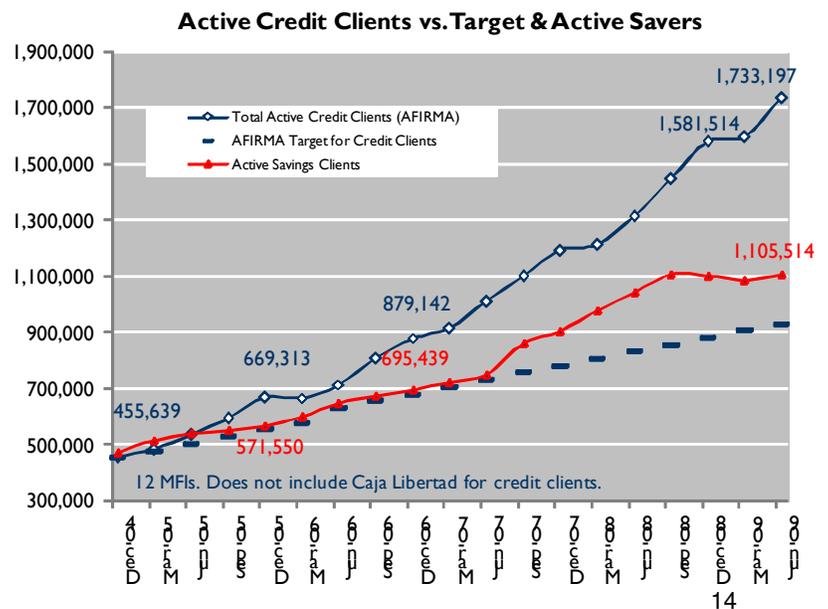
- AFIRMA project partner and subcontractor Accion International worked with Compartamos to help this leading MFI make the transition from a mono-product village banking methodology to offering a wider range of products. In doing so, AFIRMA helped install a product development process within Compartamos.

- AFIRMA project support helped develop savings products for both FinComún and Finamigo. Finamigo began taking deposits in June 2006, and grew its savings clients to 13,766 at March, 2009. FinComún had 45,000 savings clients at December 2004, and grew to 127,089 clients at June 2009.
- AFIRMA worked with FINCA Mexico on a variety of initiatives, including improvements to the IT department: a new, secure computer center and strengthened security at the branch level, virtual private networks (VPNs), an alternative energy plant (to protect against frequent power outages), and fiber optics installation for improved speed, connectivity, and security. FINCA made the infrastructure investments, while AFIRMA helped guide the process, ensuring security, reliability, and savings for the institution going forward.
- Through much of the project AFIRMA staff served an advisory role at the board and senior management levels on key topics. This ranged from legal transformation to systems to product development. AFIRMA provided assistance to Financiera Súmate to select its new Management Information System, a robust core banking system that would facilitate growth and diversified product offering. Implementation went smoothly due to the preparation and attention to detail during the entire process. The system was delivered on time with required specifications, and Súmate team became familiarized with a rigorous process for selecting technology and developing new products. A product development process was also applied with Súmate via the agricultural microfinance product (described under Task 3) that the institution will apply going forward.
- AFIRMA helped ProMujer Mexico to study the market for their services in order to then adapt products to better respond to market dynamics and preferences. Through much of the project, AFIRMA served as advisors to the board of directors.

Results

Task 1 partners represent a small subset of the hundreds of Mexican MFIs, but most partners have demonstrated leadership in one or more aspects important to the development of microfinance in Mexico, such as significant scale, rural outreach, and/or new approaches to expanding access to a range of financial services.

Results, as described above, have been seen in the introduction of 13 new credit and savings products, the institutional transformation of



four institutions to legally registered deposit taking institutions, with two more currently in process.

Despite significant progress, many challenges remain. Two are of particular relevance to the deterioration of portfolio quality in the sector: the entry of many new consumer lenders and finance companies into the segment without adequate loan analysis, and the impact of the global financial crisis and economic downturn on Mexican microenterprises and remittances from abroad. Although this project component of individual technical assistance to MFIs was officially finalized in December 2008, unfortunately precisely when many institutions required assistance to manage growing arrears, AFIRMA has continued to monitor these trends with partners and address them at the institution, sector and policy levels. Another remaining challenge for all institutions in the sector has to do with improving operational efficiency to support institutional sustainability and lead a decrease in interest rates for clients. Although some have managed both to lower costs and lower interest rates, much work remains in Mexico along these lines.

Lessons

Among a wide variety of lessons learned during the five years of the AFIRMA project, some highlights include the following:

- The importance of understanding and adapting to Mexico's unique development context, particularly the large size of the country and market, regional differences, long distances between branches and clients in rural areas, high operating costs (based on high cost of staff, communication and transportation), the significant involvement of the public sector and the domination of group based lending products that had not yet been significantly adapted to the local market realities. Understanding these realities and adapting approaches accordingly is important both in terms of providing a relevant contextual framework for advising microfinance institutions, as well as inspiring trust in public and private sector partners.
- The importance of 'buy in' from senior level management and board members. This is one of the most challenging aspects of providing institutional technical assistance, yet a key element to a successful and effective relationship.
- The importance of focusing first on the basics of institution building and core microfinance best practices prior to taking on multiple new projects. Institutions can be tempted prematurely toward projects involving new channels, new products, information and communications technologies. While such initiatives offer major promise, these initiatives become considerably more feasible when core back offices and operations are running smoothly. Therefore, as AFIRMA did, it is useful to analyze the business case for such investments from the perspective of clients and institutions alike.
- The presentation and use of a core set of performance indicators was a useful tool not only for project reporting, as designed, but in structuring dialogue with partner

MFIs and with other sector stakeholders. The AFIRMA MFI performance monitoring system, based on a core set of global standard indicators that measure growth, portfolio quality, efficiency and sustainability provided a standard and balanced monitoring process more complete than most institutions had used in the past and provided balanced and comprehensive tools for dialogue with the management and boards of partner MFIs. It also helped provide an impetus for broader industry efforts around reporting standards.

- Multiple institutional models have proven they can achieve growth and sustainability in Mexico, no one model or product offering provides the solution for the diverse requirements of this large and complex market. However, across all models, common success factors are apparent and include: financial discipline, corporate governance, strategic planning, and information systems that provide management a clear picture of the state of operations. Increasingly, an institution's ability to adapt credit methods and introduce new credit products and to mobilize diverse sources of funding, including deposits, are important elements for robust and competitive institutions.

Recommendations/Next Steps/Remaining Challenges and Opportunities

One of the remaining challenges in Mexico as described by local partners includes the continued demand for integrated technical assistance in the Mexican microfinance market. Although USAID is not continuing with this type of project, a clear opportunity is to continue transferring strategies, experiences, and lessons learned similar to those used to implement the AFIRMA project, to Mexican public sector actors such as FIRA and PRONAFIM who continue to play an important role in the development of the rural and microfinance sectors. Of particular importance going forward is on models the project has helped introduce or support related to rural and agricultural finance.

With a variety of current and potential external challenges that stand to continue affecting many of the markets and populations served by microfinance institutions in Mexico – such as the economic crisis, communications infrastructure and costs, poverty, environmental challenges and others – it is increasingly important to develop robust institutions able to adapt, respond, and help vulnerable populations mitigate risk. Although AFIRMA has worked intensively during the past five years towards this goal, the project was designed to reach, and reached, a handful of promising institutions while many more require continued support and technical assistance to fully satisfy the rural and microfinance market demands. As detailed under Components 4-5 below, the project has also worked intensively to improve technical assistance provided via Mexican government programs, and to use aspects of AFIRMA an approach to designing and delivering technical assistance for financial institutions.

COMPONENT 2: DEVELOP A LOCAL, COMMERCIALY-BASED MFI SUPPORT SERVICES INDUSTRY

Objective and Approach

AFIRMA efforts within this task have been 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. A local support services industry is critical to the growth of rural and microfinance in Mexico, and AFIRMA worked to build upon and improve the supply of training, technical assistance, audit, research, product development, and other services demanded by MFIs.

AFIRMA began by studying the market for local services to MFIs. A survey of AFIRMA partners during the first year of the project revealed priorities for consulting services (see box), complemented by a survey of existing training firms, technical assistance providers, independent consultants and specialized microfinance consulting firms, to gain a more complete understanding of the market for microfinance support services.

Subsequently, AFIRMA designed and implemented a series of strategies designed to build specialized capacity of local services providers to assist the microfinance industry in Mexico:

1. **Contracting of local consultants and firms.** AFIRMA hired local providers (firms & individuals) linked with other project tasks such as direct technical assistance to MFIs, industry-level research, conferences, and training.
2. Given that Mexico has substantial human resources and consulting capacity, but limited specialized consulting capacity for microfinance, AFIRMA worked **to build local knowledge among consultants, firms, and universities on microfinance-specific topics.** AFIRMA matched local consultants or firms with international specialists (where applicable), directly accompanying the work to increase microfinance knowledge of these local service providers, especially in key areas of capacity building.
3. **A mentoring program for junior professionals with interest in microfinance.** There is no shortage in Mexico of intelligent, educated, young professionals who, with the right training, could fill positions in the microfinance sector. But young professionals are rarely aware of the professional opportunity presented by working in the rapidly growing microfinance industry. AFIRMA's approach to addressing this challenge focused on strengthening independent consultants, trainers, and potential

MFI Demand for Support Services

The areas of greatest **strategic priority**, according to AFIRMA partners, in order of importance were:

- Planning and Strategy
- Product Design and Adaptation
- Management Training
- Credit Analysis
- Legal Structure
- Operational Training

The primary services identified for **daily operations**, in order of importance:

- Operational and Management Training
- IT Systems
- Product Design and Adaptation
- Credit Analysis
- Human Resource Management

employees of MFIs in the theoretical foundations and practical application of microfinance in Mexico, including an initial partnership with the *Instituto Politecnico Nacional*, which subsequently evolved to a network of 9 of Mexico's top universities interested in including microfinance in their curricula and research initiatives.

4. **Coordination with the microfinance association, ProDesarrollo**, to address internal priorities such as improved strategic planning and design of training programs, as well as strengthening of the association's benchmarking system.

Activities

During the life of the AFIRMA, 54 projects were carried out by 42 local service providers (including 13 firms, 18 independent consultants and 11 interns). These assignments conducted with 13 project partners ranged from market studies to operational process mapping. Twelve of the service providers were hired for more than one project and six were hired by more than one institution.

As part of industry development, an important outcome of the collaboration with ProDesarrollo is its global standard benchmarking system. AFIRMA wrote the job description for a position within ProDesarrollo to manage the compilation, processing and reporting of benchmarking information, and supported the selection and recruitment of a junior consultant hired for the position. This specialist worked closely with the Director of PD, AFIRMA's Deputy Chief of Party and The Mix Market (the industry standard microfinance reporting platform) to develop information products for the microfinance market, as well as a commercialization plan for this type of information. AFIRMA helped cover the cost of this position for the first year (September 2006 – September 2007), after which it was fully funded by ProDesarrollo.

According to Francisco de Hoyos, Director of ProDesarrollo, AFIRMA's participation really jump started their benchmarking initiative. Though it was one of their activities since 2003, they never really took full advantage of its potential. With AFIRMA's support and the specialist's ability to take over the initiative internally, ProDesarrollo was able to provide an output that has been valued by its associated institutions and the microfinance sector at large. They generated an alliance with the Mix Market (Microfinance Information Exchange), with whom ProDesarrollo published the first sector wide report, and subsequently a project with the Inter-American Development Bank to strengthen accounting systems within partner MFIs. Prodesarrollo presented its third annual benchmarking report in July 2009.

Another flagship initiative within this component was the program developed with the *Instituto Politecnico Nacional* (IPN) to introduce microfinance in the School of Economics, and subsequently the School of Commerce and Administration. AFIRMA began working with the IPN to develop an extracurricular course that combined classroom learning led by microfinance-specialized instructors with field trips to experience microfinance in the field. While the first generations of this course were implemented by AFIRMA staff and consultants, several IPN professors became increasingly involved in curriculum development, team-teaching and eventually instructing the courses on their own accord.

Results

AFIRMA's efforts helped to consolidate incipient initiatives to support the microfinance industry, helping build up a diverse set of service providers and initiatives that will outlast the project. The activities and results are a demonstration of the diversity of efforts and actors involved.

- The IPN initiative has introduced microfinance to just shy of 300 participants, including 25 professors. At least ten students are working for microfinance institutions, within public agencies working to strengthen the microfinance industry, or directly developing consulting services for the microfinance sector. Four students are developing a microfinance-related undergraduate thesis, two more are studying related Masters degrees, and the School of Commerce and Administration is offering a senior seminar in microfinance, with the option for students to specialize in the subject. Additionally, the leader of the IPN Microfinance Program, Professor Graciela Portillo, continues to work arduously to improve the program and maintain linkages to microfinance practitioners.
- AFIRMA's work with the IPN led to a broader collaboration with 9 universities, which evolved into a Network of Universities that are working on microfinance issues. This has generated networking opportunities among academics, as well as inter-institutional collaborations for academic programs, such as professors from CIDE supporting programs within the IPN and the Colegio de Posgrados. Although there is still some uncertainty as to how this network will continue without support from AFIRMA, a working group is already working on proposals to different funders for curricular development for loan officers and branch managers.
- The ProDesarrollo benchmarking program has grown to include 60 institutions, and while only 3 Mexican institutions reported to the Global MIX Market platform (Microfinance Information Exchange), today 46 are reporting and Mexico is no longer uncharted territory for international funds and lenders who invest in microfinance.
- Through collaboration with CIDE and the TIES program, an industry map has been created that includes data on all points of outreach and other key data points across the popular finance sector. This effort was made possible through technical collaboration and design of the initiative and funding of a specialist inside CIDE to lead this data collection and processing effort.

Lessons

AFIRMA's efforts and achievements in component two were directly dependent upon linkages with leading and promising MFIs in project Component 1. The project's reputation

and practical knowledge of the performance and needs of these MFIs laid the basis for real collaboration and achievement under this industry building component. A second element was that the most successful efforts identified and leveraged nascent initiatives, combining international experience with local knowledge and initiatives to develop high quality products with real market demand. Despite these real and lasting achievements, not all efforts were successful and challenges remain.

Although AFIRMA's strategies to help generate young microfinance professionals were generally well received, one challenging aspect was linking professionals to MFIs and other sector actors. Institutions were very interested and highly supportive of AFIRMA's initiatives, however many MFIs still lack sufficient remuneration and career path development opportunities to attract and maintain professionals in key operational positions. Many institutions consider recent university graduates over-qualified for their loan officer profile, probably due in large part to the fact that group lending methodologies still dominate the microfinance market, for which loan officers rely much less on skills such as accounting, administration, and law, and for which loan amounts require operating costs to be kept lower than, for instance, with small business lending. Furthermore, many institutions are still in the process of strengthening processes for managing human capital towards staff fidelity and retention.

Collaboration with local universities such as the IPN holds great potential; however it is a slow process that requires an internal champion with strong institutional backing and endorsement. Universities and institutions of this nature in Mexico require at least four years for programs to gain institutionalization

Recommendations/Next Steps/Remaining Challenges and Opportunities

The challenge of developing local support services across the country requires the collaboration of a variety of actors. Mexico is a diverse country, with dynamics and circumstances varying dramatically across different regions, requiring support services to specialize in their area of expertise and understand the differences of serving microfinance clients in different contexts. Given the support that public institutions provide for professional services, in addition to working on the professionalization of supply a complementary strategy would be to work with the financial institutions to strengthen their internal capacity to hire support services, which would in turn improve their ability to demand higher quality services from providers.

Additionally, AFIRMA recommends that continued guidance be provided to the University Network, ensuring increased momentum to the initiative and clear linkages to practitioners and public sector institutions to satisfy their needs for human resources, training and research.

COMPONENT 3: DEVELOP INNOVATIVE PRODUCTS AND TECHNOLOGIES TO EXPAND ACCESS TO RURAL FINANCIAL SERVICES

Objective and Approach

The original objective of Task 3 was to demonstrate new approaches to *expand access to rural and agricultural finance by encouraging innovative business models and technologies for improving access to financial services*. Due to timing and USAID budget constraints, the grants portion of this task was eliminated, but in the second half of the project the initiative moved forward via direct support to select initiatives.

In project year four, USAID asked AFIRMA to include a focus on biodiversity under this task. Following careful review of the areas in which AFIRMA could make a significant contribution in terms of reducing threats to biodiversity in ways consistent with the project's scope of work, the goal of the biodiversity efforts was to *identify threats to biodiversity and incorporate productive activities into efforts to preserve biodiversity, via participatory planning processes and analysis of economic opportunities and potential.*"

The project developed a small portfolio of initiatives – diverse in terms of focus, partners, geography, and local context – to address key challenges from different perspectives.

The approach AFIRMA came to follow for biodiversity programming required *first prioritizing threats to biodiversity*, without being able to understand *a priori* whether access to finance was going to be a major issue. As such, work under Task 3 was not limited to Task 1 partners and, in some cases access to finance was not the priority issue to be addressed.

Rather, the analytic approach to identifying constraints and designing viable solutions based on market demand and biodiversity conservation as an example to practitioners and policy makers was the priority. This is consistent with USAID/Mexico's move in recent years towards broader support of Mexico's public and private agendas for development and conservation.

Activities

As a kick-off to Task 3, the project conducted a Rural and Agricultural Finance training, tailored to the Mexican context, and invited partner and non-partner financial institutions interested in the topic. The training helped spur interest among a few institutions and was followed by final design of a grant fund to make pilot investments in new approaches to rural and agricultural finance. The fund was not launched due to delays of the necessary funding obligation and AFIRMA worked with USAID to adapt this component to provide direct support.²

² The USAID CTO and AFIRMA staff worked together to identify limited additional support from other parts of USAID when AFIRMA lacked funding obligations. These included support from USAID's Microenterprise Office,

This shift required that AFIRMA be more proactive in going out to look for potential pilot initiatives to support. The initiatives identified were along the following lines: agricultural value chains, biodiversity-focused productive activity, information communications technology (ICT) & business model innovation, and agricultural microfinance, each of which is described below.

Agricultural Value Chains

AFIRMA sought to support upgrading in a couple of agricultural value chains in different ways, as outlined below. The first approach was based on working with a Task 1 partner, CrediAvance, with good experience in more traditional agricultural lending, to examine opportunities to serve smaller-scale rural producers.

AFIRMA worked with CrediAvance to develop a complete business case for introduction of the **high value MD2 variety of pineapple** to a pineapple producing region of Sinaloa and Nayarit where small growers were facing price pressure that made their current variety decreasingly viable. Support included initial scoping of potential for organic pineapple, to a region of pineapple production with a potential production window (harvest period, because of rain patterns) during which other major pineapple production regions (Costa Rica and Veracruz) were not able to produce. CrediAvance used the business case to work with local stakeholders to introduce the variety, with support from SAGARPA, Fundación Produce and the State Government of Sinaloa. The pilot project tested the variety in 3 parts of southern Sinaloa, along with mycorrhizae fungi that develop symbiotic relationship with the roots of the plants. Based on successful tests the variety, which gets between a 30%-45% price premium over the standard variety of pineapple, is now being produced in the region.

The project also analyzed the potential for finance in agricultural value chains. Following a comprehensive selection process using criteria related to the number of producers involved, trends in the agricultural product, and the potential of local producers to be competitive AFIRMA choose to analyze the **Ataulfo Mango Value Chain** in southern Chiapas, its options and constraints. This chain includes a large number of small producers, within a competitive chain delivering an attractive product that fetches a price premium above other varieties of mango in national and export markets.³ Producer organizations in the region indicate there are 18,000 hectares of Ataulfo mangoes in production in the state, yielding an average annual production of about 100,000 MT. With an estimated 5,800 growers engaged in Ataulfo production in Chiapas, this leads to an average production area of some 4.5 hectares per grower, within a range of less than 1 Ha to 1,500 Ha. That said, the production analysis conducted by Mexican environmental NGO, Pronatura, indicated that this may be a gross underestimate of the production zone, which could extend closer to 45,000 hectares - with the difference being accounted for by a greater number of small producers that are operating at the margin of producer associations.

USAID's Global Development Commons, and direct support from Office of Information Technology. These helped cover periods in which funding was particularly tight.

³ Hanemann, Patrick; Bourns, Nathanael; Fertziger, Ivana. "Ataulfo Mango in Chiapas, A Value Chain Analysis", USAID, July 2008. Available at www.microlinks.org

Important constraints identified included, among others detailed in the report, the lack of reliable information at the level of the sub-sector and a lack of formal financial services. Various value chain actors lack access to finance to upgrade their operations, and improve commercialization options. The need for greater liquidity across the chain tends to sub-optimize commercial decisions, resulting in lower overall returns for the chain.

Small agricultural producers in Mexico in general have limited access to financial services that could help them improve their production and gain access to attractive markets, and the Ataulfo chain is no exception. To understand the potential for expansion of financial services, especially from formal financial institutions to growers, AFIRMA found that it would be highly useful to understand, among other aspects, the flow of information through the chain. Ataulfo export packing houses often have good data on producers, as a result of good business practice in terms of understanding and monitoring their suppliers, and due to traceability requirements for phytosanitary compliance related to exports (which primarily flow to the US and to Canada).

In a pilot initiative to leverage the relationship between pack houses and associated growers for financial institutions interested in serving growers, AFIRMA worked with ICT provider SourceTrace (via support from USAID's Global Development Commons) and with the Yank pack house in Tapachula and Solucion ASEA, a regulated MFI (SOFIPO), to design a pilot information system and business model for the MFI to attain information on and monitor growers affiliated with the pack house and extend formal financial services (savings accounts and loans) to small producers with limited access to formal financial services. AFIRMA is building upon this initiative to test the use of information technology to gather, consolidate and report on key variables, as outlined below. The period of GDC support continues beyond the life of AFIRMA to continue to guide the process and there is interest in the Mexican public sector to follow this initiative and determine ways in which it might be built upon or replicated.

Biodiversity-focused Productive Activity

It should be noted here that the project initially focused on trying to adapt the ongoing initiatives in the mango value chain to the biodiversity initiative, in coordination with local conservation NGO ProNatura Sur. Although some potential existed, the adapted initiative would have required a completely different set of actors. So with the help of a DAI Biodiversity Specialist and in coordination with Conservation International, AFIRMA focused its biodiversity strategy on two regions, the Upper Gulf of California and Marismas Nacionales. The Upper Gulf of California was selected as it is one of the most diverse marine ecosystems in the world and is the home of the desert porpoise (vaquita marina) which is an endangered species emblematic of high priority ecosystem of high biological diversity. Marismas Nacionales is comprised of nearly 200,000 hectares of mangroves and is a primary breeding ground for marine species but faces a variety of threats.⁴

⁴ Further detail is provided in the technical note on AFIRMA's approach to biodiversity programming that is annexed to this final report.

Part of the Government of Mexico's strategy to mitigate the threat of extinction of the vaquita marina was a switch-out program that invested in alternative productive activities in exchange for a shrimp fishermen's equipment, boat, net, and license. Over 80% of these alternative income-generating activities were related to ecotourism or tourism related services, however the AFIRMA value chain analysis revealed significant challenges in linking those services to tourists. The analysis offered a series of recommendations to address these challenge, and in the last months of the project USAID/AFIRMA worked on two concrete initiatives:

- Work with the National Commission for Natural Protected Areas, the agency under SEMARNAT charged to implement the subsidy program, to regularly conduct market studies to identify trends in the demand for nature-based tourism in the region, and distribute that information on an annual or biannual basis. AFIRMA/USAID helped them develop survey tools, train staff, and establish a survey plan for compiling information at key points during the year.
- Help local tour operator, NaturArte, develop a strategic plan and business plan. NaturArte is an initiative started by local conservation NGO CEDO (Centro de Estudios del Desierto y el Oceano) to promote nature-based tourism in the region by developing, training, and selling community-based tours. CEDO has used NaturArte to help local communities develop nature-based tourism services that generate economic value, and in turn incentivize conservation of local ecosystems. The NGO is committed to spinning off NaturArte as a tour operator that develops market-oriented services with local providers, and directly links those services to tourists. With strategic and business plans, CEDO and NaturArte now have a clear and sound path towards achieving this goal, and as a result many ex-fishermen and other local actors will have new and improved channels for selling their services.

Information and Communications Technology and Business Model Innovation

- AFIRMA worked with USAID staff to conduct an ICT review⁵ to identify the potential for utilizing information and communications technologies (ICT) to improve access to financial services for Mexico's rural populations. The study included a series of interviews with local actors, including government agencies, financial services providers (including select AFIRMA partners), ICT service providers, and other intermediaries. The report is one of the few comprehensive, publicly available reviews of these issues specific to Mexico. USAID and AFIRMA presented findings at an event attended by leading MFIs, technology providers, and regulators, which was the first such public discussion of different ICT options and challenges related to extending coverage of financial services. Subsequently, AFIRMA worked with FINCA Mexico to design a tool

⁵ Payne, Judy, Tran, Nhu-An, Bourns, Nathanael; Fertziger, Ivana "Mexico ICT and Microfinance Diagnostic: What is the Potential for ICT to Help Expand Access to Financial Services in Rural Areas?" USAID, September 2008.

that includes robust criteria for judging investments in ICT, a tool which will be made available to the sector at the end of the project.

- **Support to FinComun's business model innovation** - AFIRMA provided limited, timely support to FinComun in the MFI's initiative to rapidly expand its distribution channels and market entry via an existing alliance with the nationwide distribution system of the bread-maker Bimbo. AFIRMA support helped refine the loan analysis based on data provided by Bimbo.
- **Scoring client turnover** - AFIRMA subcontractor Acción International supported Compartamos to develop a scoring model based on the institution's vast client database, to examine the conditions under which group loan clients tended to leave the institution. This analysis was key in determining when to offer new products, a process Acción had supported during under the AFIRMA project.

Agricultural Microfinance

With Financiera Súmate (a Task 1 partner), AFIRMA developed, piloted and tested a rural/agricultural loan product. Designed to analyze the rural, agriculture-based producer ("fami-empresa rural/agricola") and their household in order to adjust payment schedules to the various agricultural cycles and other household financial flows, it is the first lending product of its kind in Mexico known to DAI. Importantly, AFIRMA attained full institutional support within Súmate from loan officer to board levels prior to carrying out the initiative. The product development followed a full development process, ultimately producing a product pilot tested in two branches in Puebla. Based on positive results from the pilot in terms of client satisfaction, portfolio stability and quality, Súmate is planning to make final adjustments, train new loan officers and release the product for six additional branches in late 2009.

DAI anticipates this product may have impact beyond Financiera Súmate, by demonstrating how a microfinance institution can analyze risk and adapt its products for this important, under-served market segment. Colegio de Posgraduados, the pre-eminent agricultural school in Mexico is planning to prepare a case-study of the product. Also, FIRA, the Rural and Agricultural trust fund under the Central Bank, (Banco de Mexico) will examine it as an alternative model for financial inclusion among small diversified agricultural producers. This raises the potential for broader impact of this product development. It is of particular interest to FIRA that has been very successful in crop-based lending using scoring models especially for medium and large producers. FIRA has a goal of reaching more small-scale agricultural producers, for which the type of product developed with Súmate is directly relevant.

Results

The overarching result AFIRMA delivered via this task was to introduce promising new approaches to delivering access to financial services for underserved populations, especially in rural and agricultural markets. AFIRMA achieved this result in term of the following:

New products & services

- In components 1 and 3, AFIRMA supported development or adjustment of 13 savings and loan products with a wide variety of partners⁶ that have helped retain existing clients and expand into un-served market segments. Perhaps most notable is the new model for agricultural microfinance, developed in Mexico, with significant potential for expansion and replication to address one of the most difficult-to-serve market segments for financial services, the small agricultural producer.

Supporting use of new technology and business models to expand service

- By sharing information from other contexts and on the Mexican context with public and private stakeholders, AFIRMA helped start a public discussion in the microfinance sector on mobile banking for low income populations and correspondent banking for broader access to accounts and payment systems. This discussion continued in September 2009, at a Secretary of the Economy event (which AFIRMA helped design) at which the Central Bank (*Banco de Mexico*) and the Bank Regulator and Supervisor (*Comisión Nacional Bancaria y de Valores*) committed to begin a process whereby regulated non-bank financial institutions with solid information systems could operate via correspondents.
- The ICT tool AFIRMA has developed with FINCA, and which will be made available to other MFIs that have expressed interest as well as the broader sector at the end of the project, will help structure decisions around different distribution channels for financial services, as it has helped FINCA analyze its options.
- AFIRMA has supported new models for using rich third-party information to inform the design of financial products and the selection and monitoring of new clients. This was done through relatively light support to FinComun to refine their use of third party data (from bread-maker Bimbo) and in an intensive and cost effective way via a new information system in the mango value chain.

Development and conservation of biodiversity

The main impact of the project's efforts in biodiversity conservation was to offer new tools to address bottlenecks and opportunities at the intersection of conservation and productive activity along with policy makers and implementers. AFIRMA supported new and/or adjusted approaches to aligning productive activity to conservation goals, ensuring that where markets can play a positive role, robust market analysis is carried out. The project was able to demonstrate this to decision-makers as an essential ingredient for maintaining credibility for the conservation effort which is sometimes lost due to overly simplified judgments about end markets and eco-labeling. In a fairly short period of involvement, AFIRMA helped adjust government support in the Upper Gulf by showing new ways to

⁶ AFIRMA assisted in the development of New/Adjusted products at FinAmigo, PMM, CrediAvance, AISol (adjusted loan methodology), Súmate (3: adjusted solidarity group loan, implemented individual loan, and agricultural loan), FinComún (adjusted 2 products – savings and loan), Compartamos (re-designed 2: individual and solidarity loan products, designed micro-insurance product and a home improvement loan product), and Solucion ASEA (value chain pilot loan design).

understand demand within relevant market segments and demonstrate how local stakeholders could put together products and services that meet this demand while also addressing biodiversity threats.

In fisheries, AFIRMA provided new, actionable end market information and established initial links to markets to be tested in the 2009 shrimp season related to the trial of new vaquita-safe fishing gear, and has demonstrated to stakeholders an approach for addressing new markets. In ecotourism, AFIRMA has developed tools and supported local tour operators and other actors to take more systematic approaches to understanding their current and potential markets and to tourism product development. Policy makers and private actors alike have indicated that they will continue the initiatives initiated.

Ultimately the implementation initiatives that came out of value chain analysis focused most intensively on challenges in the Upper Gulf of California where AFIRMA determined it could have the greatest impact. Alone, AFIRMA could not hope to make significant contributions to the challenges highlighted above in the time and given the resources allotted, but was able to support local and national stakeholders, and add ingredients missing from the efforts of other initiatives.

Achieving public sector support for new approaches, with high potential for replication

AFIRMA was able to involve Mexican public sector stakeholders in pilot initiatives, reviews, studies and development of new models. This has been a key aspect of USAID's strategy in Mexico which seeks to leverage a limited presence, relative to the size and scope of development assistance available via the Mexican Federal Government. This type of involvement in Mexico is far from automatic for a USAID project, and requires establishing deep credibility on the topic at hand. AFIRMA was able to do this with the Secretary of the Economy, FIRA and the National Banking Commission (CNBV). At the end of the AFIRMA project, Mexican public sector stakeholders, especially one of the most important actors in development finance in Mexico, FIRA, are prepared to take over supporting and building upon a number of the initiatives AFIRMA has supported, including ICT and agricultural value chains, agricultural microfinance, and the role of finance in biodiversity conservation.

Lessons

A few lessons from this task are worth highlighting briefly here:

- ***Programming flexibility*** – It takes flexibility, within a well established framework, in order to promote innovation via a donor project. It is important to establish expectations at the outset since new approaches, by nature, are more risky than implementation of tested and well-understood approaches. Broad support of the initiatives from AFIRMA's USAID counterpart (Cognizant Technical Officer) was essential to trying new things that were somewhat more experimental than traditional microfinance approaches.
- ***The thrust for entering new areas should come from implementing partners*** - New initiatives related to agriculture and agricultural value chains in particular require deep buy-in from partners. To push this aspect would have alienated partners that may not

have been fully prepared to take on new risks. Therefore it was key that the impetus for these initiatives comes from partners (although, importantly, not limited to the project's MFI partners). This meant that some of the most interesting initiatives did not get going until later in the project than AFIRMA had hoped. Casting a broader "net" for potential partners in this component earlier on in the project (whether via the initially planned grant fund or otherwise) would have been more desirable in order to track outcomes and results.

- **Innovation management** - Perhaps as important as development of any given product is the processes of introducing new initiatives, new technologies and new products that AFIRMA promoted. AFIRMA support tended to follow the steps of plan → design → develop → implement → and manage the life cycle, a process now followed by a number of the project partners for introducing additional innovations.
- **Addition of biodiversity goals to a finance or economic growth project** – It is essential to involve biodiversity specialists from the outset to effectively program biodiversity activities added on to an economic growth project. Although some potential may exist it is likely to be difficult to layer biodiversity programming on top of existing initiatives when partners have been chosen. The USAID Microenterprise Office's approach to value chain development⁷ is very useful but has to be tweaked in order to also be relevant for biodiversity programming to ensure the biodiversity threat is a starting point for analysis.⁸
- **Value chain finance** – Finally it is worth highlighting here a few lessons from the project's research and work on value chain finance in Mexico:⁹
 - Short-term needs for cash often drive decisions about the channel into which products are sold. Other aspects of the chain often are sub-optimized to conform to access to capital. It is therefore important to understand capital constraints, and financial flows, throughout the chain.
 - Explicit and implicit financial flows, especially trade finance and the timing and conditions on payments within each commercialization channel, can inform design of third-party financial services, including when, where, and how they might compete in benefit of the chain.
 - Close examination of the dynamics of trade credit, may provide insights into power relationships and aspects of value chain governance.

⁷ As documented at www.microlinks.org

⁸ Further discussed in the attached technical note on AFIRMA's experience in biodiversity

⁹ These lessons are captured in Bourns, Nathanael; Fertziger, Ivana. "Incorporating Finance Into Value Chain Analysis, Case Study: Ataulfo Mango Value Chain In Chiapas, Mexico, July 2008. Microreport #110. Available at www.microlinks.com

- A sense of demand and supply trends, cost and price information within the chain give an initial indication of the potential attractiveness for private sector finance if there are financial institutions prepared and motivated to enter this niche.
- Payment processes already existing within the chain can potentially be leveraged for financial transactions in order to lower transaction costs for clients and financial institutions.
- Understanding current and potential information flows can make major contributions to understanding and managing risk, especially for financial institutions just beginning to serve this niche who are able to establish alliances with value chain actors.
- Increased interest among financial institutions in learning to measure and manage risks and costs (beyond public subsidy schemes) will depend in no small part on financial institutions' need to take on risk (due to increased competition in other sectors) in order to serve agricultural niches.

Recommendations/Next Steps/Remaining Challenges and Opportunities

Since a number of initiatives are ongoing at the end of the project, it would be useful to conduct follow up assessment to determine and document the outcomes, success factors and results achieved looking back on the initiatives 6-9 months later. In particular, USAID staff may want to monitor the following:

- Monitor the Mango traceability and access to finance initiative. At the time of AFIRMA closedown, this effort has some limited funding remaining for a contract with Source Trace Systems via the GDC, which will be managed by DAI's offices in Mexico, and could be coordinated for lessons learned and possible scaling options with the GCD
- Examine whether the initiatives related to end markets for sustainable fisheries or ecotourism initiatives in the Upper Gulf of California, or the analytical work initiated for Marismas Nacionales could be followed up under other USAID mechanisms. AFIRMA staff have shared this information with USAID staff and with USAID's current contractor for biodiversity-related initiatives.

Also, the product development process followed under AFIRMA could serve as a useful model in collaborating with financial institutions and public sector entities to address other development challenges, notably water and energy, as well as other value chains. Finally, the demand driven approach to identifying and supporting productive activities in and around regions where critical biodiversity resources are threatened provides a powerful model for economic development in these and other regions.

COMPONENT 4: IMPROVE REGULATION & SUPERVISION OF MICROFINANCE

Objective and Approach

The project focused on developing and strengthening specific elements of the Popular Savings and Credit Law that would facilitate and improve its application rather than building supervisory capacity as other larger projects financed by the World Bank (e.g. through BANSEFI) focused on supervision of RFIs and MFIs. AFIRMA achieved this through dialogue and support of the National Banking Commission's (*Comisión Nacional Bancaria y de Valores* – CNBV) microfinance initiatives.

Activities

AFIRMA/USAID developed a relationship with the banking authority over the course of the project, building on its knowledge and contacts in the popular finance sector developed during the early work in the project. Specifically the project assisted the CNBV in the following areas:

- **Study Tour** - In September 2006 the AFIRMA Chief of Party and USAID counterpart accompanied three CNBV representatives on an observational study tour to Peru and Ecuador to learn and experience the details of the regulatory and supervisory system for Popular Finance Institutions in these South American countries. The study tour included visits with the Bank supervisors of each country, credit bureaus, and several regulated microfinance institutions.
- **Presentation on Performance Indicators for Microfinance**. Met with the CNBV to present the methodological framework of performance indicators used with participating AFIRMA institutions.
- **Support to review the popular finance law (LACP)**. AFIRMA worked with a group of regulated institutions (cajas and SOFIPOs) to review the requirements for compliance under the Popular Savings and Credit Law, and found significant areas for streamlining reporting requirements to make compliance more straightforward for more regulated institutions while also improving the quality of the data reported.
- **Assistance to review a new norm and definition of micro credit** developed by AFIRMA team and subcontractor, ICC.
- **Prepared at the CNBV's request a report on money laundering** developed by AFIRMA subcontractor, ICC.

In 2007 multiple financial institutions regulated under the Popular Savings and Credit Law (PSCL, originally passed in 2000) separately approached DAI concerned about of burdensome reporting requirements and the lack of a technical definition of microcredit operations. Compliance was adding cost (ultimately passed to clients) while providing no real benefit. DAI proposed that the affected financial institutions work with international experts in microfinance regulation together and with the CNBV to examine options to improve the law and its application. This technically focused and neutral group therefore formed around a well defined set of challenges to propose streamlined regulatory requirements as well as a formal definition of microcredit that would allow for lower reserve requirements (and therefore lower costs) for microcredit portfolios managed using recognized best practices. The AFIRMA project COP served as the main point of contact for

the working group but ensured that proposals arose from interaction among the sector and its regulators.

Results

Senior level staff within the CNBV, at the Vice President's level, is leading changes within the institution to better regulate and supervise the popular finance sector and microfinance operations. Three specific outcomes demonstrate this qualitative improvement.

- CNBV has created an area specialized in financial inclusion and has incorporated new topics such as correspondent banking for microfinance institutions.
- On January 18, 2008 a reformed Popular Savings and Credit Law passed Congress, officially defining microcredit in technical terms, as credit for which the payment source is derived from a commerce, industry, agriculture, livestock, fishery or other services offered by small and micro entrepreneurs and streamlining reporting requirements while maintaining those most essential for financial supervision. This definition distinguishes microcredit from credit for salaried workers and large companies, focusing on the source of repayment as opposed to the difficult-to-discern use of loans. AFIRMA recognized that the job was not finished with a legal reform and changes since then have brought new questions about the future of the law. Hard work remains, for instance, to make the definition apply across financial institutions of different legal figures and to provide greater long-term clarity on the overall regulatory framework for microfinance and popular finance. However it's worth noting that the law's technical definition of microcredit is now serving as a model for the region (Colombia has already adopted the definition)
- The CNBV's supervisors have a better understanding of the particular characteristics of microcredit, and therefore how to effectively supervise popular credit and savings institutions. Supervision processes are now focused on improving credit risk analysis and reducing delinquency, reducing cost and improving quality of service for clients.

Lessons

Study tours can be effective to promote exposure to best practices and to develop the relationship between public sector actors and the project. Through this opening and its on-the-ground experience with popular finance institutions, the project was able to develop a reputation and relationship with the CNBV that allowed it to provide support on demand in a timely manner on critical issues for the sector. Changes at the regulatory and supervisory level can be challenging to achieve and implement, but can have wide scale impact in promoting stronger institutions, reducing risk and improving services for unbanked clients.

Recommendations/Next Steps/Remaining Challenges and Opportunities

USAID has developed a strong working relationship with the CNBV and should maintain a dialogue with this institution important for the economy. Additional support is required to ensure norms are implemented and an effective dialogue continues between the private sector retail financial institutions and the regulator. A neutral and knowledgeable facilitator that brings together well informed and diverse perspectives, as the AFIRMA/USAID project has operated, is very useful in this on-going process.

COMPONENT 5: IMPROVE THE ENABLING ENVIRONMENT FOR THE RURAL AND MICROFINANCE INDUSTRY

Objective and Approach

AFIRMA's objective was to improve the programming and results of the public sector agencies involved in supporting and financing the microfinance and rural finance sector in Mexico by providing them with knowledge and expertise through direct collaboration with actors in the sector and exposure to international best practices.

The project approached this objective by establishing credibility and understanding at the ground level, among retail financial institutions, and moved more toward promoting dialogue and concrete proposals for developing and implementing public policy later in the project.

Activities

AFIRMA efforts for Task 5 included supporting initiatives to improve the enabling environment for microfinance, particularly initiatives with GoM agencies as well as with private sector stakeholders in micro- and rural finance. Following is a summary of initiatives with each key actor.

PRONAFIM

AFIRMA and USAID worked closely with the National Microenterprise Finance Program (PRONAFIM) within the Secretary of the Economy and its senior leadership. This work built up from initial support to design national microfinance conferences, to implementation of technical assistance programs for rural MFIs. The project worked with PRONAFIM to introduce a series of topics into their annual conference which greatly informed the national dialogue and programs. These started with diverse credit methods, and moved on to transparency and credit bureaus, regulation, risk and risk ratings. Specific activities included the following:

- Assistance to complete the design for the 5th, 6th, 7th and 8th PRONAFIM Annual Conferences. This included the conceptual methodology, as well as bringing in key

speakers from AFIRMA directly, Ohio State University and other local and international specialists in microfinance and rural finance.

- PRONAFIM/USAID held an international risk management seminar with additional collaboration and investment from FIRA. AFIRMA team and consultants participated in this seminar, with experiences shared based local and international cases, many included MFIs supported by USAID in Mexico and the region.
- AFIRMA Project Team, with support from short-term consultants implemented three workshops on microfinance best practices for PRONAFIM staff from the back office, front office, and directors, respectively.
- AFIRMA supported 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). Specifically the AFIRMA project supported the implementation of 7 diagnostics of institutions that operate with support from the Fondo de Microfinanciamiento a Mujeres Rurales (FOMMUR).

Banco de México and Credit Information Services

At the start of the project, very few popular finance institutions used a credit bureau since they were expensive and the technologically difficult to access. Project support helped to create a more complete database, simplified data collection process and better understanding at the institutional level, as well as an improved product, and as a result usage increased while the price per consultation has dropped over 80%.

AFIRMA specialists in coordination with senior executives of Banco de Mexico assisted in the review of the Law of Credit Information Societies in Mexico. AFIRMA's Credit Bureau Specialist prepared a report on the law and the market for credit information systems that he presented in a breakfast meeting organized by AFIRMA, in which representatives from various public agencies and sector actors participated. With a broad audience and substantial press coverage, the event was an important step towards discussing the development of this issue which is critical to the development of the financial services industry. The event also served to raise public awareness of the role of credit bureaus, the status of Mexico's credit information system, and important next steps for ensuring successful development of Mexico's credit information services.

The project recommended expanding information exchange between credit bureaus and as a result legislation was passed to require private, licensed credit bureaus to share negative data on loans.

One of the private sector credit bureaus, Circulo de Credito, that had recently begun operations, found the report extremely helpful and requested additional assistance to review and adapt its credit report to better respond to the needs of MFIs and their clients. The Operations Director of Circulo de Credito reports that the new credit report developed with

AFIRMA assistance was so good that it is now used by all its clients and is available over the internet.

The AFIRMA project also promoted during the life of the project the use of credit bureaus among private and public sector actors as a means to reduce the costs and risk of microlending. This dialogue helped advance adaptation and usage of credit bureaus in the sector. As a result, Circulo de Credito reports that more than 250 MFIs use their system, up from only a few at the start of the program. The bureau's database has grown to 70 million credit records for 42 million people up from 17 and 7 million respectively. They estimate approximately 70% of these come from MFIs. As a result, hits (searches on clients that result in finding an existing record) are up from 10% to over 70%. In addition to the improvement of the report and growth of the system, prices for credit reports have dropped and confidence in the system has risen. Moreover, technological barriers have been overcome and new institutions are incorporated quickly and easily.

FIRA

USAID/AFIRMA collaborated with the United Nations Development Programme (UNDP) and the Rural and Agricultural trust fund under the Central Bank, FIRA (*Fidecomisos Instituidos para la Agricultura*), to strengthen FIRA's small loan program. This program began following six years of efforts at FIRA to develop its small loan program with modest results. As a result of a program review, the UNDP recommended to FIRA that it seek AFIRMA/USAID assistance. AFIRMA agreed and initiated support by conducting eight diagnostics of the financial institutions with which they were working on the small loan program.

Following the initial diagnostics, FIRA invited AFIRMA to participate on the project board with quarterly meetings to oversee the project. They also recognized the need to change the institution's manner of operating with the sector and requested AFIRMA assistance to help develop a strategy and work plan. FIRA determined that their senior management needed to learn more about other experiences in rural microfinance and hence requested support to conduct study tours to Peru and Ecuador to learn about microfinance and rural finance and the role and operating practices of the public sector in financing retail entities in these two South American countries. On both study tours, FIRA paid its own costs but AFIRMA set up, accompanied, and provided technical leadership to the tours. Based on this work, FIRA is determining how to move forward by developing a specialized unit and lending approach.

Financiera Rural

The AFIRMA team participated as trainers in a workshop on microfinance organized under a USTDA grant program and subsequently held several meetings with Financiera Rural to assist them in strengthening a scoring tool that they were developing to analyze microfinance institutions and their capacity for accessing Financiera Rural's second tier lending services. AFIRMA also trained two junior consultants who began working with Financiera Rural following participation in the AFIRMA IPN training and mentorship program.

Results

The overarching result of this work was to improve the knowledge and operating practices of some of the most important public sector funders of microfinance in Mexico. This contributes to the growth and prudent management of retail finance institutions.

For example, as a result of the risk seminar, a public policy working group on risk and microfinance was established among PRONAFIM, ProDesarrollo, FIRA, Banco Central, ADMIF and CNBV. This working group subsequently agreed to require all financial institutions receiving their support to utilize a credit bureau, and subsequently began to demand the financial institutions adopt the CNBV accounting standards. This effort is supported by an IDB funded project being executed through Prodesarrollo to assist Financial Institutions in adapting their chart of accounts and accounting norms, and effort which in turn grew out of the AFIRMA supported benchmarking project described above under component 2. By linking this accounting standards initiative to the funders' requirements it gave more weight to implementation. At the same time, the public sector institutions themselves committed to stronger oversight and supervision of the MFIs by increasing the training and skills of their own personnel.

AFIRMA introduced the benefits of external risk ratings first to partner MFIs (under Project Component 1) and then, as a continuation of the risk rating dialogue, to sector-wide funders. Now a new public policy proposal/dialogue exists to certify the specialized international risk rating agencies and to require all the regulated financial institutions to get rated periodically.

According to the manager of the FOMMUR program, AFIRMA's support has been a key success factor in orienting the training and technical assistance program to better support institutional strengthening of rural MFIs. While this had been an objective of the Secretary of Economy, AFIRMA helped pilot a new approach and the program is now expanding its scope based on this experience. She reports that the results have been spectacular with radical changes in these previously weak institutions and a much greater understanding within FOMMUR of the state and performance of these institutions. As a result, the trust fund is reviewing its overall policies, targets and conditions to align them with the revised technical assistance program based on performance-based results.

One public servant interviewed explained that AFIRMA's support was critical as it pushed the institution to do more, that previously they had received support in the form of subsidies, but had not been pushed to improve, which AFIRMA did and helped them to achieve.

PRONAFIM's annual microfinance conference (*Encuentro Nacional de Microfinanzas*) has evolved into a much more technical event and is taken advantage of by key public and private sector stakeholders to get together to present their information and perspectives in a rich dialogue.

Most importantly, a diverse group of Mexican stakeholders have taken ownership of the process and have advanced the dialogue on public policy and popular finance.

Lessons

In a country the size of Mexico, with significant financial and human resources, an industry development project should work as a facilitator and catalyst of change. It needs to determine when best to work through other actors and when it is necessary to take a stand and provoke dialogue and action by placing new topics on the table. This may be done in a variety of manners, including participation or sponsorship of public events and publishing and sharing studies, to more pointed discussions and select assistance.

Recommendations/Next Steps/Remaining Challenges and Opportunities

For credit bureaus to have their full impact, the data they collect needs to be reliable and complete. Improvements in these areas require efforts at the MFIs to improve data collection and processing quality and the sharing of public sector databases to enrich and complement the data the credit bureaus currently warehouse. However, political opposition can prevent this from advancing. Supporting continued dialogue on these topics across the sector and with public officials could help advance access to credit while controlling risks and costs.

With a variety of public actors in the financial sector, USAID has developed political capital and that it could use strategically to continue its work as well as to move into other areas where these public sector institutions are involved. This is most notable with organization such as FIRA that is the most important source of financing for agriculture and rural finance in the country.

ANNEX 1: REPORT MATRIX

Date	Report Title	Author
11/1/2004	AFIRMA Year 1 Work Plan	AFIRMA Project
10/26/2005	AFIRMA Year 2 Work Plan	AFIRMA Project
12/1/2006	AFIRMA Year 3 Work Plan	AFIRMA Project
1/1/2008	AFIRMA Year 4 Work Plan	AFIRMA Project
12/1/2008	AFIRMA Year 5 Work and Close Down Plan	AFIRMA Project
10/30/2005	AFIRMA Annual Reporty, Year 1	AFIRMA Project
11/16/2006	AFIRMA Annual Report Year 2	AFIRMA Project
12/7/2007	AFIRMA Annual Report Year 3	AFIRMA Project
10/31/2008	AFIRMA Annual Report Year 4	AFIRMA Project
1/31/2005	AFIRMA Quarterly Report 1, Year 1	AFIRMA Project
4/30/2005	AFIRMA Quarterly Report 2, Year 1	AFIRMA Project
7/31/2005	AFIRMA Quarterly Report 3, Year 1	AFIRMA Project
2/20/2006	AFIRMA Quarterly Report 1, Year 2	AFIRMA Project
5/24/2006	AFIRMA Quarterly Report 2, Year 2	AFIRMA Project
8/10/2006	AFIRMA Quarterly Report 3, Year 2	AFIRMA Project
2/9/2007	AFIRMA Quarterly Report 1, Year 3	AFIRMA Project
5/17/2007	AFIRMA Quarterly Report 2, Year 3	AFIRMA Project
8/20/2007	AFIRMA Quarterly Report 3, Year 3	AFIRMA Project
2/27/2008	AFIRMA Quarterly Report 1, Year 4	AFIRMA Project
5/12/2008	AFIRMA Quarterly Report 2, Year 4	AFIRMA Project
8/5/2008	AFIRMA Quarterly Report 3, Year 4	AFIRMA Project
1/31/2009	AFIRMA Quarterly Report 1, Year 5	AFIRMA Project
4/30/2009	AFIRMA Quarterly Report 2, Year 5	AFIRMA Project
7/31/2009	AFIRMA Quarterly Report 3, Year 5	AFIRMA Project
10/3/2009	AFIRMA Final Report	AFIRMA Project

Additional Reports on Sector Initiatives

Date	Report Title	Author
September 2005	Diagnóstico de la situación actual de los sistemas privados de información crediticia en México	Miguel Llenas
July, 2006	Formas De Asociación Cooperativa Y Su Participación en la Provisión de Servicios Financieros en las Áreas Rurales de México	Franz Gómez Soto Claudio González-Vega, Ohio State University
July, 2006	El Sector Bancario Y Las Finanzas Populares Mexicanas: Retos, Oportunidades Y Amenazas para las Organizaciones de Microfinanzas	Marcelo Villafani-Ibarnegaray Claudio González Vega, Ohio State University
July, 2006	El Sector de Las Microfinanzas en México	Carlos A. Alpízar Claudio González-Vega, Ohio State University
July, 2006	El Entorno Y la Participación de los Hogares en los Mercados de Crédito en México	Carlos A. Alpízar Malena Svarch Claudio González-Vega , Ohio State University
June 23, 2006	Memoria: Taller de Finanzas Agrícolas y Rurales	AFIRMA Project
August 2006	Encuesta de Sueldos y Prestaciones de Sector: Presentación de Resultados	AFIRMA Project
September 1, 2006	Memoria: Primer Curso Finanzas Populares y Microfinanzas	AFIRMA Project
June 2007	Las Sociedades de Información Crediticia en México: Actualización del Diagnostico del 2005 y Recomendaciones	Miguel Llenas
July 6, 2007	Memoria: Segundo Curso Finanzas Populares y Microfinanzas	AFIRMA Project
August 2007	Benchmarking de las Microfinanzas en México: Desempeño y transparencia en una industria creciente	Prodesarrollo, Microfinance Information Exchange (MIX), and AFIRMA
September 27, 2007	SEMINARIO: "Sociedades de Información Crediticia como Herramienta para aumentar la inclusión financiera: Perspectiva y retos en México"	AFIRMA Project
July 2008	Incorporating Finance into Value Chain Analysis. FSKG Case Study: Ataulfo Mango Value Chain in Chiapas, Mexico	Nathanael Bourns (AFIRMA) Ivana Fertziger (AFIRMA)
July 2008	Ataulfo Mango in Chiapas: A Value Chain Analysis	Patrick Hanemann (Farm2Market Agribusiness Consulting, Inc.) Nathanael Bourns (AFIRMA/DAI) Ivana Fertziger (AFIRMA/DAI)
April 2009	Memo on Fisheries Livelihoods and Biodiversity in Las Marismas Nacionales	Ingrid Ardjosodeiro (DAI)
May 2009	Ecotourism in the Upper Gulf; Evaluation of the value chain and intervention opportunities	Ivana Fertziger (AFIRMA/DAI) Miguel Baca (DAI)

Date	Report Title	Author
June 2009	Ecotourism in Marismas Nacionales; Evaluation of the value chain and opportunities for collaboration	Ivana Fertziger (AFIRMA/DAI) Miguel Baca (DAI)
June 2009	Fisheries in Mexico's Upper Gulf of California, A Rapid Analysis of the Shrimp Value Chain, Alternatives and Potential to Protect Livelihoods and Biodiversity	Nathanael Bourns (AFIRMA/DAI) Ingrid Ardjosodeiro (DAI)
September 2009	Presentation on End market Analysis for Sustainable Fisheries	Nathanael Bourns (AFIRMA/DAI)
October 2009	Adding Biodiversity Conservation Objectives to a Value Chains & Rural Finance Initiative; The AFIRMA project experience in Mexico	Nathanael Bourns (AFIRMA/DAI)