

**Achievement of Market-Friendly Initiatives and Results Program
(AMIR 2.0 Program)**

Funded By U.S. Agency for International Development

AMIR I Follow-on

Adaptation/Development and Implementation of a Common and Standardized
Management Information System
at Four USAID-Supported SMFIs
(SMFIs' MIS Project)

Report on Jordan Access to Credit Project/Community Habitat Finance (JACP/CHF)

Final Report

Deliverable for MEI Component, Task No. 310.3.1

Contract No. 278-C-00-02-00201-00

April 2003

This report was prepared by **Abu-Ghazaleh & Co. Consulting** (*Ref. AMIR-CHF-FRPT-12Apr2003_0*), in collaboration with Chemonics International Inc., prime contractor to the U.S. Agency for International Development for the AMIR Program in Jordan.

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1 Executive Summary

The following report has been produced in response to CHF-Jordan Access to Credit Project's completion and final acceptance of the SMFIs' MIS Project. According to the contract between AMIR Program and AGCON, the latter is to produce a final report upon acceptance by each SMFI of the installed MIS and recommend whether the MIS should be accepted.

Despite the various unavoidable obstacles that caused delays in the course of this project, as well as extensions and amendments to contracts, the MIS adoption and installation, as well as testing, at CHF-Jordan Access to Credit Project have been completed. Accordingly, and under AGCON's supervision, CHF-JACP issued its final acceptance on the 10th of April 2002, upon which the free warranty period has started.

To the best of its knowledge, AGCON confirms and further endorses the system's conformity to the specifications and standards initially agreed upon.

Under the contract between CHF-JACP and the Contractor (Delta Informatics), in addition to its commitment towards the free warranty year, the Contractor remains obliged for the provision of the manuals associated with the MIS. In addition, other issues that have been postponed until the warranty period include;

- Testing of some Accounting system functions and bank reconciliation

- Testing the posting process from the Loan Tracking System to the Accounting system.

- Layout of some Accounting reports

- Amendment to the payment voucher's operation

- Implementation of Check issuing function

2 Project Background

AMIR Program has chosen Abu Ghazaleh & Co. Consulting (AGCON)'s proposal in response to its Request for Proposal for the oversight and management of the development and installation of a common management information system (MIS) for the four USAID-supported Jordanian sustainable microfinance institutions (SMFIs); Microfund for Women, Ahli Microfinancing Company, Jordan Micro Credit Company, CHF-Jordan Access to Credit Project.

The project was aimed at the adaptation or development and implementation of a common and standardized Management Information System (MIS); an integrated Accounting System, Loan Tracking System (includes Loan Officers Incentive Subsystem), and a Personnel & Payroll System linked to an Attendance Tracking System, parameterized according to each SMFI's business requirements and needs.

The objectives of the oversight and management consultancy were:

- (a) Develop the specifications for a common, standardized MIS, which will serve the needs of all four SMFIs.
- (b) Assist with the writing of the tender requesting proposals from systems developers for adaptation or development, and installation of the MIS.
- (c) Assist the SMFIs and AMIR Program with the process of evaluation of the proposals and selection of the winning respondent.
- (d) Oversee development, installation and testing of the MIS.

3 Scope of Work

AGCON's scope of work included:

1. To define business requirements including high level processes, detailed business description and detailed business functions.
2. To describe the software applications specifications required for an integrated Accounting and Portfolio Tracking Information system (which is common and standard for the four microfinance institutions) that will be used as a decision support tool for the SMFIs managers, as well as a complete operation tool for the various microfinance institutions departments and facilities.
3. To prepare a final design of the functional specification of the microfinance institutions information system solution including all modules, system software, networking requirements and system integration needed to support each module.
4. To assist with writing of the tender document requesting proposals from system developers, for the procurement of information system, software and services.
5. Assist the SMFIs and AMIR Program with the process of evaluating the proposals and the selection of the winning respondent.
6. To supervise the implementation of the MIS (Development, Installation, Testing).

4 Our Approach

Phase	Activity	Description
One	1	Kick-off meetings Define schedule of interviews and appointments
	2	Interviews with different parties involved
Two	1	Identify Business high-level processes
	2	Prepare Detailed Business Descriptions
	3	Prepare Detailed Business Functions
	4	Describe System Manual Interaction
	5	Specify System Function Interfaces
	6	Provide System Function Description And Logic
	7	Specify System Function-Data Usage
Three	1	Define Required system Software
	2	Point Out Technical Support Requirements
	3	Point Out System Training Requirements
	4	Point Out Security Issues (Access, Data, and Hardware.)
	5	Specify Maintenance Requirements (Hardware, Software.)
Four	1	Round table discussions
	2	Prepare Tender Documents
Five	1	Pre-Bid meeting
	2	Respond to Bidder's Queries
	3	Submission of proposals
Six	1	Produce Tender Evaluation Report
Seven	1	Supervise MIS implementation at the four SMFIs sites

5 Project Progress

5.1 Develop the specifications and standards for the MIS

AGCON developed the specifications and standards for the MIS through familiarizing itself with the MIS needs of the four USAID-supported Jordanian sustainable microfinance institutions, and in conjunction with those four SMFIS, designed an MIS which is appropriate for their needs, cost-effective and sufficiently flexible to be adapted to their evolving requirements.

The process for developing specifications and standards started with the identification of high level processes at each SMFI, followed by the development of detailed business descriptions from which detailed business functions were concluded. Based on this, system functional specifications were built.

While AGCON delivered the specifications in accordance with the pre-set time scale, unavoidable delays were created until agreement among the four SMFIs on the developed common standards was achieved.

5.2 Produce and submit tender for MIS adaptation/development

The results of the initial step were then presented in the form of a Request for Proposal, requesting proposals from system developers, for the procurement of information system, software and services.

The RFP further included definition of the required system software and software development tools, in addition to other requirements to be offered by the contractor including technical support, training, security issues and maintenance.

5.3 Evaluate tender responses and recommend which response to accept.

In association with AMIR and the SMFIs, AGCON recommended and short listed three bidders out of the 8 received proposals.

AMIR and the SMFIs granted the bid to Delta, which has scored second technically and second financially.

While the process of releasing the tender, receiving responses and evaluating proposals went smoothly, there were later on delays in developing the contract between the winning bidders and each of the SMFI.

5.4 Oversee Vendor Adaptation/Development of MIS

The original contract (Contract No. 278-C-00-98-00029-00) was intended to terminate on the 7th of January 2002. Yet, during development, the schedule of the project was modified several times to contain delays caused by time and effort conflicts between conducting the project and carrying out CHF's daily business. Upon completing the first, second, third and fourth phases of the project, a subsequent contract (Contract No. 278-C-

00-02-00201-00) between AMIR Program and the AGCON was designed to continue the balance of the original contract and to accommodate the inevitable required extension of the project time schedule through setting an alternative starting and ending dates for the final phase "Oversee installation and testing and recommend whether MIS should be accepted". Yet, the contract did not take into consideration the additional required working hours to proceed with the consulting work (phase 4). The intended completion date for that contract was 01 April 2002.

However, this was not sufficient to accommodate the increasing demands at the CHF as well as the other SMFIs. Again, various unavoidable reasons stood against achieving the proposed date. These ranged from CHF's delay in acquiring the required server, and there decision to feed all the historical data to the system as well as internal operations and reallocation of offices, to Delta's overload, to delays in communication responds between all involved parties. In addition, there was significant delay in obtaining the required data sheets from the four banks associated with CHF, as well as delays in testing the various aspects of the project. Since then, AGCON was committed to supervise the project, and to achieve client satisfaction and project success though continuing to offer its complimentary consulting services beyond the anticipated time scale of the project until the 31st of June 2002.

After the 31st of June 2002, and in order to put an end to the above, a final amendment to the contract has been initiated. AMIR and AGCON mutually realized the need of further extending the involvement of AGCON in supervising and supporting the project, which normally tend to be more demanding during the final stage. All parties, including AMIR, AGCON and CHF, recognized the final absolute deadline of 31 December 2002 for completing the entire project. Furthermore, CHF recruited a new internal MIS consultant to coordinate the project internally, resulting in significant advancement of the progress of the MIS project.

As of 1 July 2002, 157 working hours of AGCON involvements were estimated to complete the entire project at CHF. These were distributed as shown in Appendix A.

A Memorandum of Understanding (Appendix B) was signed between CHF and AGCON to set a final schedule for the remaining part of the project at the time.

5.5 Testing

While AGCON have ensured through the course of the project that specifications conform to those stated and initially agreed upon in the RFP, the final testing phase reassured both AGCON and CHF that specifications has been all achieved. Some minor differences were found as a result of changes and requests required by the CHF during the course of this project.

In addition, testing phase included other areas of focus, such as controls on fields, indexing, integration, etc. A checklist was developed to ensure all aspects and specifications have been implemented and tested.

6 Acceptance

CHF has submitted its final acceptance on the 10th of April 2003. A copy of the final acceptance is available in Appendix C.

1. Looking at the final acceptance letter signed by CHF, and following our discussions, it is very obvious that they do not have any specific problem with the accounting system; their comments are very general, and when we discussed them in more details, we found that non of the points raised is really serious except those about the few reports that were not tested by them.
2. It is also worth mentioning that Delta has not received any requests for fixes or modifications from CHF since more than four months, which means that the system is functioning according to their needs and requirements.
3. Also, all the points mentioned by CHF in the signed Memorandum of Understanding attached in Appendix A were solved long time ago.
4. Delta informed us that, due to high turnover in CHF staff, they conducted the training on the Accounting system three times instead of the one time as per their contract.
5. In addition, please note that on 20-02-2002, Mr. Glenn Moller, the Program Administrator at CHF-Jordan Access to Credit Project at that time, sent to us a progress report stating that the accounting Module at CHF is completed. Below is the exact quotation as received:

A. Completed:

- 1) *Installation and training on Accounting Module.*
- 2) *Chart of Accounts and Current Balances entered.*
- 3) *One month of transactions (no loans) entered and verified against QuickBooks*

B. Pending:

- 1) *Review of all Reports*
- 2) *Export to QuickBooks feature (optional item CHF has requested from Delta)*
- 3) *Review Loan tracking/Accounting link*

6. Below are the notes received from Delta concerning the same issue:

A. Completed between 01/02/2003 and 14/04/2003

- 1) *Implement LOG FILE System*
- 2) *Implement Transfer Daily Transactions to the Historical File Function*
- 3) *Normal Support in previous three months (*)*

() Note: Delta Informatics did all Account System final acceptance notes*

B. Acceptances

1. *Loan Tracking System*
 - a. *Preliminary* :10/10/2002
 - b. *Final* :03/12/2002
2. *Payroll and Personnel*
 - a. *Preliminary* :24/03/2002
 - b. *Final* :16/05/2002
3. *Account*
 - a. *Preliminary* :24/03/2002
 - b. *Final* :10/4/2003?

Finally it is most important to say that Delta, the application provider, have received all their payments from CHF and cancelled their bank guarantees as per the final acceptance terms stated in the contract signed between CHF and Delta. Yet and to show our goodwill, we have signed additional letter with CHF “attached in appendix D” that guarantees our commitment to assist them till resolving the remaining minor issues.

7 Conclusion

Finally, AGCON has tested most aspects of the MIS and confirms their correspondence to the initially developed specifications, and analyzed business requirements, and that they match up to the expected quality and standards such as integrity, user friendly, etc.

User manuals are yet to be developed by Delta. These manuals are expected to be submitted by the end of April 2003.

8 Recommendations

CHF officials should develop a list of all pending issues, AGCON would then discuss these issues with Delta and develop a short action plan stating milestones, deadlines, and required resources from all parties.

CHF should stay in close contact with AGCON consultants, and communicate all potential problems/ obstacles; this would allow AGCON consultants to address them immediately and facilitate its determination.

CHF officials should start testing each pending function immediately after its repair by Delta, and start using the Accounting System fully, otherwise they may not be able to best utilize the benefits of integrating the Accounting System with all other implemented systems.

As per the SMFIs' inquires, AGCON has facilitated the communication between the SMFIs and a training center (PROTAG Online) to arrange for possible Oracle training courses.

Regarding the source code, CHF is still to decide whether they need to purchase a copy of the MIS source code for the price of 10.000 JDs or not.

AGCON's recommendation is to utilize Software Source Code Escrow. The concept of this service is to deposit the source code at a trusted third party, which ensures that the Source Code is released to CHF only when necessary, in accordance with an agreed upon set of conditions. The cost of this service ranges around 2,000 US Dollars annually.

9 Appendices

- **Appendix A Memorandum of Understanding**
- **Appendix B Time Distribution**
- **Appendix C Final Acceptance**
- **Appendix D Agreement Letter with CHF**

Appendix A: Memorandum of Understanding

Memorandum of Understanding (Non-Compulsory)

1. **Purpose.** The purpose of this MoU is to ensure the completion of the implementation phase of the project, to agree on an overall approach to conduct the final phase of the project "Testing of the MIS" by AGCON, and hence to set an expected date for the Final Acceptance of the system.
2. **Implementation Phase.** The Implementation phase of the project shall be concluded upon completing the following issues:
 - a. Operational Reports Expected Completion Date: 26 Sept. 2002
 - b. Financial Reports & AMIR Reports Expected Completion Date: 03 Oct. 2002
 - c. Officers /Supervisors Transferences.
 - d. Officers /Supervisors Region Transferences.
 - e. Rescheduling,
 - f. Advance Payments.
 - g. Load bank payments (Electronic Repayments for all banks).
 - h. Write Offs.
 - i. Incentive.
 - j. Data Conversion for old data (Micro2000&Access_Meena loans) .
 - k. Application Number.
 - l. Security Module Expected Completion Date: 03 Oct. 2002
 - m. Bilingual Support Expected Completion Date: 03 Oct. 2002

Note: Loading Historical Data of Loans from branches shall proceed in parallel with the above issues and extend beyond the Final Acceptance Date through the Free Warranty Period.
- n. **Testing Phase.** In corporation with AGCON, CHF shall test the MIS to endorse its conformity to the agreed specifications and standards. Testing Phase shall run in parallel with the Implementation Phase and is expected to conclude on 10 October 2002.
- o. **Final Acceptance.** Final acceptance of the MIS shall be reached upon completing the above stated remaining issues of the Implementation Phase and the Testing Phase.

Expected date: Sunday, 1 December 2002

Abu-Ghazaleh & Co. Consulting

Jordan Access to Credit Project

Name: Abdul Wahhab A-Khalil

Name: Ghasan AL-Mrayet

Signature: _____

Signature: _____

Date: _____

Date: 30/09/2002

Appendix B: Time Distribution

The time (working hours) that was required to complete the MIS project at CHF as of 1 July 2002.

	Working Hours
CHF	157

(a) Total Required Time

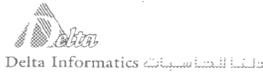
	Working Hours
CHF	120

(b) Follow-up Time

	Working Hours
CHF	37

(c) Testing Time

Appendix C: Final Acceptance



كشف استلام نهائي

اسم العميل : : اسم النظام :
 اسم المؤسسة العامة : : تاريخ الاستلام :
 توقيعه : : اسم المسؤول المباشر :
 ناصر : : ساروك

ملاحظات:

- 1) The accounting system is not tested in all fields of usage, since the system is not fully operating correctly to be tested.
 - 2) The linking from the loan tracking to the accounting system is not functioning.
 - 3) Bank reconciliations are not tested.
 - 4) Payment Vouchers is not functional in the needed manner
 - 5) check issuing is not functional
 - 6) The Accounting reports layout is not correct
- Thus, we sign this final acceptance provided that delta is committed to fix all issues addressed in the above points and that maintenance period remains in effect until March 31, 2004

توقيع الموظف الذي قام بالتسليم

عائده
 Ab

Appendix D: Agreement Letter with CHF

Commitment Agreement

Purpose and Scope of Agreement:

The purpose of this agreement is to obtain Talal Abu Ghazaleh & Co's commitment to continue providing technical support and consultancy services until the Delta system being utilized by CHF Jordan is fully functional and acceptable by CHF Jordan. This includes Talal Abu Ghazaleh's guarantee that the technical support provided by Delta Informatics will continue until the Delta system is fully functional and acceptable by CHF Jordan without any additional cost on CHF's part.

This agreement will remain in effect until Talal Abu Ghazaleh & Co. receives a written letter from CHF Jordan testifying that the Delta System is fully functional and acceptable.

This agreement signed in two original copies and is effective as of today, Thursday, April 10, 2003.

All above is subject to the terms & conditions of the USAID Prime Contract no. 278-C-00-02-00210-00 between Chemonics Int'l Inc & Abu-Ghazaleh & Co. Consulting

CHF Jordan

Nasser



Talal Abu Ghazaleh & Co.

Talal

