

CHEMONICS INTERNATIONAL INC.



SUPPORT FOR ECONOMIC GROWTH AND INSTITUTIONAL REFORM  
FINANCIAL SERVICES

Contract No.PCE-I-00-99-000077-00

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Quarterly Performance Report #8  
October 1 – December 31, 2000

Submitted to:  
Penny Farley G/EGAD/EM CTO  
U.S. Agency for International Development  
Washington. D.C.

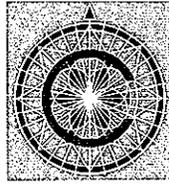
Submitted by:  
Chemonics International Inc.

in collaboration with

Bankworld, Inc., Caledonian Associates, Inc., Crimson Capital Corporation, Inc.,  
Georgia State University, Hill & Knowlton, Inc., Ingress Associates, Inc.,  
International Development Professionals, J.E. Austin Associates Inc.,  
Parker, Whitfield & Co., Shorebank Advisory Services, Taylor-DeJongh Inc.,  
The Intrados Consulting Group, Inc., The Ohio State University, The Urban Institute,  
World Council of Credit Unions

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December 31, 2000



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**Quarterly Performance Report #8**  
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**I. Active Delivery Orders**

**A. Madagascar CEM - Contract No. PCE-I-00-99-00007-00 Task Order 801**

- *Start Date* - April 12, 2000
- *Completion Date* - April 11, 2001
- *Amount of Task Order*- \$463,000
- *Task Order Objective* - To support the *Caisse d'Epargne de Madagascar* (CEM) in completing its transformation to an independent institution and provide limited institutional strengthening work to lay the groundwork for developing and expanding the CEM's microfinance services.
- *CTO* – Robert Dean
- *Consortium Team Members* - Warren Chase, Chief Technical Adviser (Chemonics), Frederick Dulles, Legal Expert (Taylor-DeJongh), Khai Nguyen, Financial Management Expert (Chemonics), Osman Shahenshah, Privatization Expert (Taylor DeJongh), Abraham Elison, Local Professional, Judith Beckwith, Microfinance Expert (Chemonics).
- *Applicable Internet Links* – N/A
- *Project Summary.* The project team is presently awaiting the passage of the law through parliament to begin finalizing the work on the privatization of the CEM. The Delta Audit (FY 2000) was undertaken late in the quarter and copies sent to the team for comment and reaction. A meeting with the auditors will take place in early 2001 to review the findings and pronounce a "clean audit." Based on the outcome of the special session of parliament in early January and the audit review meeting, the Team will plan out subsequent interventions.

Task Order #	Authorized Expenditure	Actual Expenditure	Balance	Estimated Completion Date	Actual Completion Date	Balance in Days
801	\$463,000	\$211,245	\$251,755	April 11, 2001	N/A	146.5

B. *Building a Microfinance Industry for the West Bank & Gaza* -Contract No. PCE-I-00-99-00007-00 Task Order 802

- *Start Date – September 21, 2000*
- *Completion Date – September 20, 2003*
- *Amount of Task Order- \$5,554,547*
- *Task Order Objective* - The project will establish a sustainable microenterprise industry in the West Bank & Gaza in order to enhance the potential for rapid growth of micro lending, and to make the availability of this product and other related financial services a permanent and sustainable feature.
- *Key Tasks to Meet Objective-*
  - A. Technical and or possible financial assistance to a Microcredit Forum in West Bank & Gaza
  - B. Identify and provide the necessary training to create a pool of microfinance trainers.
  - C. Information campaign and public awareness to promote the values and practice of sustainable microfinance.
  - D. Build and encourage linkages within the microcredit bureau.
  - E. Studies, seminars and analysis.
  - F. Commercially viable financial services.
- *CTO – Johnny Zeidan*
- *Consortium Team Members – Charles W. Taylor (Chief of Party), Imad Hamze (Senior Microfinance Specialist), Amr Khilfeh (Microfinance Specialist/Financial Analyst).*
- *Applicable Internet Links – N/A*
- *Specific Tools Used – N/A*
- *Project Summary –* Due to the political situation in the area, the project implementation has been delayed. Chemonics conducted an orientation for the Deputy Chief of Party who will arrive at post in late December or early January. The project management unit and USAID/West Bank & Gaza are examining possible start-up dates and continuing their investigation into alternative ways that the project may be implemented during the current political unrest.

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Task Order #	Authorized Expenditure	Actual Expenditure	Balance	Estimated Completion Date	Actual Completion Date	Balance in Days
802	\$5,554,547	\$57,523.96	\$5,497,023.04	September 20, 2003	N/A	N/A

*C. Uganda Support Private Enterprise Expansion and Development (SPEED) - Contract No. PCE-I-00-99-00007-00 Task Order 805*

- *Start Date – October 6, 2000*
- *Completion Date – January 31, 2001*
- *Amount of Task Order- \$595,958*
- *Task Order Objective - This task order is to design and implement a new, aggressive intervention that will address the needs of micro, small and medium sized enterprises and make systematic changes. This new activity will focus on access to finance and business skills development.*
- *Key Tasks to Meet Objective*

*Phase I – Assessment*

*The Assessment Report of Micro-, Small- and Medium-Enterprise Sector in Uganda* was submitted on November 17, 2000. It addressed the questions posed by the task order and was produced after extensive research of the business and finance environment in Uganda. The assessment entailed surveying and inventorying MFIs, their clients, current and proposed donor programs, institutional and regulatory implications for the industry, industry impacts on women, development of criteria for SPEED assistance, and development of realistic results and indicators related to the industry vis a vis potential SPEED interventions. The assessment team conducted hundreds of interviews with local businessmen, farmers, training partners, financial institutions, associations and others, both in Kampala and in districts in other parts of the country. In addition, they reviewed government documents, non-governmental organization reports, and other institutional materials. Finally, the team conducted a market survey to estimate demand, and evaluated potential counterpart agencies.

These findings were presented in written form to USAID/Kampala and questions answered in follow-up sessions.

*Phase II – Design*

In December 2000, the assessment team returned to Uganda to develop a project design based on the results of the assessment and further input from USAID. The proposed three-year project will focus on small and medium-enterprise finance, including agricultural finance; microfinance; business development services; and policy analysis and reform.

The draft design document was submitted to USAID/Kampala on December 20, 2000 and is currently under review.

- *CTO* – Patrick Rader
- *Consortium Team Members* –

Positions	Team Member	Affiliation
Team Leader/MSME Development Specialist	Ken Smarzik	Chemonics
Project Design Specialist/Deputy Team Leader	Lief Doerring	Chemonics
Agricultural Finance and MSME Specialist	Ralph Chaffee	Chemonics
Microfinance Specialist	Phil Broughton	Chemonics
Finance Policy Specialist	Michael Gold	Crimson Capital
Finance and Gender Specialist	Rae Blumberg	Chemonics
Local Finance Specialist	Evarist Mugisa	Chemonics
Local MSME Business Skills Specialist	Beth Bamwine	Chemonics
In-Country Coordinator	Nancy Zlotsky	Chemonics
Design Administrator/Budget Specialist	Chad Ford	Chemonics
M&E Specialist	Felix Lee	Chemonics

- *Specific Tools Used-*
  1. SO1 portfolio review
  2. Meetings with: SO1 staff and partners; key donors and their projects in the sector; key Ugandan organizations; MFIs, especially the “top 12”; commercial banks; consulting firms and training providers; members of the business community, including agribusinesses and farmers; GOU representatives
  3. Microfinance industry market assessment
  4. Institutional assessment of UIB and other potential counterparts
  5. Assessment preparation, including responses to all RFP questions
  6. Home-office technical review
  7. Presentation of assessment to USAID
- *Project Summary.* After completing the assessment and design phases the project is awaiting further feedback. USAID will consider the options and provide the team with written guidance in January 2001. It is anticipated that the resulting implementation task order will be finalized and signed in February 2001.

Task Order #	Authorized Expenditure	Actual Expenditure	Balance	Estimated Completion Date	Actual Completion Date	Balance in Days
805	\$595,958	\$494,563	\$595,958	January 31, 2001	N/A	430

*D. Implementation of the USAID/Mexico Microenterprise Strategy - Contract No. PCE-I-00-99-00007-00 - Task Order 804*

- *Start Date* – September 30, 2000
- *Completion Date* - September 30, 2003
- *Amount of Task Order*- \$1,393,539
- *Task Order Objective* - This project will provide a high caliber technical advisor and training to partner microfinance institutions and to other microenterprise support organizations, so they can address their institutional weakness and create the institutional base needed to serve the microenterprise finance sector.
- *Key Tasks to Meet Objective* -
  1. Technical assistance to partner institutions.
  2. Monitoring/Coordinating with other donors.
  3. Implementation of Development Credit Authority credit guarantee.
  4. Administration and Management
  5. Training of microenterprise finance institutions management and staff.
- *CTO* – Ann McDonald
- *Consortium Team Members* - Miguel Rivarola (Microfinance Long- Term Advisor)
- *Applicable Internet Links* - N/A
- *Specific Tools Used* - N/A
- *Project Summary.* Currently the project is in the start up phase. The MLTA has been working with the Mission on the agenda for identifying institutional strengthening needs and providing technical advice and training to Pro Desarrollo and MFI partners.

Task Order #	Authorized Expenditure	Actual Expenditure	Balance	Estimated Completion Date	Actual Completion Date	Balance in Days
804	\$1,393,539	\$ 23,302.19	\$1,370,008.48	September 30, 2003	N/A	860.5

**II. Completed Delivery Orders**

*C. Honduras Economic Principles Course - Contract No. PCE-I-00-99-00007-00 - Task Order 800*

- *Start Date* - June 25, 1999

- *Completion Date* - September 30, 1999
- *Amount of Task Order*- \$176,284
- *Task Order Objective* - To assist the USAID Mission in Honduras to replicate prior courses designed to educate the public about the fundamentals of a market economy. One component of the task order was directed at young professionals and focused on economic theory and its application to the analysis and solutions of economic problems of Honduras. The other component was directed at university teachers of economics and was focused on upgrading their economics skills in light of the globalization of markets.
- *Key Tasks to Meet Objective* - 1) The organization of a seminar for a selected group of thirty young professionals recently graduated from local universities in public management, economics, or agricultural economics and young professionals that are presently working in different public service and private sector financial institutions; 2) The organization and presentation of a seminar for a group of fifteen current teachers of economics at the university level; 3) Recruit and screen the applicants for the first component; 4) Develop a course plan that includes topics on macro and micro economic theory and practice; 5) Handle all administrative arrangements for organizing and presenting the seminars.
- *COTR* - Dennis Sharma, Danilo Alvarado
- *Consortium Team Members* - Chemonics
- *Applicable Internet Links* - N/A
- *Specific Tools Used* - 1) *Young Professionals*. Classes in: Economic Principles; Calculus and Linear Algebra; Computer Applications; Macroeconomics; Microeconomics. Economic Applications: International Commerce; Project Analysis; Agricultural Economics; Public Finance; and Statistics. 2) *University Professors*: Seminars and conferences on: Regional Economic Integration; Political Economy; International Commerce; The Economic Role of Microenterprises; Competitiveness.
- *Project Summary*. The courses for young professionals were carried out from June 25 to August 13, 1999. Thirty students were selected out of 100 that took an entrance exam. Diplomas were distributed to 27 students; however, student performance was limited due to the lack of prior education in these topics and the intensity and pace of the courses given. Recommendations were made to institute these diploma courses on a regular basis through the "Universidad Nacional Autónoma de Honduras." However, in order for the course to be successful the academic director would require independence to develop the curriculum and entrance requirements.

60 professors from throughout Honduras participated in seven conferences in current topics. Participants were enthusiastic about the program and evaluations were positive. However, results were limited due to the heterogeneity of the group and limitations on time. Recommendations were made to concentrate future efforts on the courses for young professionals and incorporate the seminar program into the regular academic curriculum of the University. In this manner, both professors and students could participate and benefit from the seminars.

Task Order #	Authorized Expenditure	Actual Expenditure	Balance	Estimated Completion Date	Actual Completion Date	Balance in Days
800	\$176,284	\$162,621	\$13,662	09/30/99	09/30/99	N/A

### III. Pending Work, Mission Inquires

#### Active Inquiries

- A. *Sri Lanka.* On May 15, Chemonics submitted a Tier I proposal to provide Technical Assistance on Tax Policy to the Sri Lankan Fiscal Policy Unit as a follow-on to work Georgia State is performing in Sri Lanka. This proposal was submitted in conjunction with our subcontractor, Georgia State.

### IV. Outstanding Issues and Questions

- A. *Web site.* During this period we continued work on our Web site and expect to have it up and running by mid-second quarter 2001. The Web site will feature monthly and quarterly reports illustrating the work that is being done by the Chemonics Consortium. Also the site will contain pages highlighting past project performance, individual firms in the consortium, and contact information. Once the site is posted, we will continue to update information as well as create linkages between the US financial community with cooperating country counterparts as a portal of financial services on the Internet.