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AMIR Program
Access to Microfinance & Improved Implementation of Policy Reform

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AMIR / IBS Sustainable Microfinance Training Program

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AMIR/ IBS SUSTAINABLE MICROFINANCE TRAINING PROGRAM

Outline of Course

The Sustainable Microfinance Training Program consists of two courses, a Basic Course, focusing on best practice in design and provision of microfinance services, and an Advanced Course focusing on management of a sustainable microfinance institution. A summary of the contents on each follows below.

Basic Training in Microfinance

The Basic Course consists of 7 modules as shown below. The emphasis is on identifying central concepts, key questions that the practitioner should be asking his/her borrower as well as analytical tools to enable practitioners to run more sustainable and effective programs.

The teaching methodology is participatory with lots of small group work, role plays, interactive discussions, case-studies and homework exercises. Lessons underpinning success and real life best practice cases and examples will be used throughout to ground the training.

Basic Training in Microfinance

Basic Course	
<p>Module 1:</p> <p>2 days</p> <p><i>Group and Individual Track</i></p>	<p>Introduction to Microfinance Institutions (MFIs)</p> <ul style="list-style-type: none"> ▪ What is the history of microfinance? ▪ What are microfinance institutions? ▪ What are microenterprises? ▪ Why support microenterprises? ▪ What are the main challenges facing MFIs? ▪ What lessons have been learned? ▪ What methods can be used? ▪ What are the characteristics of successful MFIs?
<p>Module 2</p> <p>2 days</p> <p><i>Group and Individual Track</i></p>	<p>Introduction to Market Analysis and Product Design</p> <p>Market Analysis</p> <ul style="list-style-type: none"> ▪ How should a MFI define its mission? ▪ What are the 8 steps to a customer-centered product? ▪ What is a target market and why is it important? ▪ How do we determine the target market? ▪ Market research – how does an MFI find out about the needs of the customer? <p>Product Design and Lending Methodology</p> <ul style="list-style-type: none"> ▪ How can your products respond to customers' needs and be sustainable? ▪ What lending methodology will you choose? ▪ What products and services will you offer? ▪ How will you price your product? ▪ What room is there for flexibility in your program? ▪ What is your vision for your program and product improvements going forward?

Basic Course (Cont.)	
<p>Module 3:</p> <p>4 days</p> <p><i>Group and Individual Track</i></p>	<p>Overview of Credit Analysis: Key Elements</p> <ul style="list-style-type: none"> ▪ Know the key questions for analyzing the viability of an enterprise ▪ Know how to match the owner’s abilities with the business ▪ Know the financing / money issues to consider when making the loan ▪ Have a Checklist for Credit Analysis <p>Using Accounting to do Basic Business Analysis</p> <ul style="list-style-type: none"> ▪ What accounting is and why financial analysis is useful ▪ How and why we should view the business as a process that is alive ▪ How to construct, understand and begin to analyze an income statement, plus key definitions ▪ How to calculate the breakeven point and why it is useful ▪ How to construct, understand and begin to analyze the balance sheet, plus key definitions ▪ Basic introduction to cashflow <p>Portfolio Management: Managing and Measuring Delinquency</p> <ul style="list-style-type: none"> ▪ Three critical roles of the loan officer: portfolio manager, loan monitor and workout specialist ▪ Four key goals of the branch in managing credit ▪ What delinquency is and how to measure it ▪ The costs of delinquency and slow repayment: Impact on Sustainability ▪ The steps for managing portfolio delinquency ▪ Three risk management components: strong credit methodology; solid program culture; and good loan monitoring ▪ How to prevent delinquency: Loan structuring, borrower discipline, consistency, incentives, frequent repayments ▪ How to manage Problem Loans and not hide them through rescheduling and refinancing

Basic Course (Cont.)	
<p>Module 4a</p> <p>4 days</p> <p><i>Individual Track only</i></p>	<p>Special Tools for Lending to Individual Businesses</p> <ul style="list-style-type: none"> ▪ What steps to take in the individual lending process ▪ Why cash is crucial ▪ What questions to ask to create a cash flow projection ▪ How to put together a cash flow forecast ▪ How to make sure it is realistic ▪ How to read and interpret the cash flow forecast ▪ How to structure loans to give the customer the best chance of repaying on time ▪ How to present loans to the decision-maker ▪ How to monitor the loans once made
<p>Module 4b</p> <p>4 days</p> <p><i>Group track only</i></p>	<p>Group Lending Methodologies: How to Lend and Manage the Process Successfully</p> <ul style="list-style-type: none"> ▪ What is group lending? ▪ What are some of the various methodologies? ▪ What are the benefits for the borrowers and the MFI with Group methodologies? ▪ What are the key issues within the methodologies? (size, selection, discipline, management, collateral substitutes) ▪ What steps to take in the group lending process? ▪ What is the technical assistance role for the loan officer? ▪ What is stepping or graduation?

Basic Course (cont.)	
<p>Module 5</p> <p>2 days</p> <p><i>Group and Individual Track</i></p>	<p>Introduction to Mobilizing Savings</p> <ul style="list-style-type: none"> ▪ How do savings relate to the general industry shift from micro-credit to micro-finance? ▪ Why do savings matter? What are the advantages to the individual? What are the advantages to the MFI? ▪ What are the four most important features of successful savings programs / services? ▪ What are the key differences between compulsory savings and voluntary savings? ▪ How can the MFI ensure good customer service and why does it matter? ▪ What indicators or ratios can staff begin to use to monitor outreach (i.e. penetration of the target group), savings growth and cost of funds?
<p>Module 6</p> <p>2 days</p> <p><i>Group and Individual Track</i></p>	<p>Marketing and Customer Service</p> <ul style="list-style-type: none"> ▪ How will you reach your target market effectively? ▪ The 7 steps to successful marketing ▪ How will you manage your reputation? ▪ What promotional materials will you use? ▪ How to talk to the customer ▪ How to manage rejections ▪ Notes for Dealing with problem clients
<p>Module 7</p> <p>3 days</p> <p><i>Group and Individual Track</i></p>	<p>Tying it all together:</p> <p>Discussion session with Practitioners</p> <ul style="list-style-type: none"> ▪ A roundtable with invited lenders from successful microcredit programs share their experiences and take questions from training participants <p>Exams, Corrections, course evaluation and Wrap-Up</p>

Advanced Training in Microfinance

Outline of Course

The Advanced Course consists of 9 modules as shown below. An underlying theme throughout the training is moving the microfinance organization towards full sustainability with a deeper understanding of the costs and trade-offs involved. The focus is on managing a growing program and setting up the systems and performance measures to constantly detect problems and opportunities. As shown in the list of modules below, Managing Credit and Savings growth are addressed again, but with more complexity. The course will end with a panel discussion of experts which will each give an overview of their experience followed by questions from the group.

As in the Basic Training, the teaching methodology is participatory with lots of small group work, role plays, interactive discussions, case-studies and homework exercises. Lessons underpinning success and real life best practice cases and examples will be used throughout to ground the training.

Advanced Training in Microfinance

Advanced Course	
Module 1: 2 days	Introduction to Sustainability <ul style="list-style-type: none"> ▪ Why is sustainability important for MFIs? ▪ What is meant by strategic program alignment: context, goals, strategies? ▪ What are the typical levels of MFI sustainability? ▪ What are the key factors and challenges of MFI sustainability? ▪ How can we determine overall organizational sustainability?
Module 2: 3 days	Profitability and Sustainability <ul style="list-style-type: none"> ▪ What are the five elements of sustainability? Four levels of sustainability? ▪ Why is growth important? Why is interest rate policy important? ▪ What is the difference between the stated loan interest rate and portfolio yield? ▪ How does one determine the necessary interest rate to support sustainability? ▪ What are key factors and challenges of MFI productivity and profitability?
Module 3: 3 days	Portfolio Management: Managing Credit and Controlling Risk <ul style="list-style-type: none"> ▪ Key goals of the branch in managing credit and the costs of delinquency (recap of basic module) ▪ Steps in managing portfolio risk ▪ Five key questions for identifying and monitoring portfolio delinquency (steps 1 to 3 are a recap of the basic course) ▪ Application of five steps for monitoring and managing portfolio delinquency ▪ How to assess the adequacy of the loan loss reserve ▪ How to calculate Portfolio Yield ▪ Key indicators to monitor and manage the portfolio

Advanced Course (Cont.)	
Module 4 2 days	Introducing and Managing Savings <ul style="list-style-type: none"> ▪ Savings: Myths vs. Reality; The basic facts concerning savings at the local level ▪ Why individuals, households and businesses save ▪ Why savings are good for an MFI ▪ What the benefits of institutional savings are and who reaps the benefits? ▪ The basics of introducing savings plans in microfinance programs: When and How? ▪ How to think about the cost benefits of savings products for an MFI ▪ Key indicators and ratios to monitor savings ▪ How some key organizations have managed to successfully mobilize savings
Module 5 2 days	Building A Strong Organization: Governance and Management <ul style="list-style-type: none"> ▪ The elements of an effective governance structure ▪ How to measure, monitor and reward management performance ▪ How to control decentralized operations ▪ Tools for enhancing productivity and using performance incentives ▪ The roles of internal controls in fraud prevention ▪ Staff appraisal and motivation ▪ How to help staff realize their full potential and achieve the organization's goals
Module 6 2 days	Financial Planning and Forecasting <ul style="list-style-type: none"> ▪ Why MFIs need to shift to strategic business planning and financial planning rather than a project planning approach ▪ The most important variables for cash flow projections and how they interact ▪ The key assumptions that managers must make when forecasting performance and cash flow for the next year ▪ How to develop and use a budget ▪ The Five Steps of Forecasting ▪ The importance of a "reality check" on a budget or forecast

Advanced Course (Cont.)	
Module 7 2 days	Management Information Systems (MIS) <ul style="list-style-type: none"> ▪ Understand exactly what is a MIS ▪ Comprehend why the MIS is important ▪ Understand what a MIS can, and cannot, do ▪ Recognize when the MIS needs to be revamped ▪ Outline a plan to re-design or update a MIS ▪ Understand the role the Internal Control system plays in the functioning of a MIS
Module 8 2 days	Tying It All Together Applying Your Skills <ul style="list-style-type: none"> ▪ Applying skills with practical cases of international MFI's on which participants analyse the key areas taught above
Module 9 3 days	Discussion with Microfinance Experts <ul style="list-style-type: none"> ▪ A roundtable with invited managers from successful microcredit programs share their experiences and take questions from training participants Exams, Corrections, Course Evaluation and Wrap-Up