Apex Microfinance Institutions:
A Review of Their Record

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TABLE OF CONTENTS

I. INTRODUCTION 1

II. OVERVIEW OF APEX MICROFINANCE ORGANIZATIONS 2

Definition 2
Advantages and Disadvantages 2

III. KEY ISSUES TO CONSIDER WHEN CREATING AN APEX INSTITUTION 4

Purpose: Financial Intermediation or Market Development 4
Size of the Microfinance Market 4
Ownership and Governance 5

IV. NON-USAID EXPERIENCE 6

Cases 6
Bangladesh 6
Benin 6
Bolivia 6
Colombia 7
Studies 7
World Bank Rural Finance Study 7
CGAP-OSU Report on Microfinance Apex Mechanisms 7

V. USAID EXPERIENCE 9

Cases 9
Kenya 9
Dominican Republic 9
Honduras 10
Uganda 10

VI. CONCLUSION 11

Lessons Learned 11
Issues Requiring Further Attention 12

VII. BIBLIOGRAPHY 13

I. INTRODUCTION

Donors and governments are increasing their efforts at developing the microfinance sector within countries of the developing world as a method of alleviating poverty and deprivation. One mechanism that donors and governments have been relying on to spur development of the microfinance sector is domestic apex microfinance organizations. Apex microfinance organizations are financial intermediaries typically created by governments and donors to provide credit and/or nonfinancial services to local microfinance institutions (MFIs) or nongovernmental organizations (NGOs) working in the microfinance arena. Local MFIs and NGOs disburse the loans and grants received from donors and governments to a number of microenterprises.

Donors and governments have created apex microfinance organizations to more efficiently channel resources to MFIs, by reducing disbursement delays and providing capacity-building services. However, many apexes have had difficulty meeting expectations and with the exception of a few cases, their performance has been disappointing. This can be attributed to: 1) lack of a large microfinance market and few sustainable MFIs to work with, 2) insufficient capacity to go beyond their role of financial intermediary and assist in the institutional development of MFIs, and 3) in several cases, governing structures that are dominated by public officials or clients who tend to pressure apexes to misallocate funds.

To illustrate how these factors limit the success of apexes, this paper synthesizes the main findings and lessons learned from USAID evaluations, a report of the CGAP-OSU Research Project on Microfinance Apex Mechanisms,[1] and a World Bank study on rural finance. This paper also incorporates other insights of microfinance professionals based on correspondence with these professionals.[2]

The paper is organized in the following manner. The first section provides a definition of apex microlending institutions and highlights the advantages and disadvantages of using such a financial intermediary. The second section outlines key issues donors and governments should consider when making the decision to create an apex. The third section highlights non-USAID experience with apex microfinance mechanisms by illustrating specific examples from Bangladesh, Benin, Bolivia, and Colombia. This section also discusses the main findings of the CGAP-OSU and World Bank reports. The fourth section summarizes USAID experiences with examples from Kenya, the Dominican Republic, Honduras, and Uganda. The final section provides a summary of the lessons learned from apex microfinance organizations and notes issues requiring further attention.

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[1] Ohio State University's (OSU) Rural Finance Program is engaged in an ongoing project to assess the utility of apex microfinance mechanisms for the Consultative Group to Assist the Poorest (CGAP).

[2] These professionals include representatives from USAID, CGAP, United Nations Development Programme, Catholic Relief Services, Development Alternatives, Inc., and the World Council of Credit Unions. Correspondence was in the form of electronic mail. Copies of the electronic mail messages are available upon request.

II. OVERVIEW OF APEX MICROFINANCE ORGANIZATIONS

Definition

Apex microlending organizations are also known as wholesale or second-tier microfinance institutions. Governments and donors usually establish these institutions as a mechanism to channel loans or grants to local MFIs. These MFIs, also known as retail or first-tier institutions, on-lend the government and donor resources to final borrowers (i.e., microenterprises). Apexes, therefore, act as a liaison between the donor or government and the local MFI, thereby distinguishing them from retail-lending organizations. Retail lenders (local MFIs), on the other hand, receive funds directly from donors and governments and then distribute these funds to their clientele. In some instances, a retail lender has taken on wholesale responsibilities. This situation rarely works because it tends to overextend the capacity of these organizations and because of the inherent conflict of interest. That is, if a retail microfinance organization has to channel donor and government resources to other retail microfinance organizations, it would be forced to compete with these other organizations for clients.

In addition to providing funds, apexes may also provide institution-building or market development support in the form of technical assistance or training for MFIs, advocacy for appropriate policies and regulations, or supervision of local MFIs (Gonzalez-Vega 1998b). Apexes, therefore, can have two key roles: financial intermediary and market developer. As shown in the cases that follow, however, it is challenging for apexes to perform both roles effectively. Providing additional services, such as technical assistance and training, can apply undue stress to an organization whose purpose is to channel donor and government credit to MFIs.

The apexes discussed in this paper refer only to ones that operate on a domestic level. There are also apex organizations that operate on an international scale. ACCION International, for example, is an apex that receives resources from donors and then provides both credit and nonfinancial services to clients in the United States and Latin America. The performance of international apexes is beyond the scope of this paper.

Advantages and Disadvantages

The case studies that follow will highlight the advantages and disadvantages to apex arrangements.

Some of the advantages are as follows:

- Apexes provide a convenient mechanism for donors to channel resources. Some donors and governments may be reluctant to provide loans and grants directly to a large set of institutions; the creation of an apex enables donors and governments to disburse resources to only one organization (the apex) and then the apex disburses these resources directly to clients.

- Apexes can act as standard-setting bodies by giving money only to those MFIs following specified standards and guidelines. This also promotes efficiency and consistency by allowing one organization to monitor and evaluate MFIs instead of having multiple organizations do so.

- Apexes can disburse their funds to MFIs more quickly, thus avoiding potential delays associated with donor approval and disbursement of credit.

- Apexes can play an important role in providing technical assistance to MFIs, especially in the early stages of on-lending.

There are also several disadvantages of using an apex arrangement. These include the following:

- Apexes can have difficulty raising funds from capital markets or other sources.

- Apexes can be limited in their ability to assess the capacity of client institutions to channel resources received from apexes.

- The effectiveness of apexes can be undermined when cheaper money is available.

- The use of apexes as financial intermediaries can postpone the ability of and incentives for client institutions to become financially independent and sustainable by providing financing at better terms. When lending to deposit-taking institutions, apexes can undermine incentives to raise more deposits. If apexes provide funds cheaply to on-lenders, what incentives do on-lenders have to mobilize deposits?

- If commercial sources of funds are readily available, the microfinance market is beyond the stage where apexes are needed.

- If the apex's governing structure is dominated by public officials, it might face political interference and pressure to overdisburse.

- In the same vein, if the apex's governing structure is dominated by clients, it might also face disbursement pressures and greater difficulty in enforcing standards.

- Following the last two points, disbursement pressures may lead the apex to lower its standards of creditworthiness and seek out clientele that do not have the potential to be sustainable, thus undermining the sustainability and purpose of the apex itself.

III. KEY ISSUES TO CONSIDER WHEN CREATING AN APEX INSTITUTION

Microfinance and other development professionals have several issues to consider when deciding whether or not to create an apex institution. These issues relate to the purpose of the apex, size of the microfinance market, and ownership and governance of the apex.

Purpose: Financial Intermediation or Market Development

What is the purpose of the apex? Donors and governments need to decide at the outset why the apex is being created, who it is going to serve, and how long it should last. Apexes should not be overextended beyond their intended purposes unless they have the capacity to take on more responsibilities and the market still requires their services. Nevertheless, some apexes have gone beyond their traditional role of financial intermediary. In these instances, apexes have taken on a market development, or institution-building, role (Gonzalez-Vega 1998b). Market development, in this context, refers to the creation of new MFIs or the development of existing but weak MFIs. Market development entails providing nonfinancial services such as training, technical assistance, program design, and technology transfer. As some of the cases that are reviewed in this paper show, taking on the dual roles of financial intermediary and market developer can be problematic. Because providing financial services is already an arduous task, simultaneously providing nonfinancial services can detract attention from the provision of credit. Furthermore, if the apex is providing technical assistance, in addition to loans and/or grants, to an MFI client and this client does not perform well or achieve sustainability, the MFI client may blame the apex for providing poor technical advice and feel it should not have to repay its loans (Gonzalez-Vega 1998b). Hence, it is necessary for governments and donors to ensure that each role is clear and distinct from the other and be cautious about overextending the capacity of apexes. Governments and donors should establish realistic performance guidelines that apexes must adhere to and be measured against.

Size of the Microfinance Market

The size of the domestic microfinance market refers to the availability of sustainable MFIs to on-lend to. If too few sustainable MFIs exist, then creating an apex to channel government and donor resources would be an inefficient and ineffective manner to develop the microfinance sector (Gonzalez-Vega 1998b). Since apexes are typically designed to make it easier for government and donors to channel loans and grants to a sufficient number of sustainable MFIs, why create an apex when only a few such MFIs exist? In some cases, apexes, created by donors and governments, have sought to develop those MFIs with the greatest potential of achieving sustainability. K-Rep in Kenya was one such apex, although it no longer operates as a wholesale institution (Neill et al. 1994). As mentioned above, however, apexes usually do not have the capacity to fulfill this role while also acting as a financial intermediary. Furthermore, if an apex is operating in an environment where a sufficient number of sustainable MFIs is lacking, the apex would not be able to expand its clientele without having to provide services to unsustainable or inefficient organizations (Gonzalez-Vega 1998b). This has been the case in Benin and Honduras. Lastly, if an apex has relatively few clients to work with, it is in danger of over-concentrating its resources, thus risking its entire portfolio on only a couple of clients while making it susceptible to client pressures.

Ownership and Governance

Who owns apexes? How are they governed? Apexes can be publicly or privately owned. Public ownership means that the government or donor operates the organization while private ownership refers to when the client MFIs or NGOs run the organization. If an apex is government-owned, pressures to disburse funds may arise since the owners are public officials who are motivated by political objectives. Governments or donors generally require apexes to follow a predetermined disbursement schedule which assumes that apexes have a sufficient number of clients to disburse funds to (Gonzalez-Vega 1998b). However, if the number of sustainable clients is insufficient, the apex will have to attract more clients or develop the market by building capacity. The only way the apex would be able to gain more clientele would be by lowering its creditworthiness standards or increasing the quality of the MFIs (Gonzalez-Vega 1998b). Similarly, if privately owned by clients, disbursement pressures and other problems may exist. For example, in the case of Colombia, the board members of *Asociacion de Grupos Solidarios* were also the heads of the participating MFI clients (Gomez-Alfonso 1992). As a result, serious conflict of interest issues arose because the executive directors of AGS focused on the objectives of their MFIs instead of on the greater good of AGS and the microfinance sector.

IV. NON-USAID EXPERIENCE

The cases of Bangladesh, Benin, Bolivia, and Colombia highlight three factors that are conducive to the effective operation of apexes: a sufficiently sized market, the existence of sustainable MFIs, and the absence of political interference. These factors are drawn out of the cases and main findings of the reports that follow. It will be illustrated later that the USAID cases with apexes share the same experiences.

Cases

Bangladesh

The *Palli Karma Sahayak Foundation* (PKSF), established in 1990 by the government of Bangladesh, works to develop the sustainability of local MFIs by providing technical assistance and loans. PKSF also works to expand the depth of outreach and promote a more competitive microfinance sector; it is regarded as one of the most successful apex microfinance organizations in the world (Gonzalez-Vega 1998b, McGuire 1998). PKSF's success is due to several key factors, including an environment that contains a large and sustainable array of MFIs, a well-trained and educated staff, an ability to maintain sufficient levels of autonomy from government control, and sound operating policies and procedures (e.g., intensive credit supervision and comprehensive external audits).

Benin

The *Projet d'Appui au Developpement des Micro Entreprises* (PADME), established in 1993 by a World Bank structural adjustment initiative, is an organization that began as a retail microcredit lender but due to donor pressures, eventually took on the responsibilities of a wholesale microcredit lender. While PADME had some degree of success as a retail lender, it witnessed less success when having to handle wholesale functions. This was due to several factors, including an environment that lacked the human capital necessary to effectively staff MFIs, a limited physical and institutional infrastructure, and most importantly, an insufficient capacity to effectively manage its dual role as both retail and wholesale lender (Gonzalez-Vega 1998b).

Bolivia

The case of Bolivia presents a situation in which the microfinance sector has developed without the assistance of apex organizations. The MFIs that have achieved sustainability and operational efficiency have done so with financial assistance from donors, but this assistance has been provided outside the channels of domestic apex organizations (Gonzalez-Vega 1998b). As in the case of Bangladesh, Bolivian MFIs are regarded as some of the most successful in the world in terms of sustainability, outreach, and financial performance (Gonzalez-Vega 1998b). Several of the domestic apex institutions created by the Bolivian government have not worked well and are now out of operation. For example, *Programa de Apoyo a las Microfinanzas* (PAM), was created by the Bolivian government to allocate donor funds but is now defunct. It faced several challenges during its short history, including a clientele that already had access to other sources of funds, political intrusion from the government, and high transaction costs (Gonzalez-Vega 1998b).

Colombia

The *Asociacion de Grupos Solidarios* (AGS) was established in 1985 to coordinate the activities of 17 private voluntary organizations (PVOs) that implement microenterprise development programs. Evaluators found that AGS was effective at reaching large numbers of beneficiaries rapidly and at a low cost (Gomez-Alfonso 1992). As a result, the evaluators found that the experience of AGS offers important lessons for successful replication. These lessons are: 1) a common philosophy and methodology among apex clients is necessary to maximize impact and reach economies of scale; 2) when selecting members, well-defined eligibility criteria must be established so that only those institutions with the highest potential will be selected as members; and 3) if NGOs are inexperienced or lack sufficient administrative capacity, apexes should focus on institutional strengthening.

Although successful overall, AGS had problems stemming from its ownership and governance structure and relating to the rapid membership growth that occurred. AGS' board of directors was comprised of the executive directors of its MFI clientele. While this ensured that AGS' services responded to membership, it also meant that these directors were not impartial when it came to making decisions that directly affected their organizations. Additionally, the AGS witnessed rapid membership growth without an equivalent increase in available credit and technical assistance. This resulted in a strain on AGS' financial services and technical assistance, which led AGS staff members to be spread too thin across projects.

Studies

World Bank Rural Finance Study

In 1995, the World Bank published a discussion paper titled "Design Issues in Rural Finance" (Sacay and Randhawa 1995). This paper examined approximately 22 rural finance projects, some utilizing retail-lending schemes and others utilizing apex-lending schemes. The primary objective of the study was to reach some understanding regarding best practices in rural finance project design. While it does not detail specific projects, the study does give an excellent overview of the performance of apex-lending arrangements in contrast to retail-lending arrangements. The study found that the majority of apexes suffered from implementation problems and disbursement lags. This was because of apex institutions' limited ability to assess the capacity and potential sustainability of clients; the lack of a developed and sizable microfinance market; and disinterest on the part of local MFIs due to the availability of other sources of funds. The report notes that apex arrangements are most appropriate when a wide range of sustainable MFIs exist to receive donor and government resources. These findings echo similar findings from the cases mentioned above and are reflected in both the USAID cases and in the following CGAP-OSU report.

CGAP-OSU Report on Microfinance Apex Mechanisms

The Ohio State University (OSU) Rural Finance Program, in collaboration with the Consultative Group to Assist the Poorest (CGAP), recently issued a report (see Gonzalez-Vega 1998b) examining the rationale for creating apex microfinance mechanisms. The OSU researchers analyzed numerous case studies from Africa, Asia, and Latin America and arrived at the conclusion that "current enthusiasm about the potential contributions of domestic apex mechanisms to progress in microfinance is not warranted" (Gonzalez-Vega 1998b, 1).

The OSU researchers were able to reach this conclusion by first looking at two key roles, mentioned earlier, that an apex microfinance institution could play: 1) financial intermediary and 2) institution builder/market developer. The first role involves how apexes receive funds from donors and governments and then deliver these funds to local MFIs for on-lending to target clientele. The second role refers to the ability of apexes to deliver nonfinancial services such as technical assistance, training, and technology transfer, in order to develop or strengthen local MFIs.

While an apex institution may be able to handle the disbursement role, the report argues, it is generally unable to handle both of these roles simultaneously. The reason is that apex organizations in many cases do not have the capacity to develop a new market for microfinance or are limited in their capacity to support the development of existing MFIs. The report goes on to state that even if a fair number of sustainable and creditworthy MFIs exist for apexes to work with, these MFIs probably already have access to other sources of funds and would not need the assistance of apexes. Furthermore, the report contends in those cases where sustainable and creditworthy MFIs exist, they generally emerged without the assistance of an apex institution (Gonzalez-Vega 1998b). The report states that several conditions are necessary for apexes to run successfully. These include the existence of a large and well-established microfinance market; an ownership structure which shields apexes from political interference or rent-seeking by MFI clientele; access to best practices in lending technology, business policies, and organizational designs; and a clear distinction between the financial intermediary role and the market development role. These conditions are evident in the USAID cases that follow.

V. USAID EXPERIENCE

USAID has been involved with apexes in Kenya, the Dominican Republic, Honduras, and Uganda. In general, the USAID experience is consistent with the lessons described above—in several cases, too few local MFIs were sustainable or had the capacity to on-lend resources, proving that apexes should only on-lend to a select group of MFIs that have the best potential for achieving sustainability.

Cases

Kenya

The *Kenya Rural Enterprise Program* (K-Rep) was established in 1984 under the Rural Private Enterprise (REP) Project and the Private Enterprise Development (PED) Project (Neill et al. 1994). K-Rep's primary objective was to act as an intermediary organization between donors and NGOs operating in the microenterprise sector by providing credit and technical assistance. However, K-Rep has since abandoned its role as an apex organization and now only provides retail-lending services for microenterprise activities. The main reasons behind K-Rep's transition from an apex organization to a retail organization are twofold. First, most of the NGOs K-Rep worked with were already involved in other social welfare and relief programs and did not have the capacity to handle additional responsibilities such as on-lending K-Rep resources to local microenterprises. Second, K-Rep gradually grew concerned about achieving and maintaining financial self-sufficiency and the only way to do this was through providing loans directly to microenterprises.

According to a recent evaluation (Neill et al. 1994), K-Rep's activities as an apex organization were successful in increasing employment and growth in the number of businesses operating in the microenterprise sector. More importantly, as mentioned above, the K-Rep experience illustrated that not all NGOs could be effective in delivering credit because many of them lacked the capacity to do so. As a result, K-Rep decided to reduce the number of NGOs it disbursed funds to. By limiting the number of NGOs it worked with, K-Rep was able to develop a select number of potentially sustainable NGO programs by building up their technical and managerial know-how to more effectively and efficiently deliver credit to microentrepreneurs. The obvious challenge that arose was deciding with which NGOs to work.

Dominican Republic

The Micro and Small Business Development Project was established in 1990 in the Dominican Republic with the goal of increasing productivity and generating employment in the small and microenterprise (SME) sector. As a vehicle for achieving this goal, *FondoMicro* (FM) was created to provide financial and technical assistance to NGOs operating credit programs serving that sector. Although FM was able to generate employment in the SME sector, the number of sustainable NGOs to on-lend funds to was significantly less than anticipated. As a result, FM was unable to meet expectations because of the lack of a sufficiently sized microfinance market (Wingerts Consulting 1997). As has been illustrated in many cases throughout this paper, few NGOs could manage credit effectively and most lacked the potential to be fully sustainable. Also, the legal structure made it difficult for NGOs to mobilize domestic savings and due to the lack of a regulatory body to monitor NGOs and enforce compliance with rules and norms, some Dominican NGOs posed a risk as lending channels. Internally, FM, along with its NGO members, continued to depend on donor capital for support. FM's operating costs were considered too high in relation to its portfolio size and its staff-size too large. To date, however, FM has been more successful in its technical assistance and research programs than in on-lending financial resources.

Honduras

In a similar fashion, the *Jose Maria Covelo Foundation* (Covelo), established in 1984, had to overcome a variety of challenges. Founded as a component of the Small Business II Project,[3] Covelo was initially unable to effectively provide credit for several reasons (Bell and Heatley 1995). First, due to the lack of a large market of sustainable MFIs, Covelo only had a handful of clients to work with (Gonzalez-Vega 1998b). As of today, however, the number of sustainable MFIs Covelo works with is growing and collectively, these MFIs have been able to reach a significant portion of the microfinance market. Second, because other donor resources were available at subsidized rates and Covelo was only offering market rates, Covelo could not compete with the other donors and therefore could not attract as many clients. Third, because of high operating costs and high staff turnover rates Covelo had problems achieving financial self-sufficiency. Not until a year or so after implementing its retail-lending program in 1995 was Covelo able to break even. Covelo now handles both retail- and wholesale-lending functions but as has been discussed previously, this can be problematic.

Uganda

In 1997, the Private Enterprise Support, Training and Organizational Development Project (PRESTO) was initiated to create the appropriate enabling environment for the development of the micro- and small-enterprise sector (USAID 1998). A key component of this project is the Center for Microenterprise Finance (CMF), an apex providing both financial and nonfinancial services. The CMF administers two programs to deliver these services (Kula et al. 1995). One is the Institutional Capacity Enhancement Program (ICEP). This program provides training and technical assistance. Over 60 local MFIs have received best practice training, with approximately 30 remaining in the training program because of their commitment to achieving sustainability. The other program, the Financial Services Grant Program (FSGP), provides grants to MFIs to enable them to improve and expand their savings and credit activities. To date, only a handful of MFIs have passed the requirements to be eligible to receive grants, although others have the potential to become eligible. This may be an indication, as seen in several cases thus far, that the microfinance market in this country may be small and that only a few MFIs are sustainable or potentially sustainable. Because the microfinance sector is Uganda is still young and developing, and the managers of the MFIs still need training and the appropriate systems to run their organizations, the future of CMF remains to be seen.

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[3] This project began in 1988 to strengthen the private sector's capacity to provide credit, training, and technical assistance to small and microenterprises.

VI. CONCLUSION

Lessons Learned

From the discussion of the cases and studies above, several lessons can be learned:

- *Several apex institutions have had difficulty overcoming a variety of challenges and becoming effective channels for donors and governments to channel their resources*. While some apexes, such as PKSF, have fared well, many of the apexes discussed have not fully succeeded in fulfilling their proper roles as either a financial intermediary or as both an intermediary and a market developer.

- *For apex institutions to have some degree of success, a large and sustainable microfinance market should already exist.* If apexes are to lend donor and government funds to local MFIs, apexes need to have a minimum number of creditworthy and sustainable MFI clients to work with. If there are only a few sustainable MFIs in operation, the apex organization may have to create new MFIs or support the development of existing ones. This is a challenging task.

- *Few apexes can handle the dual responsibilities of financial intermediary and market developer.* In general, the purpose of creating an apex is to channel donor and government resources to local MFIs. In many cases, providing market development support in addition to the channeling of resources has overextended the capacity of apexes and can detract the apex from fulfilling its primary responsibility.

- *Apexes with governance structures dominated by clients, governments, or donors potentially face political interference and conflict of interests*. If governments or donors have significant ownership of apexes, apexes will likely face increased political intrusion and disbursement pressures. Governments and donors may pressure apexes to follow a predetermined disbursement schedule. To attract new clients, the apex may have to lower its standards of creditworthiness. On the other hand, if MFI clients have significant ownership of apexes, conflict of interest issues may arise. For example, as mentioned earlier, because board members of AGS were also the heads of the participating MFIs, serious conflict of interest issues arose; the executive directors focused on the needs of their organizations instead of the needs of the AGS.

- *Many local MFIs or NGO partners do not have the capacity to effectively manage credit programs, and apex institutions can be limited in their ability to determine which organizations have the capacity to do so*. In order to combat this problem, as evidenced by the experiences of AGS, K-Rep, and PKSF, an apex institution needs to establish well-defined eligibility criteria for its clients, adhere to them, and work only with those organizations that have the greatest potential at sustainably managing credit programs with substantial scale.

- *In countries lacking sufficient human capital, infrastructure, and financial resources, governments and donors should concentrate on the development of potentially sustainable MFIs, instead of on the creation of apex institutions.* In the case of Benin, there was limited human capital available to effectively run local MFIs and the country lacked the institutional infrastructure necessary to develop a sustainable microfinance market. Thus, PADME was already overburdened as a retail institution before being pressured to take on wholesale lending responsibilities. By encouraging the creation of apexes in such an environment, governments and donors are drawing away scarce resources that would be better served for developing the institutional capacity of MFIs already in operation.

- *Apex institutions should avoid portfolio concentration in one or two client organizations.* If an apex organization relies too much on one or two local MFIs or NGOs to receive its loans or grants, then the apex itself risks its financial sustainability on the financial stability of these MFIs. This concentration also enables clients to influence the policies of the apex organization.

- *A potential widespread problem, given the number of donors providing assistance in the microfinance arena, is donor competition over the provision of credit*. The case of Honduras illustrates how Covelo had to compete with other donors for clients because the other donor was providing subsidized credit while Covelo was providing credit at market rates.

Issues Requiring Further Attention

This paper describes some of the strengths and weaknesses of apex-lending arrangements. Although this paper is not all-inclusive, as there are other apex institutions in operation not mentioned in this analysis,[4] these cases do present a microcosm of the larger world of apex lending. Some issues described in the paper require further attention. First, the accessibility of best practices and methodologies for instituting microlending arrangements is key to the development of a sustainable microfinance sector. These best practices and methodologies allow governments and donors to address how apexes can improve their ability to gauge which local MFIs have the greatest potential for providing finance and other forms of assistance to microenterprises. Second, more analysis needs to be conducted on the mechanisms available for evaluating potential partners, and more emphasis needs to be placed on establishing strict performance criteria and requiring MFI clientele to adhere to them. Third, the issue of donors competing among one another for the provision of credit and other resources, intentionally or otherwise, should not be understated. The case of Covelo mentioned previously is a prime example of this. Because there are so many players in the field of microfinance, more effort needs to be placed upon increasing coordination among them.

[4] The CGAP-OSU report, for example, identified over 20 apex microfinance organizations in operation throughout the developing world, of which only a few are mentioned in this paper.

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