

FINASOL

INCREASING MICRO-ENTERPRISE ACCESS TO LIQUIDITY

IMALI GRANT

PROGRESS REPORT # 1

OCTOBER 1998 - DECEMBER 1998

AWARD No. 674-A-00-98-00056-00

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I. FinaSol's Mission and Vision

Mission: FinaSol's mission is to provide technical support, training and quality control to enable Financial Services Cooperatives (FSC) to provide a customer-responsive menu of fairly priced and consistently high quality financial services, to large numbers of historically disadvantaged rural and peri-urban micro-entrepreneurs.

Vision: FinaSol will provide a broad range of financial services to its member FSCs. These services include but are not limited to: information systems, risk management and audit services, internal controls, training and facilitation, franchise certification, and access to wholesale finance. The FSCs in turn serve as retail financial service providers to thousands of micro-entrepreneurs. Using a franchise approach FinaSol will introduce international best practices that will establish acknowledged micro-finance operational standards, set performance targets and promote management techniques and delivery technologies that are designed to attain a large-scale, high quality operation in the shortest possible time frame for each FSC.

II. FinaSol's Purpose

FinaSol is the central promotional and coordinating body for FSCs that:

- Assists rural communities assess whether a FSC is likely to succeed in their area;
- Provides training to FSC members and assists them in registering the FSC as a cooperative;
- Provides assistance to FSCs through the start-up period as well as basic support during the first few years of operations, until a FSC is financially and administratively self-sufficient;
- Provides computer and accounting services that cannot be done at the village level, which allows village level operations to remain as simple as possible;
- Provides the training that will be necessary for FSC staff, members of the Board of Directors and other committee members to understand the functioning of a FSC to enable them to carry out the necessary operations in providing financial services to members;
- Acts as a link between the Registrar of Cooperatives and a FSC, and provides FSC certification for registration purposes. It acts on behalf of FSCs to ensure that all of the requirements of the Registrar's office are complied with on time; e.g. returns, audits, etc.

III. Franchise Description

Each FSC is linked to FinaSol by means of a franchise agreement by which:

- FinaSol agrees to provide a package of support services to a FSC;
- A FSC agrees to provide initial basic inputs; e.g. office building and furniture. Furthermore, a FSC agrees to comply with the FSC statute and other operational requirements;
- A FSC agrees to be self-managing from the start-up for financial operations and must be able to generate adequate income to cover basic operating costs after 12 months of operations;
- FinaSol will charge a FSC standard rates for the provision of services; and
- A FSC will function as a business enterprise based on regular business plans and proactive marketing of financial services to members. After payment of its operating expenses and fees due to FinaSol, the surplus made by a FSC will be distributed according to the statute. Aspects to be taken into consideration include the need to develop reserves, improve interest rates on both savings and loans as well as provide for member training.

IV. Principle Activities

1. Key Accomplishments Realized During the Reporting Period

- Recruitment and arrival of ACDI/VOCA senior technical advisor;
- Initial meeting between ACDI/VOCA senior staff, FinaSol managing director, FinaSol senior technical advisor, and USAID/Pretoria to establish a close working relationship;
- Selection of a new name, FinaSol – Financial Solutions, for registration since RFSO was rejected by the Registrar of Companies;
- Registration of FinaSol as a Section 21 company;
- Development of the first two phases of the training program – FSC Awareness Program and FSC Pre-establishment Program;
- Development of a model Statute for FSCs;
- Development of a Memorandum of Understanding between FinaSol, ACDI/VOCA and the National Department of Agriculture to encourage collaboration on the development of FSCs in South Africa; and
- Initial Awareness Program meetings held in three villages in Mpumalanga Province.

2. Institutional Development

a) ACDI/VOCA Technical Assistance

The ACDI/VOCA senior technical advisor (STA) for the IMALI project, Thomas K. Shaw, arrived in South Africa with his family on November 29, 1998 to take up residence in the Durban area for the three-year project period. Initial contacts were made in November with the USAID Mission in Pretoria to introduce the STA together with ACDI/VOCA Washington senior staff.

b) FinaSol Office Set-up

Upon arrival of the STA, office accommodation was provided to him within the South African Sugar Association's (SASA) Financial Aid Fund (FAF). This office space will be used until FinaSol is able to move to its new offices on the fifth floor of the same building some time in February or March 1999. SASA is contributing office space for approximately twelve months to FinaSol, as part of their contribution to its development. This is an extremely important element during the establishment phase of FinaSol operations, since it provides both office space and communications at a time of intensive operations. This assistance has greatly increased productivity during the first few months of the STA arrival.

The General Manager of FAF and Managing Director of FinaSol, Dr. R. F. Bates, will continue to fill both positions until a suitable candidate is found to replace him as manager of FAF. It is expected that the recruitment for the FAF position will be completed in March and that from that date Dr. Bates will be able to devote all of his time to managing FinaSol.

c) Legal Status

The original name, RFSO, was submitted for registration as a Section 21 company in late November 1998. At that time the Registrar of Companies responded that the name was not available, since there was already a Section 21 company (also a micro-finance institution) with a similar name, the Rural Finance Facility (RFF). It was pointed out that RFSO was too similar to the name and could lead to confusion among clients of both institutions. After discussions with the director of RFF it was decided to choose an alternative name for the institution. This time several alternatives were submitted to the registrar of companies for registration, with the final selection being FinaSol – Financial Solutions. The name has a very positive ring and gives the impression of being related to the sun; i.e., a bright new future. At this time FinaSol is a fully registered Section 21 company.

Registration of the FinaSol Trust, however, was not completed during the reporting period. It is expected that the Trust will be registered by the end of March 1999.

d) Approval of the FSC Model Statute

A Model Statute for FSCs was developed in November and circulated (unofficially) among the different regulatory authorities and other interested partners. After incorporation of all of their comments and suggestions, the document was finalized. It will be officially submitted to the Registrar of Cooperatives for approval in the first quarter of 1999. Final approval is expected to take several months, however, no modifications are expected. Thus the length of the process will not have any effect on FSC promotional efforts.

e) Development of the FSC Franchise Agreement

During this period an initial draft of the proposed FSC franchise agreement was produced. After much debate, it was decided to revise the entire document, to make it more simple to understand and therefore easier to explain and also to conform to South African legal requirements. The final document will be completed by the end of January 1999.

f) Board of Directors and Board of Trustees

While selection of the Board of Directors for the FinaSol Section 21 company has not been completed, selection criteria have been finalized and initial discussion held with candidates for three of the seven positions. It is expected that the official letters of invitation will be sent out in February 1999 and the first board meeting held some time in March.

The same is true for the Board of Trustees for the FinaSol Trust. Three of the proposed candidates have been contacted, with the remaining trustees to be decided in the first quarter of 1999. The first board meeting will not take place until the FinaSol Trust is registered.

g) Staff Recruitment

During the reporting period initial discussions were held to define tasks and minimum qualifications for the staff recruitment. While no positions have yet been filled, current FAF field staff, in the Mpumalanga region, have been conducting awareness program training sessions in the different communities. It is expected that the announcements for the positions will be advertised in early February. Recruitment for a training manager, an accountant and a secretary is expected to be completed by the end of April 1999. FinaSol will receive assistance in the recruiting process from SASA's Human Resource Department to ensure quality candidates and reduce the time constraint in the initial candidate pre-selection phase on FinaSol's senior management.

h) Collaboration with NDA

Discussions were held in November and December to address a misunderstanding by the National Department of Agriculture (NDA) about the roles and responsibilities of FinaSol in the promotion of FSCs in South Africa.

USAID took an active role in the resolution of this misunderstanding, as well as ACDI/VOCA's Washington based program manager, Mr. Peter Parr. In light of these discussions a Memorandum of Understanding (MOU) has been drafted to formalize the collaboration between ACDI/VOCA and the NDA. It is expected that the final version of the MOU will be signed in early February.

i) Annual Work Plan

The detailed FinaSol 1998-1999 Annual Work Plan can be found in Appendix 2 of this progress report. The work plan is designed so that a comprehensive set of individual targets can be achieved over the next three years, even though the current targets are only set for one year. This has been done to facilitate the monitoring process so that the end-of-project targets are clear at all times. The work plan is designed to be flexible so as to enhance and not inhibit implementation. Tasks will be added and updated as necessary. It is further expected that USAID/Pretoria will be an active partner in the monitoring process.

j) Land Bank

Discussions were continued with the South African Land Bank on their participation in the FinaSol program. FinaSol is requesting wholesale financial resources for on lending to FSCs, as well as funding for capacity building. It is anticipated that an agreement will be reached by late April 1999. The next scheduled meeting will take place in February.

k) Matching Funds

A detailed analysis was done to estimate the amount of matching funds that have been contributed to FinaSol's program to date. These amounts are:

Item	Match Type	Value in Rands
1	Office space	1,456
2	Administrative assistance (staff time, communication, photocopies, supplies, and accounting)	32,100
3	Travel expense (Airfare, per diem and other transportation expenses)	4,720
4	Financial management consultant	10,000
5	Study trip to Europe (Airfare, per diem and salary)	32,320
6	Development Bank assistance (consultant & travel)	6,840
7	DGRV funds for training	79,410
8	Training workshop	4,995
Total		171,841
Equivalent in S US *		S 30,866

* An average exchange rate of R 5.6 per dollar is used for the period. The amount in S US is rounded to the nearest dollar.

3. FSC Promotion and Training

a. Development of Training Modules

During the current reporting period, a trainer's manual, which contains the training modules for two of the three phases of the FSC development program, the Awareness and Pre-establishment Training Modules, was completed (the Technical Operations Modules will be completed at a later date). The draft documents were then discussed during a training workshop held from Dec. 1-3, 1998, at the Camelot Estates conference center in the Hillcrest area near Durban. Seventeen people, from FAF, ACDI/VOCA, DGRV (Dautscher Genossenschafts und Raiffeisenverband e. V.), Development Bank of Southern Africa, and the Institute of Natural Resources, participated in the workshop.

During the workshop the training materials were reviewed and amended, leading to the production of a final document that incorporated all of their suggestions and observations. It is important to note that the production of these initial training modules was financed through a grant provided by DGRV.

After the workshop, discussions were held with DGRV to obtain their assistance in the development of the next phase of training materials. This process includes:

- Contextualization (simplification) of the trainer's document into a trainee's manual;
- Translation of the trainee's manual into Zulu;
- Development of a pictorial (set of illustrations), presenting the key concepts of each module;
- Development of a trainer's lesson planning guide;
- Development of a technical operations manual;
- Organization of a training workshop to evaluate the application of these training materials in the field.

While the negotiations were not completed before the end of this reporting period, it is expected that DGRV will make a significant contribution to the development of the next phase of training materials.

b. FSC Promotion

Using the training materials developed for the Awareness Training, the ACDI/VOCA senior technical advisor spent two and a half days in mid-December working with TA Khumalo (FAF Operations Manager) in the Malelane, Mpumalanga area to begin FSC promotion efforts. During the visit two initial "contact" meetings, as well as one Module 1 Awareness promotion meeting, were held. Community response was very enthusiastic.

By the end of December 1998, initial promotion meetings had been held with six communities. At the same time many other communities have been

inquiring about the program. It is expected that at least ten communities will be in different stages of the Awareness Training program by the end of January 1999. While it is too early to predict how many communities will eventually establish their own FSCs, it is a very encouraging sign at this early stage.

V. Key Work Plan Activities for Quarter 2

- Signing of the MOU between ACDI/VOCA and NDA;
- Finalize and sign the sub-contract between ACDI/VOCA and FinaSol;
- Submit the Model FSC Statute and the Model Franchise Agreement to the Registrar of Cooperatives and Registrar of Banks for approval;
- Prepare a “needs” assessment of the 3 North West Province village banks and develop an assistance strategy for conversion to FinaSol FSCs.

It should be noted that this activity is contingent upon agreement of the Village Banks to join the FinaSol system.

- Move FinaSol’s office from the 3rd Floor to the 5th Floor of the SASA office building;
- Recruit FinaSol office staff (accountant, training manager and secretary);
- Finalize the FinaSol Section 21 Company Board of Directors and hold the first board meeting;
- Finalize the registration of the FinaSol Trust and its Board of Trustees;
- Finalize the specifications for modification, by Infowave, of the FAF Micro-banking Computer System to service FSC demand;
- Complete and submit to USAID for approval, FinaSol’s procurement plan;
- Order and receive equipment for FinaSol’s headquarters;
- Draft FinaSol’s Personnel Policy Manual;
- Finalize the remaining training documents (see Section 3. a. for details);
- Continue FSC promotion efforts with at least 5 communities that have finished both the Awareness and Pre-establishment Training programs.

Appendix 1 – Target Tracker

No.	TARGET TRACKER TASK	TARGET DESCRIPTION	Project Target	Year 1 Target	YEAR 1 ACTUALS				TOTALS	
					Q1	Q2	Q3	Q4	Year 1	Cumulative %
I. COMPONENT I TITLE										
1	A/V project rep arrives in RSA on project	Work begins FinaSol/IMALI	100%	100%	100%				100%	100%
2	A/V meets w/ USAID-Pretoria	Establish working relation w/ USAID	100%	100%	100%				100%	100%
3	Interface with SASA agreed upon for year 1	Provision of office space, telephone, IS network and administrative assistance, etc.	100%	75%	75%				75%	75%
4	Organize FinaSol office arrangements	Establish FinaSol office	100%	50%	50%				50%	50%
5	Interface with FAF agreed upon	Devt. of non competitive, complementary services	100%	50%	50%				50%	50%
6	Secure FinaSol's registration as a Section 21 Co.	FinaSol formally registered as Section 21 company	100%	100%	100%				100%	100%
7	Secure FinaSol's registration as a Trust	FinaSol formally registered as a Trust	100%	0%	0%				0%	0%
8	Select FinaSol's board of directors (Section 21)	FinaSol's board of directors selected and in place	100%	25%	25%				25%	25%
9	Select FinaSol's board of trustees (Trust)	FinaSol's board of trustees selected and in place	100%	25%	25%				25%	25%
10	Complete and sign project subcontract with A/V	FinaSol/ACDI-VOCA partnership formalized	100%	50%	50%				50%	50%
11	Prepare FinaSol/FSC franchise agreement	FinaSol/FSC franchise agreement formalized	100%	50%	50%				50%	50%
12	Prepare FinaSol information brochure	FinaSol project promotion initiated	100%	50%	50%				50%	50%
13	Establish FinaSol support systems	FinaSol project management systems put in place	100%	25%	25%				25%	25%
14	Draft Annual Work Plan; vet w/ USAID	Annual implementation plan in place	100%	100%	100%				100%	100%
15	Draft Procurement Plan; vet w/ USAID	Project procurement plan in place	100%	0%	0%				0%	0%
16	Meet w/ InfoWave to review MIS requirements	MIS requirements agreed on; design work started	100%	25%	25%				25%	25%
17	M&E prog. reporting parameters vetted w/ USAID	MIS design parameters established	100%	0%	0%				0%	0%
18	Place notice for FinaSol job openings (annual)	Staff hiring initiated	100%	0%	0%				0%	0%
19	Hire staff	Staff hired	100%	0%	0%				0%	0%
20	Initiate in-house staff training	Staff trained	100%	0%	0%				0%	0%
21	Coordinate on USDA/NDA FSC initiative	FSC inputs coordinated with FinaSol	100%	50%	50%				50%	50%
22	A/V-NIDA sign MOU on FSA/FSC development	MOU formalizes FSA development agreement	100%	50%	50%				50%	50%
23	Annual Budget Prepared for FinaSol	Annual budget prepared and approved	100%	75%	75%				75%	75%
24	Maintain relations w/ Registrar of Coops/Banks	Legal status of FSCs and financial role formalized	100%	50%	50%				50%	50%
25	Develop agenda for short-term TA/training	FinaSol technical capacity developed	100%	0%	0%				0%	0%
26	Annual team-building/strategic planning workshop	Staff work under common set of objectives	100%	0%	0%				0%	0%
27	Devt. Liquidity/cash management system for FSCs	Development of liquidity/cash management manual	100%	0%	0%				0%	0%
28	Develop a computer literacy training module	Computer literacy training manual completed	100%	0%	0%				0%	0%
29	Develop training module materials	Technical materials developed to establish FSCs	100%	50%	50%				50%	50%
30	Prepare FinaSol personnel policy manual	Development of a personnel policy manual	100%	0%	0%				0%	0%
31	Develop STTA agenda for FinaSol	Annual TA plan developed for FinaSol	100%	0%	0%				0%	0%

No.	TARGET TRACKER TASK	TARGET DESCRIPTION	Project Target	Year 1 Target	YEAR 1 ACTUALS				TOTALS	
					Q1	Q2	Q3	Q4	Year 1	Cumulative %
II. COMPONENT II TITLE										
32	Develop FSC selection criteria	FSC site selection criteria established	100%	50%	50%				50%	50%
33	Prioritize FSC geographic placement	Communities identified for FSC development	15	6	6				6	6
34	Select target for new FSC establishment	New FSC candidates agreed on	15	6	6				6	6
35	Carry out community resource appraisal	Community resource base identified	15	6	6				6	6
36	Carry out market survey/comm. resour. appraisal	Microenterprise service demand better understood	TBD	0	0				0	0
37	Interested communities approach FinaSol	FinaSol list of potential FSCs increased	15	6	6				6	6
38	Assist in start-up of FSCs	FSCs started	15	0	0				0	0
39	Carry out FSC awareness training and promotion	Community, FSCs, clients aware of FinaSol services	15	6	6				6	6
40	Carry out FSC pre-establishment training	FSC founding committees trained	15	0	0				0	0
41	Carry out FSC operations training	FSC administrator, staff and board rep. trained	45	0	0				0	0
42	FSC management training	FSC management staff trained/strengthened	30	0	0				0	0
43	Community provides FSC premises	FSC office established	15	0	0				0	0
44	FSC applies to FinaSol program	Community resources deemed adequate	15	0	0				0	0
45	Respond to community requests for application	FSC applications received from communities	15	0	0				0	0
46	Facilitate the registration of FSCs	FSCs registered	15	0	0				0	0
47	FSCs in process of registration	New FSCs established	15	6	6				6	6
48	Sign franchise agreement w/ FSCs	FSC/FinaSol franchise agreements signed	15	0	0				0	0
49	Assist FSCs w/ financial service delivery	Customers receive financial services	15	0	0				0	0
50	Provide technical assistance as needed	FSC delivery capacity enhanced	15	0	0				0	0
51	Assist FSC with business plan revision	Revised business plans completed	15	0	0				0	0
52	Make periodic field visits to FSC	FSC capacity verified; TA provided as needed	15	0	0				0	0
57	Design a FSC performance-based incentive plan	FSC standards/performance incentive plan in place	100%	0%	0%				0%	0%
58	Contact, facilitate, negotiate link bank inputs	Link bank identified and prepared to participate	3	2	2				2	2
59	Update FSC products and services menu	Revised FSC product line initiated	100%	0	0				0	0
60	Assist FSCs with management support systems	FSC admin systems in place and functional	15	0	0				0	0
62	Prepare the FSC credit policy manual	Credit delivery manual completed	1	0	0				0	0
63	Undertake FSC credit officer training	FSC credit officers trained and working in FSCs	15	0	0				0	0
64	Set up FSC MIS loan tracking/impact monitoring	FSC loan tracking carried out; impact reported	15	0	0				0	0
65	Microenterprises access loans	Loan disbursement info recorded	310	0	0				0	0
66	Cumulative number of loans disbursed	Overall portfolio loan info recorded	410	0	0				0	0
67	Value of FSC loans outstanding	Loan value info recorded	\$64,500	0	0				0	0
68	Average loan size	Average loan size info recorded in quarterly report	2	0	0				0	0
69	Average loan duration	Average loan duration info recorded in quart. report	2	0	0				0	0
70	Number of borrowers with gender breakdown	Number of women borrowers recorded in mo. report	4	0	0				0	0
71	Cost of loan	Cost-per-loan info recorded in monthly report	2	0	0				0	0
72	Number of total FSC members	New FSC member numbers recorded	3,450	0	0				0	0
73	Cumulative FSC savings on deposit	Savings info recorded	617,895	0	0				0	0
74	Number of depositors with gender breakdown	Nbr. of women savers recorded in 7 monthly reports	7	0	0				0	0

No.	TARGET TRACKER TASK	TARGET DESCRIPTION	Project Target	Year 1 Target	YEAR 1 ACTUALS				TOTALS	
					Q1	Q2	Q3	Q4	Year 1	Cumulative %
75	FSC capital accumulation	Capital base info recorded	195,431	0	0				0	0
77	Insurance program devt. and provided to FSC	System operational and FSC risk mgt enhanced	100%	0	0				0	0
78	Bank-to-bank transfer system developed	System operational and used for FSC transfers	100%	0	0				0	0
79	Pensions transmission service established	System operational and FSC client use increased	100%	0	0				0	0
80	Provide and set up FSC accounting system	FSC accounting system is operational	15	0	0				0	0
81	Provide remedial input to "at-risk" FSCs	"At-risk" FSC's performance improves	3	0	0				0	0
82	Document policy and regulatory issues	Critical reform areas identified and documented	TBD	0	0				0	0
85	Negotiate and facilitate FSC institutional linkages	FSC interaction and exchange improved	1	0	0				0	0
86	FSC leaders visit other dom./intern.l projects	New management ideas brought into FSCs	5	0	0				0	0
87	RSA "best practices" identified	Best practices recorded in quarterly reports	3	0	0				0	0
88	Prepare quarterly report	Quarterly report prepared and submitted	4	1	1				1	1
89	Prepare FinaSol annual report	Annual report prepared and submitted	1	0	0				0	0
90	In-house staff training and TOT workshop	TOTs improve training skills	2	0	0				0	0
91	Annual FSC mgt. workshop/strategic planning	FSC management improved	15	0	0				0	0

Appendix 2 – FinaSol 1998-1999 Annual Work Plan

USAID/South Africa Increasing Microenterprise Access to Liquidity (IMALI) Program

(Project No. 674-A-00-98-00056-00)

ANNUAL WORK PLAN I (October 1998 - September 1999)

ACDI/VOCA - FinaSol

A/V - ACDI/VOCA

FSC - Financial Service Coop

USAID - US Agency for International Dev

FM - Finance/MIS mgr

Acct - Accountant

APA - Africa Instit Policy Analysis

FSA - Financial Service Assoc.

MD - Managing director

TM - Training mgr

FSCA-FSC administrator

IMALI - USAID project

FinaSol - Financial Solutions

STA - Sr Technical Advisor

RM - Regional mgr

CO - FSC credit officer

DGRV - German donor

TTOF/RAFAD - guarantee org

OM - Operations mgr

TBD - To be determined

OSTC - Outside Short-term consultant

UP-ARD

TASK	RESPONSIBLE PARTY	IMPLEMENTATION TIMEFRAME		OUTPUT	TARGET						COMPLETION STATUS		
		Start	End		1998/99		1999/00		2000/01		Actual % this year	Actual % of TOTAL	
					Projected	Actual	Projected	Actual	Projected	Actual			
USAID Strategic Objective 5- Increase access to financial markets for the historically disadvantaged population													
I. FinaSol Establishment													
1 A/V project rep arrives in RSA on project	STA	Oct	Oct	Work begins FinaSol/IMALI	100%	100%	na	na	na	na	100%	100%	
2 A/V meets w/ USAID-Pretoria	A/V,STA,MD	Oct	Oct	Establish working relation w/ USAID	100%	100%	na	na	na	na	100%	100%	
3 Interface with SASA agreed upon for year 1	MD	Qrt1	Qrt2	Provision of office space, telephone, IS network and administrative assistance, etc.	100%	75%	na	na	na	na	75%	75%	
4 Organize FinaSol office arrangements (In SASA for 1 yr)	STA,MD	Oct	Qrt2	Establish FinaSol office	100%	50%	na	na	na	na	50%	50%	
5 Interface with FAF agreed upon	MD	Qrt1	Qrt2	Dev't of non competitive, complementary services	100%	50%	na	na	na	na	0%	0%	
6 Secure FinaSol's registration as a Section 21 company	MD	Nov	Qrt2	FinaSol formally registered as Section 21 company	100%	100%	na	na	na	na	0%	0%	
7 Secure FinaSol's registration as a Trust	MD	Dec	Qrt2	FinaSol formally registered as a Trust	100%	0%	na	na	na	na	0%	0%	
8 Select FinaSol's board of directors (Section 21)	MD	Dec	Qrt2	FinaSol's board of directors selected and in place	100%	25%	na	na	na	na	25%	25%	
9 Select FinaSol's board of trustees (Trust)	MD	Dec	Qrt2	FinaSol's board of trustees selected and in place	100%	25%	na	na	na	na	25%	25%	
10 Complete and sign project subcontract with A/V	MD,A/V	Dec	Qrt2	FinaSol/ACDI-VOCA partnership formalized	100%	50%	na	na	na	na	50%	50%	
11 Prepare FinaSol/FSC franchise agreement	A/V, MD	Dec	Qrt2	FinaSol/FSC franchise agreement formalized	100%	50%	na	na	na	na	50%	50%	
12 Prepare FinaSol information brochure	MD,OSTC	Dec	Qrt2	FinaSol project promotion initiated	100%	50%	na	na	na	na	50%	50%	
13 Establish FinaSol support systems	MD,STA,OSTC	Qrt1	Qrt3	FinaSol project management systems put in place	100%	25%	na	na	na	na	25%	25%	
14 Draft Annual Work Plan; vet w/ USAID	STA,MD,A/V	Qrt1	Qrt1	Annual implementation plan in place	100%	100%	100%	0%	100%	0%	100%	33%	
15 Draft Procurement Plan, vet w/ USAID	STA	Qrt1	Qrt2	Project procurement plan in place	100%	0%	na	na	na	na	0%	0%	
16 Meet w/ InfoWave to review MIS requirements	MD,STA	Qrt1	Qrt3	MIS requirements agreed on; design work started	100%	25%	na	na	na	na	25%	25%	
17 M&E progress reporting parameters vetted w/ USAID	STA	Qrt2	Qrt2	MIS design parameters established	100%	0%	na	na	na	na	0%	0%	
18 Place notice for FinaSol job openings (annual)	MD,STA	Qrt2	Qrt9	Staff hiring initiated	100%	0%	100%	0%	100%	0%	0%	0%	
19 Hire staff	MD,STA,OM	Qrt2	Qrt9	Staff hired	100%	0%	100%	0%	100%	0%	0%	0%	
20 Initiate in-house staff training	STA,OM	Qrt2	Qrt10	Staff trained	100%	0%	100%	0%	100%	0%	0%	0%	
21 Coordinate on USDA/NIDA FSC initiative	MD,STA	on-going	Qrt12	FSC inputs coordinated with FinaSol	100%	50%	100%	0%	100%	0%	50%	17%	
22 A/V-NIDA sign MOU on FSA/FSC development	A/V,NIDA	Qrt2	Qrt2	MOU formalizes FSA development agreement	100%	50%	na	na	na	na	50%	50%	
23 Annual Budget Prepared for FinaSol	MD,STA	Qrt1	Qrt2	Annual budget prepared and approved	100%	75%	100%	0%	100%	0%	75%	25%	
24 Maintain relations w/ Registrar of Coops/Banks	MD	on-going	Qrt12	Legal status of FSCs and financial role formalized	100%	50%	na	na	na	na	50%	50%	
25 Develop agenda for short-term TA/training	STA,MD	Qrt2	Qrt3	FinaSol technical capacity developed	100%	0%	na	na	na	na	0%	0%	
26 Do annual team-building/strategic planning workshops	OSTC,MD,STA	Qrt3	Qrt4	Staff work under common set of objectives	100%	0%	100%	0%	100%	0%	100%	0%	
27 Dev't Liquidity/cash management system for FSCs	MD,STA,OSTC	Qrt3	Qrt4	Development of liquidity/cash management manual	100%	0%	na	na	na	na	0%	0%	
28 Develop a computer literacy training module	OM,FM,TM	Qrt2,3	Qrt2	Computer literacy training manual completed	100%	0%	na	na	na	na	0%	0%	
29 Develop training module materials	STA,OSTC	Qrt1	Qrt3	Technical materials developed to establish FSCs	100%	50%	na	na	na	na	50%	50%	
30 Prepare FinaSol personnel policy manual	MD,STA,OSTC	Qrt2	Qrt3	Development of a personnel policy manual	100%	0%	na	na	na	na	0%	0%	
31 Develop STTA agenda for FinaSol	MD,STA	on-going	Qrt4	Annual TA plan developed for FinaSol	100%	0%	na	na	na	na	0%	0%	

TASK	RESPONSIBLE PARTY	IMPLEMENTATION TIMEFRAME		OUTPUT	TARGET						COMPLETION STATUS		
		Start	End		1998/99		1999/00		2000/01		Actual % this year	Actual % of TOTAL	
					Projected	Actual	Projected	Actual	Projected	Actual			
II. FinaSol Operations													
<i>Intermediate Results (#):</i>													
<ul style="list-style-type: none"> Number of microenterprises accessing loans through FinaSol FSCs Number of loans made to microenterprise by FinaSol FSCs Value of loans made to microenterprises from FinaSol FSCs 				Microenterprises accessing loans	310		1,758		3,742				
				Loans made to microenterprises	410		4,482		12,742				
				Value of loans to microenterprises	\$ 64,500		\$ 911,750		\$ 3,209,131				
<i>Performance Indicators:</i>													
<ul style="list-style-type: none"> Total number of FSCs Total number of FSCs membership Total savings mobilized by FSCs Total capital mobilized by FSCs Total employment generated by FSC loans 				FinaSol FSCs registered	15		40		58				
				FSC membership	3,450		10,300		16,300				
				Total FSC savings mobilized in Rands	R 617,895		R 1,888,936		R 3,011,203				
				Total FSC paid in capital in Rands	R 195,431		R 347,887		R 603,776				
				Number of jobs created	TBD		TBD		TBD				
32 Develop FSC selection criteria	STA,MD,OSTC	Qrt2	Qrt4	FSC site selection criteria established	100%	50%	na	na	na	na	50%	50%	
33 Prioritize FSC geographic placement	MD,STA,OM	Qrt2	Qrt2	Communities identified for FSC development	15	6	25	0	18	0	40%	10%	
34 Select target for new FSC establishment	MD,OM,RM	on-going	Qrt2-10	New FSC candidates agreed on	15	6	25	0	18	0	40%	10%	
35 Carry out community resource appraisal	OM,STA	on-going	Qrt1-10	Community resource base identified	15	6	25	0	18	0	40%	10%	
36 Carry out field market survey/comm. resour. appraisal	STA,OM	Qrt2	Qrt10	Microenterprise service demand better understood	TBD	0	TBD	0	TBD	0	0%	0%	
37 Interested communities approach FinaSol	Community	on-going	Qrt2-11	FinaSol list of potential FSCs increased	15	6	25	0	18	0	40%	10%	
38 Assist in start-up of FSCs	OM,STA	on-going	Qrt1-10	FSCs started	15	0	25	0	18	0	0%	0%	
39 Carry out FSC awareness training and promotion	STA,MD,TM	on-going	Qrt1-10	Community,FSCs,clients aware of FinaSol services	15	6	25	0	18	0	40%	10%	
40 Carry out FSC pre-establishment training	STA,TM	on-going	Qrt2-11	FSC founding committees trained	15	0	25	0	18	0	0%	0%	
41 Carry out FSC operations training	STA,TM	on-going	Qrt3-12	FSC administrator, staff and board rep. trained	45	0	75	0	54	0	0%	0%	
42 FSC management training	STA,MD,TM	quarterly	Qrt1-10	FSC management staff trained/strengthened	30	0	50	0	36	0	0%	0%	
43 Community provides FSC premises	FSC	periodic	Qrt2-11	FSC office established	15	0	25	0	18	0	0%	0%	
44 FSC applies to FinaSol program	FSC	on-going	Qrt2-11	Community resources deemed adequate	15	0	25	0	18	0	0%	0%	
45 Respond to community requests for application	OM,STA	on-going	Qrt1-10	FSC applications received from communities	15	0	25	0	18	0	0%	0%	
46 Facilitate the registration of FSCs	OM	on-going	Qrt1-10	FSCs registered	15	0	25	0	18	0	0%	0%	
47 FSCs in process of registration	OM,STA,RM,TM	on-going	Qrt10	New FSCs established	15	6	25	0	18	0	0%	0%	
48 Sign franchise agreement w/ FSCs	MD,FSCs	on-going	Qrt1-10	FSC/FinaSol franchise agreements signed	15	0	25	0	18	0	0%	0%	
49 Assist FSCs w/ financial service delivery	OM,FM,STA	on-going	Qrt2-11	Customers receive financial services	15	0	40	0	58	0	0%	0%	
50 Provide technical assistance as needed	OM,STA,OSTC	periodic	Qrt2-11	FSC delivery capacity enhanced	15	0	40	0	58	0	0%	0%	
51 Assist FSC with business plan revision	OM,RM,STA	on-going	Qrt3-12	Revised business plans completed	15	0	40	0	58	0	0%	0%	
52 Make periodic field visits to FSC	STA,OM	on-going	Qrt2-11	FSC capacity verified, TA provided as needed	15	0	40	0	58	0	0%	0%	
53 Carry out annual FSC audits	OM,RM,STA	annual	Yr1-3	FSC mgmt/financial capability assessed	0	0	15	0	40	0	0%	0%	
54 Certify FSCs	OM,MD,STA	annual	Qrt1-10	FSCs certified after annual audit	0	0	15	0	40	0	0%	0%	
55 Provide FSC accreditation	MD,OM	annual	Qrt6-10	FSCs accredited	0	0	15	0	40	0	0%	0%	
56 Carry out FSC peer review and report on findings	OM,RM,STA	annual	Qrt6-10	FSCs ranked according to performance	0	0	1	0	1	0	0%	0%	
57 Design a FSC performance-based incentive plan	STA,FSCA	Qrt3	Qrt4	FSC standards/performance incentive plan in place	100%	0%	na	na	na	na	0%	0%	
58 Contact, facilitate, negotiate link bank inputs	MD,STA	Qrt2	Qrt10	Link bank identified and prepared to participate	3	2	na	na	na	na	67%	67%	
59 Update FSC products and services menu	STA,OM,MD	on-going	Qrt2-10	Revised FSC product line initiated	100%	0	100%	0	100%	0	0%	0%	
60 Assist FSCs with management support systems	STA,OM,OSTC	on-going	Qrt2-11	FSC admin systems in place and functional	15	0	40	0	58	0	0%	0%	
61 Facilitate/negotiate wholesale loan funding	MD,STA	on-going	Qrt5-10	New loan capital available	0	0	TBD	0	TBD	0	0%	0%	
62 Prepare the FSC credit policy manual	OSTC,STA,MD	one-time	Qrt3-4	Credit delivery manual completed	1	0	na	na	na	na	0%	0%	
63 Undertake FSC credit officer training	OM,TM,STA	on-going	Qrt4-12	FSC credit officers trained and working in FSCs	15	0	25	0	18	0	0%	0%	
64 Set up FSC MIS loan tracking/impact monitoring	STA,OM,RM	on-going	Qrt2-11	FSC loan tracking carried out; impact reported	15	0	40	0	58	0	0%	0%	
65 Microenterprises access loans	FM,RM,FSCA	monthly	Qrt3-12	Loan disbursement info recorded	310	0	1,758	0	3,742	0	0%	0%	
66 Cumulative number of loans disbursed	FM,FSCA,CO	monthly	Qrt3-12	Overall portfolio loan info recorded	410	0	4,482	0	12,721	0	0%	0%	
67 Value of FSC loans outstanding	FM,FSCA,CO	monthly	Qrt3-12	Loan value info recorded	\$64,500	0	\$911,750	0	\$3,209,313	0	0%	0%	
68 Average loan size	OM,FM,FSCA	quarterly	Qrt3-12	Average loan size info recorded in quarterly report	2	0	4	0	4	0	0%	0%	
69 Average loan duration	FM,FSCA	quarterly	Qrt3-12	Average loan duration info recorded in quart. report	2	0	4	0	4	0	0%	0%	
70 Number of borrowers with gender breakdown	OM,FSCA	monthly	Qrt3-12	Number of women borrowers recorded in mo. report	4	0	12	0	12	0	0%	0%	

TASK	RESPONSIBLE PARTY	IMPLEMENTATION TIMEFRAME		OUTPUT	TARGET						COMPLETION STATUS	
		Start	End		1998/99		1999/00		2000/01		Actual % this year	Actual % of TOTAL
					Projected	Actual	Projected	Actual	Projected	Actual		
71 Cost of loan	OM,FM,FSCA	quarterly	Qrt3-12	Cost-per-loan info recorded in monthly report	2	0	4	0	4	0	0%	0%
72 Number of total FSC members	OM,FM,FSCA	monthly	Qrt2-12	New FSC member numbers recorded	3,450	0	10,300	0	16,300	0	0%	0%
73 Cumulative FSC savings on deposit	OM,FM,FSCA	monthly	Qrt2-12	Savings info recorded	617,895	0	1,271,041	0	1,122,267	0	0%	0%
74 Number of depositors with gender breakdown	OM,FSCA	monthly	Qrt2-12	Number of women savers recorded in monthly report	7	0	12	0	12	0	0%	0%
75 FSC capital accumulation	OM,FM,FSCA	monthly	Qrt2-12	Capital base info recorded	195,431	0	152,456	0	255,889	0	0%	0%
76 Total FSCs reaching break-even	OM,FSCA	monthly	Qrt5-12	FSCs reach break-even target (after 18-24 months)	0	0	8	0	20	0	0%	0%
77 Insurance program devt. and provided to FSC	MG,OSTC,CO	Qrt3	Qrt4	System operational and FSC risk mgt enhanced	100%	0	na	na	na	na	0%	0%
78 Bank-to-bank transfer system developed	MD,Link banks	Qrt3	Qrt4	System operational and used for FSC transfers	100%	0	na	na	na	na	0%	0%
79 Pensions transmission service established	MD,FSCs	Qrt3	Qrt6	System operational and FSC client use increased	100%	0	na	na	na	na	0%	0%
80 Provide and set up FSC accounting system	OM,FM,STA	on-going	Qrt3-10	FSC accounting system is operational	15	0	25	0	18	0	0%	0%
81 Provide remedial input to "at-risk" FSCs	OM,STA,OSTC	periodic	Qrt3-12	"At-risk" FSC's performance improves	3	0	TBD	0	TBD	0	0%	0%
82 Document policy and regulatory issues	STA,MD,OSTC	on-going	Qrt3-11	Critical reform areas identified and documented	TBD	0	TBD	0	TBD	0	0%	0%
83 Prepare for project evaluation	MD,STA,FM	mid-term	Qrt6	Targets/deliverables of FinaSol assessed	na	na	1	0	na	na	0%	0%
84 Readjust according to evaluation findings	STA,OM	mid-term	Qrt7	FinaSol addresses issues, provides solutions	na	na	1	0	na	na	0%	0%
85 Negotiate and facilitate FSC institutional linkages	OM,STA	on-going	Qrt2-10	FSC interaction and exchange improved	1	0	2	0	2	0	0%	0%
86 FSC leaders visit other domestic/international projects	MD,TM,OM	periodic	Yr1-3	New management ideas brought into FSCs	5	0	10	0	15	0	0%	0%
87 RSA "best practices" identified	STA,OM,MD	quarterly	Qrt2-12	Best practices recorded in quarterly reports	3	0	4	0	4	0	0%	0%
88 Prepare quarterly report	STA,MD	quarterly	Qrt2-12	Quarterly report prepared and submitted	4	1	4	0	4	0	25%	8%
89 Prepare FinaSol annual report	STA,MD	annual	Yr1-3	Annual report prepared and submitted	1	0	1	0	1	0	0%	0%
90 In-house staff training and TOT workshop	STA,TM	semi-annual	Qrt2-12	TOTs improve training skills	2	0	2	0	2	0	0%	0%
91 Annual FSC management workshop/strategic planning	STA,TM	annual	Yr1-3	FSC management improved	15	0	40	0	58	0	0%	0%
92 Creation of the FSC forum	MD,TM,OM	Qrt4	Qrt6	FSC forum functioning	na	na	1	0	na	na	0%	0%
93 Organize FSC forum semi-annual meetings	MD, OM, STA	semi-annual	Qrt6-12	FSC forum meeting held and minutes published	na	na	2	0	2	0	0%	0%

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