USAID/PVC Matching Grant Evaluation Series:

Institutional Strengthening of Credit and Microenterprise Programming

Matching Grant FAO-0158-A-00-6047-00 between

PLAN International USA (Childreach) and USAID/PVC

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<u>ANNEXES</u>

List of Acronyms

AIMS	Assessing the Impact of Microenterprise Services
ANO	Australia National Organization
BHR	Bureau of Humanitarian Relief
BIMAS	Business Initiative and Management Assistance Services
BOD	Board of directors
CA	Cooperative Agreement
CANEF	Centre d'Appui Nutritionnel et Economique aux Femmes
CO	Country Office (Plan International)
CMT	Country Management Team
CMTT	Credit/MED Technical Team
CPME	Corporate Planning, Monitoring, and Evaluation
CSA	Credit and savings association
CU	Credit union
CWE	Credit with Education
EOPS	End of program status
FOB	Field Operations Book (Plan)
FSA	Financial Services Association
IDR	Institute for Development Research
IH	International Headquarters (Plan)
ISI	Institutional Strengthening Initiative
LOP	Length of program
MIS	Monitoring information system
MF	Microfinance
MFI	Microfinance institution
MFTT	Microfinance Technical Team (Plan)
MG	Matching Grant
LNGO	Local non-governmental organization
NC	National Coordinator (microfinance/credit)
NO	National organization (Plan donor country)
NGO	Non-governmental organization
PAG	Plan Advisory Group
PSM	Program Support Manager
PU	Program Unit (Plan field office)
PVC	Private Voluntary Cooperation (USAID)
PVO	Private Voluntary Organization (usually U.S.)
SEEP	Small Enterprise Education and Promotion
SMEP	Small and Microenterprise Programme
TAG	Technical Assistance Group (for Plan)
TPM	Team planning meeting
UK	United Kingdom
USAID	United States Agency for International Development
VB	Village bank

EVALUATION IDENTIFICATION SHEET

PVO name	Plan International USA (Childreach)
Matching Grant Title	Institutional Strengthening of Credit and Microenterprise Programming
Cooperative agreement number	FAO-0158-A-00-6047-00
Amount of Grant	$2,250,000
Period of Grant	September 1, 1996 through August 31, 2001
Any (cost/no cost) extensions?	None
Current status of MG	Terminated August 31, 2001
USAID/PVC Grant Officer (s)	Thomas Kennedy
Technical area of grant	Microfinance and credit with education
Date of the evaluation	September 10 through November 30, 2001
Countries of program activity	Bolivia, Guatemala, Kenya, Mali, Nepal, Philippines
Country programs evaluated	Bolivia, Kenya
Evaluation Team Members (organization)	Philip Boyle, Team Leader, MSI; John Schiller, Plan; Delores McLaughlin, Plan

Final Evaluation

Institutional Strengthening of Credit and Microenterprise Programming

Matching Grant FAO-0158-A-00-6047-00
PLAN International USA (Childreach) and USAID/PVC

EXECUTIVE SUMMARY

1.1 Overview

The Cooperative Agreement between USAID/BHR/PVC and Plan International began on September 1, 1996 and matched $2.25 million of USAID monies with $2,738,846 in Plan technical and logistical support and a further $12 million for program activities with partners. The matching grant was for 5 years and ended as scheduled on August 31, 2001. By program end USAID had spent $2.25 million and Plan $6,110,387, the latter matching USAID in the ratio of 2.7 to 1 for a total of $8,360, 387.

The purposes of the agreement were to introduce high performance (best practice) microfinance methodologies into all six Plan International program regions, to partner with specialized MF organizations to implement these methodologies, to spread the lessons learned to new areas and countries, and to institutionalize the overall approach throughout Plan International.

During the late 1980s two successive matching grants between the Office of Private and Voluntary Cooperation and Plan International failed to yield satisfactory results. In 1994 PVC granted Plan a 2-year, $450,000 Learning Grant to design and initiate a high performance program capable of further USAID support. The 5-year Credit/MED Institutional Strengthening Initiative (ISI) followed this Learning Grant in 1996.

Under the Learning Grant the elements of high performance credit and savings schemes were defined as targeted on the very poor, large-scale, cost effective, operationally viable, and financially self-sustaining. Best practice, poverty-lending methodologies were available by the early 1990s, but their adoption by Plan International was far from assured.

The management unit responsible for implementing this Institutional Strengthening Initiative was the 3-person Credit/MED Technical Team (now the Microfinance Technical Team), formally part of Plan International headquarters (UK), but located for grant purposes in Arlington, Virginia. During the Learning Grant the 6 pilot countries, one from each Plan region, were brought on board in time for the 5-year effort to follow.

The purposes of this evaluation are to determine the degree to which initial objectives and outputs have been achieved, document the major dimensions and activities of implementation, examine program successes, failures, and lessons learned, and offer recommendations based on this experience for the sustainability, expansion, and improvement of the program approach.

The evaluation team consisted of a team leader from Management Systems International and both senior members of the Microfinance Technical Team. The external evaluator from MSI is responsible for the findings, conclusions, and recommendations of this report.

Evaluation activities consisted of document review and interviews in MFTT (Microfinance Technical Team) headquarters, followed by field trips to Bolivia, Kenya, and the United Kingdom. Key documents from a third pilot field program (Mali) were examined without travel to the country.

Semi-structured interviews were carried out at all levels of Plan International, from International Headquarters in the UK to Program Units in pilot countries. In the United Kingdom, visits were made to various departments of Plan International Headquarters in Woking and to the United Kingdom National Organization in London. Managers of two Regional Offices (Eastern/Southern Africa and South America) were also consulted, either directly or by telephone.

In the pilot program countries of Bolivia and Kenya, extensive interviews were carried out with Plan and partner organization personnel at all levels from headquarters in capital cities to project sites in the field. Personnel interviewed ranged from country office and partner organization directors and program managers to community-level promoters. Whenever possible, meetings were also held with members of credit and savings groups. In the field, four partner organizations were examined in more detail: Pro Mujer and CRECER in Bolivia, and BIMAS and K-Rep in Kenya.

It can with assurance be said that after five years of grant implementation, a Microfinance Program Model has been defined and adopted by Plan International; high performance microfinance methodologies have been successfully introduced into pilot and expansion countries; partnership with microfinance institutions has proven itself an effective means to introduce best practice microfinance methodologies to Plan communities worldwide; and a sucessful institutionalization process at all levels of Plan International has accompanied the country pilots, including policy work, strategic planning, capacity building, consciousness raising, networking, and monitoring and evaluation.

Progress could have been greater in the education and health training component of the Program Model, which has lagged behind the introduction of microfinance methodologies. More work is also required in understanding the relationships between savings and credit, education and health training, sex of beneficiary, Plan core activities, and impact on children.

1.2 Key Findings, Conclusions and Recommendations

<u>Conclusions</u>

1. A microfinance Program Model has been defined and adopted by Plan International that includes five fundamental principles: (1) use of high performance microfinance methodologies; (2) focus on women; (3) working through partnership with microfinance institutions; (4) financial and operational sustainability; and (5) integration of financial services with other sectoral approaches to achieve socio-economic impact.

2. High performance microfinance methodologies had been successfully introduced into all six pilot and eight expansion countries by the end of the grant. There are now 26 active microfinance programs in 14 countries. This clearly surpasses the six country pilots, but the number of new countries involved falls short of the 12 to 14 national replications indicated in the Program Logframe.

3. The Cooperative Agreement, Program Logframe, and Plan's Credit and Savings Policy specifically link credit and savings methodologies to education and health training to increase impact on children. However, this combination of microfinance and education is not usually undertaken in practice. Of the six pilot countries, only Bolivia, Mali, and Nepal have credit with education programs at this time. Of the eight expansion countries, only three have credit with education. Of the 26 partners now successfully operating in these 14 countries, only seven have credit with education programs.

4. A major institutionalization process at all levels of Plan International has accompanied the country microfinance programs, including policy work, strategic planning, capacity building, consciousness

raising, networking, and monitoring and evaluation. While specific targets for institutionalization were not originally defined, activities in pursuit of this objective constitute an impressive package of accomplishments by end of grant.

5. Shared-vision partnership with specialized microfinance institutions has proven itself to be a highly effective means to introduce best practice microfinance methodologies to Plan communities worldwide. Partnerships with 26 microfinance institutions in 14 countries now implement eight distinct microfinance methodologies.

6. The poorest of the poor among Plan community members are not reached by these microfinance programs, and the linkages between savings and credit, education and health training, sex of beneficiary, and impact on children remain largely undocumented.

Recommendations

1. A credit with education component needs to be integrated into as many new microfinance programs as possible, depending on the characteristics of the local partners. If this capacity cannot be supplied by another, specialized NGO such as Freedom from Hunger, Plan should devise this component directly and introduce it to partner MFIs. Efforts should begin now to accelerate the integration of this component, which has lagged the introduction of best practice microfinance.

2. Plan should undertake further research into the range of needs that can be targetted by various types of savings and credit programs, including innovative methodologies for non-commercial loans for economic and health emergencies, health coverage, medicines, school fees, fines, and life-cycle ceremonial expenses.

3. Plan should integrate microfinance into its core program, if it is to gain the importance it deserves in community development activities. In order to do this, a clearer sense of the linkages between income generation and health, habitat, nutrition, sanitation, and education variables needs to emerge from Plan's program evaluation activities.

4. The community, family, and human impact of various microfinance models needs to be explored by Plan, not only to justify the linkages to children's welfare, but to ensure that Plan families are appropriately included in credit and savings services.

5. Plan should continue to work on developing independent funding for microfinance activities through the National Organizations. While the pilot experience seemed to indicate weak corporate support, this avenue should be explored further in view of its considerable potential.

1.3 Acknowledgements

The external evaluator would like to express deep thanks for the assistance provided by John Schiller and Delores McLaughlin during the evaluation process. The many elements of this program were not easily appraised without the active participation and assistance of the team charged with its implementation. The many hours spent with MFTT members in the field and in Arlington were instrumental in achieving a balanced view of program activities and accomplishments. The external evaluator's findings, conclusions, and recommendations are his alone.

A. EVALUATION METHODOLOGY AND TEAM COMPOSITION

The evaluation team consisted of a team leader from Management Systems International (Dr. Philip Boyle) and both senior members of the Microfinance Technical Team (John Schiller and Delores McLaughlin). The MFTT members served as guides and information resources to the team leader, who remains responsible for the findings, conclusions, and recommendations of this report.

Evaluation activities consisted of document review and interviews in MFTT headquarters (Arlington, Virginia), followed by field trips to Bolivia, Kenya, and the United Kingdom. Key documents from a third pilot field program (Mali) were examined without travel to the country.

Semi-structured interviews were carried out at all levels of Plan International, from International Headquarters in the UK to Program Units in pilot countries. In the United Kingdom, visits were made to various departments of Plan International Headquarters in Woking and to the United Kingdom National Organization in London. A telephone conversation was subsequently held with the director of the Audit Department of Plan International Headquarters (IH). A meeting with key managers of the Eastern and Southern Africa Regional Office was held in Nairobi, while the program manager of the South America Regional Office was interviewed by telephone.

In the pilot program countries of Bolivia and Kenya, extensive interviews were carried out with Plan and partner organization personnel at all levels, from headquarters in capital cities to project sites in the field. Personnel interviewed ranged from country office and partner organization directors and program managers to community-level promoters. Whenever possible, meetings were also held with officers and members of credit and savings associations. Documents ranging from partnership agreements to impact evaluations were examined for each of four older partner programs: Pro Mujer and CRECER in Bolivia, BIMAS and K-Rep in Kenya. Information gathering and debriefing meetings were also held with USAID in each of the program country Missions.

The evaluation began with a team planning meeting (TPM) on September 18, 2001, followed by a period of headquarters and Mali program document review in the MFTT office. Between October 25 and November 2 fieldwork was carried out in Bolivia, followed by fieldwork in Kenya (November 17-27) and London (November 28-30). A draft report was submitted in mid-December and finalized in March 2002. A formal presentation of findings, conclusions, and recommendations to Plan International and USAID/PVC followed finalization of the report.

B. MATCHING GRANT BACKGROUND

1. Historical and Technical Context and Partners

The Cooperative Agreement (CA) between USAID/BHR/PVC and Plan International began on September 1, 1996. The CA matched $2.25 million of USAID monies with $2,738,846 in Plan technical and logistical support and a further $12 million for program activities with partners. The matching grant was for five years and ended, as scheduled, on August 31, 2001.

The purposes of the agreement were to introduce high performance (best practice) microfinance methodologies into all six Plan International program regions, to partner with specialized MF organizations to implement these methodologies, to spread the lessons learned to new areas and countries, and to institutionalize the overall approach throughout Plan International.

During the late 1980s two successive matching grants between the Office of Private and Voluntary Cooperation and Plan International failed to yield satisfactory results. The income generating credit schemes promoted under these grants were neither effective nor operationally sustainable. When a request for a third grant in 1993 indicated no institutional learning or best practice innovation, PVC granted Plan a two-year $450,000 Learning Grant (1994-96) to design and initiate a high performance program capable of further USAID support. The Credit/MED Institutional Strengthening Initiative (ISI) was funded on the basis of the success of the Learning Grant.

Under the Learning Grant the elements of high performance credit and savings schemes were defined as being targeted on the very poor, large-scale, cost effective, operationally viable, and financially self-sustaining. Best practice, poverty-lending methodologies were available by the early 1990s, but their adoption by the rank and file of Plan International was far from assured.

The management unit responsible for implementing this Institutional Strengthening Initiative was the 3-person Credit/MED Technical Team (now the Microfinance Technical Team or MFTT), formally part of Plan International headquarters (UK), but located for grant purposes in Arlington, Virginia. During the Learning Grant the six pilot countries of the ISI were brought on board in time for the five-year effort to follow.

The introduction of high performance microfinance into Plan International community operations coincided with an overall evolution within the organization (1994-97), in which planning and programs received greater attention and local field offices lost much of their autonomy. Prior to the creation of Country Offices during this time, the more than 130 Field Offices operated essentially independently in a culture highly resistant to centralized direction from International Headquarters.

By July 1996 this process of programmatic definition within Plan resulted in the adoption and publication of "Program Directions," which defined five program domains and seven program principles. Microfinance was included under the Livelihood Domain, second in importance only to agricultural production among strategic objectives. The linkage of credit and financial services to children through increased income of women was made explicit.

Plan International still remains an extremely large, child sponsorship organization, in which nearly $300 million dollars are raised annually from 14 National Organizations for activities in 43 developing countries. While monies are not given directly to the families of sponsored children, they are programmed into community activities. These activities still remain overwhelmingly charitable in nature.

Prior to the ISI the credit made available to communities through revolving funds was rarely recoverable. This was well known, but many in Plan defended the practice. Under the ISI the introduction of financially sustainable microfinance activities into field programs characterized by donation provoked substantial resistance within Plan, necessitating a lengthy culture change process.

From the beginning of the Learning Grant, the MFTT eschewed direct implementation of microfinance programs by Plan staff, in favor of partnerships with existing, specialized microfinance institutions (MFIs). While this appeared straight forward, it soon became obvious that forming and maintaining such partnerships was not only more difficult than originally thought, it ran counter to Plan organizational culture.

Partnerships with MFIs had begun in Bolivia prior to the Learning Grant (1992-94) on the initiative of the Altiplano Regional Director. Three partnerships were in place in Bolivia by the beginning of the Learning Grant that provided the early lessons learned for the Institutional Strengthening Initiative. The first partnership agreements read like contracts, the relationship between partners was far from equal, and Plan was seen as another donor institution with deep pockets.

As the three-person MFTT began activities in late 1994, it found itself facing a number of challenges, including resolving the weaknesses of the early partnerships, clearly defining the Program Model, launching similar programs in other countries, bringing on board a critical mass of Plan rank and file, and writing a successful proposal to USAID/PVC to launch the Institutional Strengthening Initiative.

2. Project Goal, Objectives, and Major Hypotheses

The Detailed Implementation Plan (1997) did not produce a hierarchy of objectives, but only a series of activity schedules. The following table summarizes the objectives taken from the Program Proposal logical framework (Logframe):

Table 1: Project Hierarchy of Objectives

Goal:	To strengthen Plan's ability to invest its resources in developmentally effective ways in order to improve the well-being and economic security of large numbers of poor children by increasing access to credit and training for women.
Objective 1:	Introduce high performance credit/MED models linked to education and health, which have high impact on children.
Objective 2:	Build widespread understanding, capacity and commitment for incorporating modern development approaches into Plan's programs, administrative, and resource systems.
Objective 3:	Establish operating models to select, partner with and develop further cost-recoverable credit/MED intermediaries.

<u>Program Hypotheses</u>

The hypotheses underlying these program objectives were:

(1) High performance, financially self-sustaining microfinance methodologies could work and prosper in Plan rural communities cross-culturally and in all regions.

(2) Microfinance methodologies could be linked successfully to education and health training and that such linkage would enhance the use of income for children's welfare.

(3) The management and staff of Plan International could be influenced to incorporate, alongside traditional giveaway activities, credit programs involving market interest rates, cost recovery, and obligatory repayment of small loans to very poor people.

(4) Pilot country experiences, consciouness raising, organizational learning, training, and networking would result in significant culture and organizational change within Plan, resulting in the instititionalization of the high performance program model.

(5) Viable partnerships could be formed with specialist microfinance instititutions to implement high performance microfinance and that the partnership model could be replicable cross-culturally and worldwide.

C. PURPOSE OF THE EVALUATION

The purposes of this final evaluation are to:

(1) Determine the degree to which initial objectives and outputs have been accomplished during the full five years of implementation. These outcomes are most clearly stated in the Program Proposal Logframe, not in the Detailed Implementation Plan.

(2) Document the major dimensions and activities of the process of program implementation.

(3) Examine the successes and failures of implementation, lessons learned, adaptations, modifications, targets of opportunity, discoveries, and unforeseen difficulties.

(4) Make recommendations based on this experience for the sustainability, expansion, and improvement of the program approach and its accomplishments.

The objectives and outputs of the Cooperative Agreement (Matching Grant) were not revisited and refined in the DIP, as is normally done. The program implementers – the Microfinance Technical Team – were allowed to proceed to implementation on the basis of the Program Proposal. The MFTT maintained that the multifaceted process of objective realization could not be well defined in advance. It is important to examine if this statement has held true and to what degree implementation involved dimensions or activities that were not foreseen at program initiation.

It is important for evaluation conclusions to target both partners to the Cooperative Agreement – USAID and Plan International. Both organizations had a vision of what would emerge during program implementation, but it was left relatively general. A prime question for partners in future matching grants is the degree to which specific targets and benchmarks can be determined in advance, particularly when the program is highly innovative.

USAID/PVC has just awarded a second, successor matching grant to Plan International to pursue further innovation in the domain of modern, sustainable microfinance in pilot countries (2001 to 2006). Since this grant extends the learning process begun in the ISI grant, it will have the opportunity to benefit from the lessons learned documented here.

D. PROGRAM IMPLEMENTATION EVALUATION QUESTIONS

1. The Detailed Implementation Plan

a. DIP Completion and Accuracy

<u>Findings</u>

(a) The Detailed Implementation Plan, submitted February 2, 1997, contained three sections: (1) a set of 7 GANTT charts projecting length-of-project (LOP) activities for the MFTT and those for the 6 pilot countries; (2) a LOP budget unmodified from that in the grant proposal; (3) an outline of the MIS for use with MF partner organizations.

(b) The DIP is considerably briefer than normally required. It does not convey the detailed steps necessary to implement the program. It does not represent a process of further reflection beyond the proposal.

(c) A consultant reviewed the DIP for its level of design development in 25 aspects of: institutional structure and country program management; financial services, portfolio quality and outreach; financial sustainability and performance; and grant management and technical assistance. In only 4 of 25 aspects of design development did the DIP receive a minimally acceptable (or average) rating.

<u>Conclusions</u>

(a) The MFTT did not understand the intention or usual use of the DIP by PVC grant managers.

(b) The MFTT was not able to predict the precise course of institutional change and MF acceptance within Plan International headquarters and country offices. While general objectives and activities could be stated, the steps and tactics for reaching them were not yet sufficiently known.

(c) Plan and PVC gave different weight to the 3 program objectives. From the beginning, the MFTT looked to institutionalize MF at various levels within Plan, once pilot finance and partnership models were in place. According to the DIP review, PVC expected a program more oriented to cost-effective microfinance service delivery and sustainability.

Recommendations

(a) During the follow-on grant (Sustainable Microfinance in Plan), Plan/MFTT and PVC should meet to discuss each other's expectations under the new grant and how these should be addressed in the next DIP.

(b) The DIP should require a level of knowledge from the grantee that permits a realistic and informed vision of the EOPS for all important variables. If intermediate steps and benchmarks towards some of these outcomes cannot be predicted in advance, all parties should be in agreement at the outset.

b. Quality of DIP and Degree of Success in Implementation

The DIP as submitted was not a useful tool for visualizing the implementation of this program. Moreover, the multifaceted process, steps, tactics, and procedures involved in institutionalizing a new MF Program Model within Plan International could not easily be understood in advance or captured by preconceived indicators. While institutionalization accomplishments are numerous and real, they were not outlined or described in the DIP.

The Program Logframe comes closest to posing clear output measures, although these rarely deal with the number of beneficiaries or nature and quality of impact. Although generally not projected quantitatively in the Logframe, most goal, purpose, and output targets appear to have been satisfactorily addressed by end of grant. Those goal, purpose, and output categories not quantified but clearly addressed during the ISI are:

1. Tested models, trained staff, management systems, and partner institutions employed to the end of high performance economic development.

2. Goals, strategy, guidelines, and indicators for high performance economic programming.

3. A structure within Plan to strengthen programs.

4. Detailed, evaluated methods for credit models with impact on children.

5. Technical standards for assessing need, designing projects, assessing funds.

6. Tested training curricula to complement credit (nutrition, literacy, gender impact, business literacy, AIDS).

7. Plan programs and partners assessing the impact of program on women and children.

8. Improved, integrated mechanisms for technical design and grant proposals.

The following Logframe targets remain ambiguous but appear to have been addressed in the work with National Organizations (Plan donor country organizations) under the ISI:

1. Efficient, effective sponsor communications system for poverty lending.

2. New models of sponsorship for economic development

3. New economic development marketing materials, new models for sponsorship and sponsor communication.

Those quantitative targets that do appear in the Program Logframe are:

Type of Target	Number Projected	Number Attained	Percent Completed
Credit/MED beneficiaries	100,000 beneficiaries	99,813	99.8 %
Beneficiaries from Plan families	50,000 beneficiaries	26,950	27%
Country programs	6 pilots	6 pilots	100 %
National program replications	12 - 14 replications	8 replications	57 % to 67%
Operationally sustainable credit delivery institutions	10 institutions	4 institutions	40 %
Microfinance partnerships	20 partnerships	26 partnerships	130%
Plan national programs analyzing data on impact and sustainability	14 national programs	14	100%
Women beneficiaries	80%	87%	109%

The indicator on women beneficiaries did not figure in the initial Logframe, but it was added during program implementation to track the targeting of women. A goal of 80% of women beneficiaries had been surpassed and stood at 87% by the last reporting quarter (June--September, 2001) of the Matching Grant. The targeting of women to reach children is one of the 5 principles of Plan's Program Model.

c. Familiarity with DIP and Design

Following the award of the ISI matching grant, the MFTT led a process of activity planning that resulted in a set of 7 GANTT Charts, one for the MFTT and one for each of the pilot country programs. This was submitted to PVC as the Detailed Implementation Plan in late February 1997.

As previously noted, this DIP did not present a hierarchical set of objectives and sub-objectives, benchmarks or milestones toward these objectives, or indicators by which realization of end-of-program objectives could be evaluated quantitatively or qualitatively. Rather, it is an activity timeline, obviously useful as a preliminary scheduling tool, but not very effective in strategic planning. After review by an outside consultant, 2 strong points were noted and 4 areas for design strengthening outlined. PVC, however, did not require that Plan resubmit the DIP.

When compared to other DIPs submitted by grantee organizations in the same time period, it is obvious that the MFTT misunderstood the purpose of the Detailed Implementation Plan. The document as submitted and accepted could not serve as a management tool for the MFTT and Plan Country Offices. What was required was a document resembling far more a strategic or business plan. It is not clear whether DIP guidelines at the time were explicit enough to generate such a document, although other matching grantees have certainly come much closer.

In any case, the GANTT Charts prepared by the MFTT and Country Offices served as a useful preliminary planning exercise. The pilot countries proceeded within their own planning cycles to incorporate the pilot microfinance programs into their Country Strategic Plans. This was obviously not the same as having a discrete management tool for evaluating pilot program progress against a set of indicators and benchmarks. To this end the Credit/MED Monitoring System was developed by the MFTT to which all 6 pilot country programs have regularly contributed since March 1998.

d. Major Successes and Shortfalls in Implementation

Program Objective 1: Introduction of High Performance Microfinance Methodologies Linked to Education and Health into PLAN Programs.

Successes

1. The MFTT developed a Program Model for introduction into Plan policy, programming, country operations, and resource generation. It is defined by five principles: (1) high performance microfinance; (2) focus on women; (3) partnerships with MFIs for implementation; (4) sustainability; and (5) integration of financial services with other domains (sectors) to enhance socio-economic impact.

2. By the end of the ISI, six pilot and eight expansion countries had 26 functional partnerships employing eight distinct microfinance methodologies, including Grameen Bank replications, village banking, credit unions with savings/credit associations, rural banks with savings/credit associations, financial services associations, savings and credit cooperatives, and others. These MF methodologies have been developed by the organizations with which Plan International forms partnerships to deliver modern, sustainable MF to Plan communities.

3. The concept of high performance microfinance (poverty lending) is clearly defined in the Plan Credit and Savings policy (August, 1998). It is distinguished from the revolving funds and subsidized credit schemes popular with Plan field offices in the past. It was necessary for the MFTT to develop a clear definition of what it intended to promote to replace the uniformly failed schemes of the past.

- Targets the very poor
- Reaches large scale
- Is cost-effective
- Provides viable financial services and institutions to local communities
- Recovers operational costs and becomes financially self-sustaining

4. The MFTT successfully sought to introduce variations of the Grameen, village bank, and solidarity group lending methodologies into Plan country operations, beginning with the pilot countries. It sought nothing less than a sea change in thinking throughout Plan International regarding the relationship of poor clients to microlending. Clients were empowered to enforce loan repayment through peer group pressure. They were no longer allowed to see themselves as recipients of charity.

5. The fundamental concepts of such lending are group guarantee, low cost, large scale, market interest rates, and operational and financial sustainability. While the intention early on was to combine these lending principles with health and training objectives, the emphasis has shifted in recent years to lending for a variety of non-business, social ends.

6. The MFTT has not promoted partnerships between Plan and microfinance institutions to convert the latter to the principles of high performance. Rather, it has assisted Plan country offices to identify and partner with high performance MFIs to provide cost-effective, sustainable services to Plan communities. Moreover, Plan-MFI operations have usually been quite successful in their own right. Annex H presents a standard set of USAID indicators on Plan microfinance operations with a set of partner MFIs from Bolivia, Kenya, and Mali.

7. At the end of the Learning and ISI grants, Plan International was serving 99,813 loan recipients through 26 MFI partnerships in 14 countries worldwide. Women were 87% of these beneficiaries, although participation of females ranged from a low of 50% in Kenya to a high of 100% in Guatemala and the Philippines. All but some of the Bolivia programs had been started during the period of USAID/PVC assistance.

8. The number of loans outstanding for these credit recipients was 95,133, totalling some $9,114, 675, with an average loan size of $96. These are accomplishments of the Plan programs, and their MFI partners may have similar, but independent, accomplishments in other areas.

9. The number of savers among these Plan--MFI loan recipients was 93,375, with a total savings of $3,312,250 and and an average balance of $35. The ability to save, especially for women, is particularly important for poor families, since they have no access to formal savings institutions and demands for loose cash are endless.

Shortfalls

1. To the extent possible each MF country program should have incorporated a health, education, training, or literacy component. However, this component of the Program Model has lagged behind the microfinance delivery system. This is because it is not common to find MFIs that can also deliver health, education, or literacy messages effectively. Only three of the six pilot countries (Bolivia, Mali, Nepal) have programs incorporating a health or other education component alongside microfinance. Of the eight expansion countries, only three (Ghana, Togo, Haiti) have credit with education programs. Of the 26 partners now successfully operating in 14 countries, only seven (27%) have credit with education. In four of seven of these mixed programs, the education component (primarily health) has been designed and introduced by Freedom from Hunger.

2. While the lack of credit with education may be a shortfall of the Matching Grant, the MFTT indicates that it has intentionally shifted away from this component, because it has found it difficult to implement on a large scale. Moreover, in spite of various attempts (e.g., CRECER and Pro Mujer) to document its value-added impact on women and children, its benefits remain elusive. Further, its impact is easily diminished by inexpert implementation. Finally, many MFIs have resisted taking on an education component when engaging in partnerships with Plan. In sum, this has been a lesson learned for the MFTT, and it has compensated by moving toward financial product diversification stressing an array of loans for social purposes.   This, of course, is not the same thing as credit with education.

3. An issue of importance and much debate within Plan International has been the degree to which Plan families should and are reached in the MFI partnership programs. End-of-grant statistics indicate that only 27% of beneficiaries are from Plan child sponsorship families, considerably below the initial target of 50%. While it has been straight forward to direct MFI partners to Plan communities, it has not been easy to involve a high proportion of Plan families. Two reasons for this stand out: (1) Plan families are often among the poorest in local communities, but most high performance MFI programs serve the entrepreneurial poor, unlikely to be among the poorest; (2) Plan families, used to receiving charity in various forms including loan forgiveness in failed credit projects, have often resisted involvement in the new programs.

Program Objective 2: Institutionalization of the Program Model in Plan International

Successes

The institutionalization of the Program Model within Plan International has involved a wide variety of structures and activities spearheaded by the Microfinance Technical Team. Some of these elements were not foreseen in the Matching Grant Proposal or Detailed Implementation Plan. They all constitute key building blocks in an evolving strategy to introduce and sustain a variety of modern microfinance methodologies into Plan country activities.

1. **Microfinance Technical Team (MFTT)**

The driving force of the Credit/MED Institutional Strengthening Initiative (ISI) has always been the Plan International Credit/MED Technical Team (CMTT), now known as the Microfinance Technical Team (MFTT). The core team consists of the Microfinance Coordinator and the Program Liaison, both of whom were carried over from the previous Learning Grant (1994-96). An Administrator, charged with program budget oversight and management of the central MIS, has been in place since June 1997.

The duties of the Coordinator and Program Liaison overlap to a great extent, although their focus is microfinance and capacity building/partnership, respectively. The fact that there has been no change in personnel in these two core positions since 1994 has contributed to program strength, continuity, efficiency, and lessons learned. It is also responsible in large part for their success in networking, policy advocacy, constituency building, and organizational culture change within Plan.

2. **Pilot and Expansion Countries**

By program end, all six ISI pilot countries had one or more well functioning microfinance programs. Kenya, Nepal, and the Philippines had a Grameen Bank replication, while village banking remained the basic model in Bolivia and Guatemala. In Mali Plan has partnered with an organization linking credit with education to a credit union network. Other programs in Kenya and the Philippines were employing a new MF methodology, the Financial Services Association. Bolivia and the Philippines were developing an MFI program based on cooperatives. Altogether 16 partner organizations have programs in the six pilot countries: four in Bolivia, Kenya, and the Philippines; two in Nepal, and one in Mali and Guatemala.

The use of business-oriented, sustainable MF methodologies had also spread to eight more countries and 10 new partners by ISI program end: Haiti and Peru in Latin America; Ghana, Senegal, Togo, Uganda and Tanzania in Africa; and Bangladesh in Asia.

3. **National Coordinators**

The appointment of National Credit Coordinators is a key element of the institutionalization of MF programs in Plan countries. It was a crucial first step in the launching of successful pilot country programs and remains important in the expansion to new countries. In each case, the NC has been indispensable in the selection of the partner MFI, its institutional strengthening, and in continued management and monitoring of the collaborative activity. The NCs work closely with the MFTT and form a key element of the Plan microfinance network organized around the Program Model. While each Program Unit manages its local activity, overall country MF responsibility remains with the National Coordinator. The latter has a crucial liaison function with the Country Management Team, in particular the Country Director. All three NCs funded partially by USAID through the ISI program are now fully covered by Plan Country Offices.

4. **PLAN Microfinance Network**

The original six pilot countries of the Institutional Strengthening Initiative—Bolivia, Guatemala, Kenya, Mali, Nepal, and the Philippines—have now been joined by eight more Plan countries in various stages of MF program development: Togo, Senegal, Ghana, Tanzania, Uganda, Peru, Haiti, and Bangladesh. Another two countries -- Sri Lanka and Ecuador -- are either close to a program or have committed to engage in planning. The MFTT feels that a further set of four countries is likely to develop programs over the course of the next cooperative program with PVC (2001-2006): Egypt, Sudan, Thailand, and Vietnam. This would bring the total to 20 countries, not far from half of the 43 countries in which Plan International carries out activities.

These MF programs form part of a Plan Microfinance Network. The MFTT core advisors, National Credit Coordinators, a cadre of Program Support Managers in Regional and Country Offices, Country Directors in implementing countries, representatives from involved National Organizations (Australia, Canada, Netherlands, and United Kingdom), and key managers in International Headquarters constitute a growing network of MF practitioners. Annual meetings are held, now involving from 25 to 30 key headquarters, regional, and country staff. Each year the meeting highlights a particular MF methodology, bringing participants together for one week in the country where that methodology is best studied.

In sum, the ISI has successfully launched a self-sustaining network of Plan MF practitioners and advocates that should eventually spread a varied set of MF methodologies to all Plan countries and generate additional funding directly to MF programs through National Organization fundraising separate from sponsorship.

5. **Monitoring Information System (MIS)**

The MFTT developed a sophisticated Credit/MED Monitoring System by 1997, which it revised in 2000. Not all the indicators originally proposed under the Matching Grant proved useful, while some new indicators were required for effective reporting. Most importantly, the system needed to be updated to include appropriate reporting formats for new types of microfinance methodologies, notably Financial Services Associations and Credit Unions.

The current MIS tracks three types of variables, each of which constitutes a separate report: outreach, dealing with groups, loans, and participants; financial and operational performance, dealing with sustainability, efficiency, and portfolio quality; and institutional development, including a checklist of key variables and an institutional development report. The last report is not commonly used.

Beyond its use in monitoring the progress of the country programs under the Matching Grant, this MIS provides a common framework by which all Plan Country Offices and National Credit Coordinators can organize, understand, and track the progress of partner MFIs. It is thus not only a means to track the insertion and progress of high performance microfinance in Plan countries and communities, but it is a major element of the institutionalization process itself. It is an effective outreach and financial monitoring tool around which is being built a shared understanding of definitions, calculations, ratios, and other management information. This shared understanding extends to the partner organizations.

The National Coordinators, in assembling data from various partner organizations, standardize reporting across countries on essential indicators. Centralized tracking of Plan microfinance programs by the MFTT requires NCs to repackage a variety of monthly or quarterly information from MF partners that all employ different formats. By agreement, the essential outreach and operational/financial information is the same in these formats.

6. **Capacity Building**

Capacity building within Plan International has involved at least eight distinct, yet coordinated, activities under the ISI (cf. Annex D).

a. <u>Annual meetings of the Microfinance Network</u>

The meetings were originally designed to bring the pilot country NCs together with the MFTT. Since then these gatherings have evolved into annual meetings of Plan's broader Microfinance Network with much greater diversity among the participants. The meetings cover one week and are divided into two parts: (1) sessions that feature guest speakers and field visits to explore a technical aspect of microfinance in Plan and (2) a business meeting to discuss operational issues. In addition to bringing together an ever-growing network of practitioners and advocates of microfinance in Plan, the guest speakers and field visits serve to build staff capacity.

b. MFTT trainings and workshops

Some 11 training programs and workshops were organized and presented by the MFTT to increase understanding of sustainable microfinance among Plan field staff. These events lasted from one to three days. They were done at both country and regional levels and include training in introductory concepts (seven of 11 events), microfinance monitoring, strategic planning, program quality, and lessons learned from partnership.

c. Microfinance training in Boulder, Colorado

Some 18 participants (six of these twice) were sent by the MFTT to attend the Microfinance Training Program in Boulder. The program focuses on best practices in program design and management. In addition to the core course in microfinance, participants may choose from a number of electives to match their specific areas of interest and specialization. One of the most important features of attending this program is that participants have the opportunity to develop networks around the world with other practitioners and professionals in microfinance. The training is offered in two sessions, each three weeks long. MFTT sponsored the tuition for one three-week session for 14 Plan and four partner staff. In most cases those participants that attended two subsequent years attended the entry level training then the more advanced courses.

d. AIMS training

This six-day training was sponsored by the SEEP Network and the USAID AIMS project and had the primary goal of informing participants about the AIMS Project for measuring the impact of microenterprise services on the lives and businesses of clients. Of the three National Coordinators scheduled to attend in May 2001 (Bolivia, Guatemala, Peru), only the NC from Peru (expansion country) was able to do so.

Subsidiary AIMS training objectives focused on how to: (1) use a participatory method directed by microfinance managers; (2) focus on the analysis of impact and client satisfaction to improve products and processes; (3) use two quantitative and three qualitative research tools; (4) conduct individual and group interviews; (5) use Epi Info to analyze quantitative data; and (6) design a client impact and satisfaction program adapted to the local situation.

e. MFTT presentations

On six occasions the MFTT made special presentations to Plan high-level management personnel not directly involved in the delivery of programs. The objective was to increase their understanding of the concepts of microfinance, content of the Credit and Savings Policy, and other relevant lessons learned, such as the results of a partnership study, linkage of microfinance to health, and results of the mid-term evaluation. Attendees were drawn from National Organizations, International Headquarters, Regional and Country Offices, and the Health Domain advisory groups.

f. Exchange visits and consultancies

On 15 occasions exchange visits and consultancies were carried out under the ISI, involving 28 Plan and partner credit coordinators, advisors, and program staff. This was yet another element of the MFTT effort to build the capacity of staff involved in MF programs and to spread lessons learned. Thus, staff members in new or less experienced programs visited other countries with particularly significant MFIs, program methodologies illustrating "best practice," or some other aspect of high performance microfinance and Plan/MFI partnerships. In some cases, Plan microfinance coordinators have visited other Plan programs to provide technical consulting assistance.

g. Orientation and education for National Organizations

Some 25 visits to National Organizations (NOs) by MFTT members were aimed at increasing understanding of sustainable microfinance among staff and to explore the potential for NOs to support the programs in various ways. With the exception of the Australia NO, which required longer visits due to pilot site activities, these visits were normally from 1 to 3 days in duration and usually involved discussions with management, program, and sponsor relations staff.

h. Technical assistance visits by MFTT members

Technical assistance provided by MFTT members to Plan Country Offices and National Organizations involved dozens of trips to 23 developing countries and 6 Plan donor countries (National Organizations) over the five years of the Institutional Strengthening Initiative.

7. PLAN Policy Documents

An important part of the strategy to institutionalize modern microfinance methodologies in Plan International was to gain a foothold in the key policy statements issued by International Headquarters. The MFTT was able to lobby successfully for inclusion of microfinance under the Livelihood Domain

a. Plan Principle and Domain Guidelines

The first document formally defining Plan's programmatic orientations was issued in July 1996 as "Program Directions." It was revised and reissued in December 1999 as "Principle and Domain Guidelines." A microfinance objective was successfully included in both policy statements under the Livelihood Domain. Microfinance, however, was not made part of the core program described in the second policy document, creating the impression that microfinance should play only a supporting role to the three core program areas of infant and child health, basic learning and life skills, and potable water and hygiene.

While not yet in the realm of Plan core program, it is likely that over time microfinance will come to be seen as indispensable to community development. This is true not only because of its potential for financial and operational sustainability, but because of its value in shifting the development paradigm from community and family dependency on donor largesse to local learning leading to independence and empowerment.

b. Credit and Savings Policy

The most important policy accomplishment of the MFTT during ISI was the insertion of the Credit and Savings Policy statement into the Field Operations Book in August 1998. This was a clear, formal policy statement linking children's well-being to family income, women's generation and control of income, and women's income generation reinforced by health, business, or literacy training.

The Credit and Savings Policy makes it clear that income-generation activities will be undertaken through high performance, poverty lending programs, defined by the five principles of the Program Model. The statement specifically identifies Credit with Education (CWE) as the ideal credit methodology, to be undertaken through partner organizations and with sustainable community credit services as the explicit outcome.

A 21-page elaboration (appendix) to the policy statement outlines in detail all elements of the Program Model and how these should be employed in MF activities. It carefully distinguishes the new credit and savings programs from others. The document covers all definitions, general principles, partner costs and financing methods, "due diligence" selection of partners, special agreements in programs, monitoring and evaluation, accounting for payments to and from partners, and transitional funding and administrative arrangements.

The insertion of this MF policy statement into the Field Operations Book (FOB) means that there is not only a formal, institutional basis for launching modern MF programs in Plan countries, but there are guidelines explicit enough to do so. This has assisted in avoiding false starts.

c. Corporate Planning, Monitorng, and Evaluation System (CPME)

MFTT efforts to focus attention on high performance microfinance over the last five years has resulted in inclusion of MF in the new and evolving Corporate Planning, Monitoring, and Evaluation system (CPME). The "Monitoring microfinance interventions -- Credit MED Technical Team Guidelines" was published by Plan International in September 2000, as one volume of its program specific monitoring tools series (MTG – 07). Although the guide states that it does not form a mandatory part of the CPME monitoring system, it is clearly designed to assist Program Support Managers in their program reviews. The gudeline appendix is taken virtually verbatim from the Credit/MED Monitoring System produced in by the MFTT in April 2000.

Two of the 23 corporate-wide monitoring indicators deal with microfinance: (1) Number of Plan families with access to credit and (2) Number of Plan families below the poverty line. The other 21 indicators (down from 28 in past years) deal with other programmatic activities, particularly the core areas.

d**.** Country Strategic Plan and Country Program Outlines

Part of the MFTT institutionalization strategy has meant that all countries launching modern MF programs should develop national strategies to that effect and carefully describe this strategy in their Country Strategic Plan (CSP). An examination of three CSPs (Bolivia, Kenya, Mali) reveals that these documents remain brief and unanalytical and cover periods from five to 15 years. More information on program content is contained in the Country Program Outline, of which there may be four to five in each country strategy. Microfinance activities are characterized correctly, if overly briefly, in these documents.

8. **Strategy for Working with National Offices**

In September 1997, the MFTT produced a formal strategy for working with the 14 National Organizations (NOs). This is the set of Plan donor countries that raise and pool funds for community activities in 43 developing countries worldwide. Activities with NOs were undertaken to promote both institutionalization and sustainability of microfinance in Plan.

Regarding programmatic sustainability, the MFTT felt that a base of fundraising support directly for MF could be created within these National Organizations. Currently, MF must compete with other PLAN activities for funds raised entirely for child sponsorship.

From the beginning, the MFTT sought to involve the NOs as much as possible in the overall ISI process by making presentations to their directors and other representatives. The MFTT members then visited 6 of the key National Organizations, learned how they function, and sought ways to work more closely with them. The objectives were:

1. Long term financial support for MF from new financial markets
2. New products for sponsors to support poverty lending schemes
3. Increased awareness and knowledge by NO staff of MF programs
4. Adequate funds for programs in pilot countries and for expansion to new countries

The Australia National Organization (ANO) became the pilot country for pursuing this strategy of involving NOs directly in the expansion of MF. It was intended that the ANO explore a funding base beyond child sponsors, particularly the business and financial community that might secure long-term financial support for microfinance. Lessons learned from the pilot were spread through PLAN International through a variety of means, including an excellent report submitted by ANO in late October 2000.

Although donations from the business and financial communities were disappointing, the involvement of AusAID in supporting Plan MF programs greatly increased. The same linkage with government support for microfinance activities through Plan National Organizations now includes the Netherlands and UK NOs. The ISI matching grant was officially granted by USAID to Childreach, the US National Organization.

At the end of three years of pilot activities, materials had been produced and shared with other NOs, educating them and their sponsors about the benefits of poverty lending in general and Plan's Institutional Strengthening Initiative in particular. A strategy of working through the NO Grants Information Network to develop guidelines for preparing proposals for microfinance funding was abandoned in favor of working with grant and program staff in individual National Organizations.

9. **Institutional Learning**

a. Credit Lines

Institutional learning is an explicit part of the institutionalization strategy under the ISI. This involves on-going activities within the Plan MF Network to: review current literature; interact with colleagues, other networks, and related professionals; engage in visits to innovative MF programs; work with consultants, advisors, and specialists; and extract lessons learned from Plan programs in the pilot and expansion countries.

Perhaps most important in spreading information regarding the new MF Program Model has been the technical bulletin "Credit Lines," written and published by the MFTT in Arlington, Virginia. This bulletin first appeared in October 1994 under the Learning Grant, with 10 subsequent issues (nine under the ISI). Appearing once or twice yearly, these 11 volumes are always eight pages in length, deal with a particular MF topic, and target the bulk of Plan rank and file who are not experts in modern MF. They have been an excellent means to reach a wide audience in an appealing, layman's format. The themes of these issues have kept pace with the learning experience during the ISI, beginning with the basic concepts of microfinance, moving to partnership, dealing with sustainability, monitoring, and impact issues, discussing new financial services models, and revisiting partnership after a major study.

Credit Lines is printed in Spanish, French, and English, and is distributed only within Plan, although partner organizations receive a copy from Country Offices. It reaches all levels of Plan from COs to Regional Offices to International Headquarters and international board members, as well as the National Organizations of donor countries. Credit Lines is now part of the Plan website.

b. Plan Partnership Study

A key investment in institutional learning was the "Plan International Partnerships with Microfinance Instititutions"study (2000) commissioned from consultants. This involved partnerships in five of the six pilot countries. An earlier case study of Plan's spin-off partner BIMAS in Kenya, provided the model for research. Explicit objectives of these case studies were to: document the experience of working through partnerships; identify the successes and failures, benefits and drawbacks, and challenges and issues for both Plan and partner organizations; and draw up lessons learned, conclusions, and recommendations for change. The most recent issue of Credit Lines (June 2001) deals with the lessons learned from these studies and other sources. An internal Plan analysis of a partnership that failed in Mali was also completed in early 2001.

Shortfalls

1. The attempt to measure instititutional capacity of partners along seven dimensions and to track change in these measures by means of an MFI Institutional Development six-Month Report and an MFI Institutional Development Checklist has failed to become a useful part of the Plan microfinance MIS. It has been made optional, and only Bolivia and Guatemala of the six pilot countries submit the report to the MFTT. None of the nine expansion countries uses this third part of the MIS. It would be useful to work further on this dimension of partnership monitoring.

2. While MF was not made part of the core Plan program in 1999, it was probably not wise at that time to launch every country along that path. The ISI shows that the process is slow and that nothing succeeds so much as success. Nevertheless, it will be necessary to insert MF in this core, if it is to become mainstreamed in Plan.

Program Objective 3: MFI Partnership and Partnering

The third purpose-level objective of the ISI program may be divided into four parts: Partnership Model; Partnership Process; Partnership Expansion; and Partner Capacity Building. These will be reviewed briefly here for successes and shortfalls, while more detailed discussion will be deferred to Section Six – Partnership Questions.

Successes

1. The Partnership Model

A strong body of experience in the art of partnership has been developed by the MFTT and the six pilot Country Offices over the last seven years. Each of the pilot countries has developed at least one successful partnership with a specialized MFI; three countries now have four partnerships. These partnerships have increasingly approached the ideals of shared vision, common goals, and mutual respect. Partnership agreements now tend to reflect fundamental equality of status rather than contractual obligations. The framework now in place constitutes a Plan MF partnership model. It identifies shared vision as its core, contains 10 fundamental principles, and proposes 4 steps in the process of partnering.

2. The Partnering Process

Beyond the validation of partnership for delivering effective financial services to Plan communities, a process of partnership has been refined over the last seven years. The process is divided into four stages: preparation and start-up; commitment; implementation, and evaluation and recognition. Each of these stages has been divided into important steps through which partnerships ideally should pass. The MFTT has given considerable attention to the successful development of the art of partnership, and lessons learned have been adopted by other Plan development domains (sectors) in the pilot countries and beyond.

3. Program Expansion

Expansion of MF partnerships has continued streadily under ISI matching grant, swelling from three in 1996 to 26 at present. The great majority of MFI partnerships attempted have been successful and, once formed, are renewed until no longer necessary. Even when there is no longer a formal partnership agreement (e.g., Pro Mujer in Bolivia), close collaboration continues, including monitoring of the MF program.

4. Capacity Building of Partners

The art of partnership has normally included substantial building of capacity within partner organizations. While this varies according to the MFI partner, Plan has always stepped in to assist its partners whenever needed. That these programs continue in most cases to function as planned testifies to the care with which Plan assists its partners.

Plan does not have an explicit mission of strengthening country-level MFIs, but it has invested in the capacity of all of them in various ways and to various degrees. Such capacity building was more important in the past, when MFIs were considerably less experienced and courted by donors than now (e.g., Pro Mujer and BIMAS). Plan continues to seek innovative, fledgling institutions with which it can launch a more varied set of financial services in rural areas. As it does so, it remains ready to assist them.

Shortfalls

1. The donor-recipient relationship still lurks behind most partnerships, even where due diligence has discovered significant overlap of shared vision. When coupled with post-colonial sensitivities, this can become a critical problem (e.g., the former CANEF partnership in Mali). This will need to be recognized, although it is difficult to see how it can be entirely eliminated, given the size, sophistication, and financial depth of Plan compared to its specialized MFI partners.

2. Partnership agreements, while far more egalitarian than in the past, still contain sections that read more like contracts. This is likely to disappear with time and increased confidence of Plan personnel and as regional auditors become more familiar with MF partnership agreements. Moreover, a shared-vision partnership cannot always be exact, and close monitoring of the relationship will always be necessary given the inevitable differences in organizational culture.

3. There have been some attempts at partnership that failed during the ISI because of lack of effective communication and coordination structures between Plan and partner (e.g., the Faulu partnership in Kenya). Part of the problem has been the process of culture change within Plan itself, as it shifts to a two-pronged approach radically different from traditional operations. Not only do Plan personnel now need to think in terms of sustainable programming (repayment of loans by the poor), but in terms also of losing autonomy over important community services. This has not come easily to some.

e. Impact Results

Highlights of the ISI implementation experience are summarized in the tables below.

Table 2: ISI Program Indicators

Country	Current Partnerships	Number of Members	Percentage of Plan Families	Percentage of Women
Bolivia	4	26,252	22%	92%
Guatemala	1	2,169	53%	100%
Kenya	4	13,394	34%	50%
Mali	1	1,730	25%	57%
Nepal	2	18,053	40%	98%
Philippines	4	18,399	22%	100%
Bangladesh	1	N/A	N/A	N/A
Ghana	2	999	N/A	100%
Haiti	2	2,226	N/A	N/A
Peru	1	154	62%	81%

Country	Current Partnerships	Number of Members	Percentage of Plan Families	Percentage of Women
Senegal	1	6,669	N/A	100%
Tanzania	1	598	65%	36%
Togo	1	8,643	26%	100%
Uganda	1	527	37%	51%
Total	26	99,813	27%	87%

N/A = Not available
Source: MFTT

Table 3: Plan Microfinance Outreach Indicators

Country	Number Members	Number Loans	Amount Outstanding	Average Loan Size	Number Savers	Total Savings	Average Savings
Bolivia	26,252	23,210	$4,017,298	$173	25,047	$1,159,622	$46
Guatemala	2,169	2,169	$378,756	$175	2,169	$55,672	$26
Kenya	13,394	6,717	$704,913	$105	12,081	$539,418	$45
Mali	1,730	631	$64,232	$102	1,682	$108,794	$65
Nepal	18,053	17,819	$1,115,348	$63	17,569	$269,404	$15
Philippines	18,399	27,958	$2,077,971	$74	19,356	$824,536	$43
Bangladesh	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Ghana	999	964	$38,415	$40	999	$3,064	$3
Haiti	2,226	1,536	$160,748	$105	2,137	$96,909	$45
Peru	154	154	$13,310	$86	154	$154	$1
Senegal	6,669	5,231	$168,478	$32	3,299	$117,304	$36
Tanzania	598	162	4,530	$28	39	$645	$17
Togo	8,643	8,541	$367,850	$43	8,643	$126,930	$15
Uganda	527	41	$2,826	$69	200	$9,798	$49
Total	99,813	95,133	$9,114,675	$96	93,375	$3,312,250	$35

N/A = Not available
Source: MFTT

Table 4: Summary of Major Successes and Shortcomings in Implementation

Implementation Experience at a Glance	
Major Successes	**Major Shortcomings**
Program Model established	Education component in a minority of MF programs
8 microfinance methodolgies in 14 Plan countries	Microfinance not in Plan core program
99,813 MF beneficiaries	Most MFI partners not now operationally sustainable
26 partner MFIs in 14 countries	Impact on children not yet well understood
Partnership Model defined and spreading to other Plan Domains	Critical mass of MF practitioners in Plan not yet achieved
Credit and Savings Policy adopted by Plan	MF not yet a central part of the CPME
A MF MIS adopted and functioning in Plan	
A National Organization pilot established	

Implementation Experience at a Glance	
Major Successes	**Major Shortcomings**
A successful multi-dimensional, multi-level institutionalization process	
An efective information campaign through *Credit Lines* bulletin	
Experimentation with a wider range of financial services to the poor	

Impact on Children

Monitoring and documenting socioeconomic impact on program beneficiaries, whether Plan families or not, remains elusive, in spite of several attempts to conduct research to that end. This is nothing new in microfinance programs, although it is obvious that increased credit should lead to increased income, at least where the objective of lending is business investment. As will be seen in the partnership sketches in Section E (Partnership Questions), Plan is increasingly seeking to diversify its lending services, including into some for strictly social ends.

The issue of impact on children has often been raised by Plan staff, particularly when considering the introduction of high performance microfinance activities into Plan areas. It is also an issue in Credit with Education, whether that of CRECER, Pro Mujer or others. Moreover, the ISI Matching Grant with USAID/PVC specified a credit with education methodology.

Although impact evaluations have been undertaken of Pro Mujer and CRECER in Bolivia and of various other programs worldwide, there has never been conclusive evidence of significant impact on the health or well-being of children. The MFTT undertook its own review of impact studies in preparing a report for its Microfinance Impact Assessment Workgroup (October, 2001). After reviewing the impact of financial services on risk management, poverty alleviation, and women's empowerment, the report goes on to assess the state of knowledge concerning children's well-being. Only 17 of 58 studies examined addressed the impact of microfinance programs on children, and the results were mixed. The results of Freedom from Hunger evaluations (including CRECER) found positive impact on children's health and nutrition. Other studies were more equivocal.

The study concludes by stating that Plan International can expect signficant and positive benefits to its families in risk management, poverty alleviation, and women's empowerment. It then goes on to say that Plan can plausibly expect that these impacts have a causal link to child well-being in nutrition, health, or schooling, but that this may not always be the case. The study calls for strengthening and documenting this link, whenever it can be clearly identified.

The evidence for significant positive impact on children from activities conducted through MFI partnerships under the Matching Grant cannot be asserted conclusively, although there is a mass of empirical evidence suggesting strong linkage between childcare and women's education. It seems reasonable to assume that increased income at the margin will be expended on children to the extent that women also benefit from general education or specific health/nutrition training. Perhaps the burden of proof should be on those who doubt the connection. In any case, it may be some time before our research instruments are precise enough to measure this linkage.

2. Assessment of Project Model and Hypotheses

a. Project Hypotheses Articulated in the Cooperative Agreement

Findings:

a. The program hypotheses articulated in the Cooperative Agreement are*:* The underlying hypothesis is that modern, high-powered, and potentially sustainable microfinance methodologies can be identified, introduced, and maintained in the countries in which Plan International has sponsorship and community development activities. A second hypothesis is that this programmatic type can be institutionalized within Plan International headquarters, National Organizations, and Country Offices. A third hypothesis is that partnership with existing MF organizations can be a successful and cost-effective method to provide modern MF services to Plan communities worldwide

b. The MFTT was able to implant and maintain modern, high-performance, commercially oriented, and sustainable MF programs in the six pilot countries and in eight additional countries by end of program (8/31/01). This almost met the EOPS as defined in the Proposal Logframe (additional countries fell short).

c. The MFTT has undertaken a wide variety of activities aimed at institutionalizing modern MF methodologies into the culture and practice of Plan International. These activities have been described in Section 5.1.4. Many of these activities were opportunistic and not foreseen in either the Program Proposal or the DIP.

d. Institutionalization activities included: introduction of MF into International Headquarters policies; training of Plan staff in modern MF theory and practice; working with National Organizations to raise awareness and generate separate MF funding streams (including establishing a National Organization pilot in Australia); placement and permanence of specialized MF cadres as Credit Coordinators in Country Offices in six pilot and eight additional Plan countries; building a portfolio of MF services delivered to Plan communities and families that demonstrates increasing access and use of these services by beneficiaries; creation of a MIS to track outreach, financial quality, and institutional capacity of partner MF programs in Plan countries; establishment of an organizational learning process in which field experience in MF is disseminated throughout the rank and file of Plan through a technical bulletin and annual conferences.

e. Establishment of partnerships with successful and sustainable MF organizations in six pilot and eight additional countries. Partnership agreements testify to increasingly sophisticated institutional relationships between Plan and MFIs. Lessons learned in partnering have been gathered from special studies.

Conclusions:

a. The program hypotheses have been borne out by the experience of the Cooperative Agreement (Matching Grant). The program model was based on the capacity of a central Microfinance Technical Team (MFTT) to devise, introduce, and sustain modern, high-performance MF methodologies in six pilot countries and up to 12-14 additional Plan countries. The MFTT has gone beyond the introduction of standard Grameen, village banking, and solidarity group methodologies in its pilot and additional countries.

b. The institutionalization of MF methodologies, logic, and practice into Plan International has involved working successfully with all levels of Plan staff and institutional culture, including Program Units (field offices), Country Offices, Regional Offices, International Headquarters, National Organizations, field staff, program staff, audit personnel, sponsorship staff, and grant writers. Tools by which the MFTT has pursued institutionalization objectives have included personal networking, information sharing (MF technical bulletin), policy lobbying, and conferences, workshops, meetings, and external networking (e.g., SEEP).

c. The use of MFI partner organizations has proven successful, although not all partnerships have been maintained. There has been at least one partner in each of the six pilot and eight additional countries with whom PLAN has been able to maintain a durable relationship. Each of the pilot countries visited in this evaluation (Bolivia, Kenya) has had 2-3 partnership false starts or failures. Partners must fit a set of technical criteria and must evidence "shared vision." The art and process of partnering with independent MFIs has probably resulted in more learning for the MFTT than the introduction of high performance microfinance into Plan country programs.

Recommendations:

a. The MFTT has already received a follow-on grant termed "Sustainable Microfinance in Plan." This matching grant will focus on consolidating the learning in the first CA, expanding the institutionalization process within Plan International, and experimenting with a wider set of MF methodologies and education components in three field sites. This further consolidation and experimentation appears fully warranted.

b. The question of impact will be dealt with in the follow-on CA. It was part of program outputs under the ISI, but this has not yet been possible. It should be a priority under the new CA, since a serious breakthrough in impact assessment will not only be a major contribution to MF art and practice, but will also do much to consolidate and spread acceptance of MF within the Plan International National Organizations (14) and Country Offices (43). Demonstrating how MF can directly and measurably affect the welfare of children is a powerful tool to convince recalcitrant Plan staff that MF is not only useful but the most cost-efficient and sustainable of all community activities in achieving benefits for children in Plan (and non-Plan) families.

b. Replication and Scale-up of Approaches in Project Areas or Elsewhere

Replication of program approaches has occurred under this CA. This was specified in the Logframe. Thus, 20 credit delivery partnerships were to be operational by end of program (8/31/01). From three in one country (Bolivia) at ISI commencement, there are now 26 viable partnerships in 14 countries, all of which have benefited from a process of learning from earlier partnerships, not all of which succeeded.

Replication is of the Program Model, rather than of any given MF methodology. It has not been sufficient to replicate village banking or other MF methodology simply to maximize programs. Rather, innovative variants of the Program Model have been sought, in order to increase the ways in which poor populations can benefit from savings and credit services. This has occurred both within pilot countries and in expansion countries.

3. Advocacy under the Project

a. Advocacy Activities and Impact

In **Bolivia** Plan Bolivia is a member of the donor consortium FUNDA-PRO (Fundacion para la Produccion), and its NGO partners CRECER, Pro Mujer, and Sartawi are members of the network of unregulated Microfinance NGOs, known as FINRURAL. Within FUNDA-PRO, Plan has been involved in three major activities: support to the development of sector policies for small and microenterprises through FUNDA-PRO activities in the governmental Coordination Committee for Microfinance and Micro and Small Enterprise; creation of PRE (Programa de Formacion de Recursos Humanos de Entidades de Microfinanciamiento) charged with training Bolivian professionals in the area of microfinance and studying best practices in the field; and the Microfinance Forum, under which studies have been conducted on the evolving nature of the Bolivian microenterprise marketplace, in addition to 22 thematic sessions of a Microfinance Sector Analysis Workshop.

b. Partner/PVO Roles in Advocacy

Advocacy has not been an objective of this program. Selection of partners has not involved appraising their competence or experience in policy advocacy, whether in terms of civil society promotion or microfinance legal environment.

4. Implementation Lessons Learned

Experience over the course of the five-year ISI has resulted in several lessons learned that deal strictly with program implementation.

1. The process of partnering was considerably more time consuming and complex than originally envisaged by the MFTT.

2. Personalities and bureaucratic layers played a stronger role in impeding (or promoting) the progress of microfinance partnership or program approvals than originally thought.

3. It was very important to develop a multi-dimensional and multi-level approach to institutional culture change, ranging across network development, information dissemination, formal training, direct presentation, and constituency building.

4. Shared vision partnership can work between organizations differing substantially in background, financial power, and international orientation.

E. PARTNERSHIP QUESTIONS

1. Analysis of Partnership Schemes

The art of partnership lies at the heart of this matching grant. While microfinance methodologies were central to the Program Model, the decision to introduce these methodologies into Plan program areas by means of formal agreements with existing MFIs created a new set of challenges. The lessons learned in this process of partnership are as valuable to Plan International as the successful implantation of MF methodologies in Plan program areas.

The formal use of a partner organization to deliver MF services to Plan areas began in Bolivia in 1992. By 1995, under the Learning Grant, three such partnerships were running in Bolivia. Much was to be learned from these early experiences.

In April 1997 the Plan program bulletin, *Credit Lines*, was dedicated to the "art of partnership." It was here that the MFTT delineated and disseminated its partnership model, including: seven reasons for working with partners; five types of partnership; six steps to building partnerships; and 10 lessons from experience.

The MFTT identified a series of partnership types, drawing on a typological framework developed by the Institute for Development Research (IDR). These five models differ mainly by degree of shared governance between Plan and partner. Ranging from most to least directive, the partnership schemes are: contracting; dependent franchise; spin-off NGO; collaborative operations; and shared-vision partnership. The last named was identified as the model to be pursued under the matching grant.

The Shared Vision partnership is one in which Plan International collaborates with a local NGO on the basis of a shared development goal or vision. The NGO's role is to design and implement a microfinance program in Plan geographic areas in response to agreed goals and outcomes. Plan provides for operational costs, training, and technical assistance to enable the NGO to pursue the shared goal.

When Plan brings a partner to its communities for the first time, the lending portfolio is provided as an inexpensive or interest-free loan to the partner, although in the earliest partnerships funds were either provided as an endowment (BIMAS in Kenya) or as a loan partially forgiven for good performance (Pro Mujer in Bolivia). Operational costs of relocation to new, Plan areas are borne by Plan during the partnership period.

In only one case -- BIMAS in Kenya -- did Plan create its own "spin-off" partner by converting a preexisting Plan microcredit project entity to independent partner. While successful, this process has taken a good deal of time and resources and will not be repeated in future. It is not cost efficient and is certainly not the preferred model.

Building the capacity of the implementing NGO is not an objective of partnership, although it has usually been necessary to assist partners with their operational systems and staff training. This has usually involved strengthening accounting and financial systems, as well as the MIS for tracking the loan portfolio.

The development of the Shared-Vision partnership model evolved out of Plan's early experience with partnerships, not all of which worked as well as had been anticipated. Several early partnerships had to be terminated, although lessons were always drawn. A good example of this learning process was the analysis conducted of the Plan – CANEF partnership in Mali.

Lessons learned from partnership were the subject of a second issue of *Credit Lines* devoted to this topic in June 2001. The issue summarized the lessons drawn from a study conducted by IDR of five Plan partnerships in five of the six pilot countries under the matching grant (Bolivia, Kenya, Mali, Nepal, and Philippines). While a summary report of these case studies was published in September 2000, widespread dissemination of lessons learned and reaffirmation of partnership principles were achieved through *Credit Lines*.

In the June 2001 volume of the MFTT bulletin, the authors review the experience and reinforce the partnership model in sections that speak to: mutual benefits; shared vision, common goals and mutual respect; lessons learned in the partnership study; Plan's framework for MF partnerships; and 10 questions to test partnership preparedness.

Based on its learning experience with parthерships, the MFTT defined a set of principles for microfinance partnerships as follows:

- Mutual trust and respect;
- Transparency;
- Mutual commitment and responsibility for quality of program service;
- Mutual commitment and investment in sustainability;
- Clarity in program objectives, roles of all parties and working relationships;
- Proper accountability to all stakeholders;
- Frequent communication and collaboration;
- Clear separation of financial transactions and sponsorship activities;
- Frequent communications; and
- Timely and creative problem solving.

The Shared Vision partnership model has generally worked well. The major problem encountered has been the unequal financial status of partners. Plan has always raised substantial financial resources from sponsorship donations to carry out programs in geographic areas of interest and without resorting to other organizations for assistance. Partnerships with other development entities in the past were always seen as contracts for services, and audits were conducted accordingly.

Early partnership agreements (e.g. in Bolivia) illustrate this lack of sophistication in partnering. There appeared to be a naïve belief that little needed to be spelled out in terms of specific duties, contingencies, and even whether the funds were to be reimbursed by the partner to Plan. Recent agreements reflect the substantial learning process during the course of the Learning Grant and ISI. This learning is now reflected in the "Guide for Written Credit/MED Partnership Agreements" produced by the MFTT.

Audit Problems

In the early years of the ISI, the financial relationships between MFI partners and Plan Country Offices caused some problems for regional auditors. This was particularly the case in Bolivia, where the first partnerships evolved during the early to mid-1990s.

Plan auditors were used to treating partner organizations as contractors, hired to carry out a specific set of activities for a specified cost. The MFTT moved away from this orientation, in favor of much greater equality between organizations, i.e., the Shared Vision partnership. Shared Vision implied a larger degree of flexibility and latitude on the part of the implementing organization, including the choice of whether to extend financial services to particular Plan families in communities of mutual interest.

It happened that many Plan families, particularly in older Plan communities, resisted accepting credit at market rates or reimbursing it when they did. Some auditors felt that target proportions of Plan families among credit recipients must be met without considering their repayment rate. Understanding has come with time.

Auditors also had some difficulty with another aspect of launching MFI partnerships: interest earned on idle money at program start-up. This rubbed auditors wrong, since the credit fund might sit for months earning interest as areas were selected, groups formed, and training of members conducted. This was particularly problematic when Plan simply donated the money to its partners. Credit portfolio capital is now extended to partner MFIs as a loan, but this was not the case in the first Bolivian partnerships.

The Director of Audit for Plan International now feels there is no problem between auditors and Plan country partnerships, but there are occasional lapses. Perhaps of more concern is the feeling among some Plan staff that selecting only the most rigorous partner organizations -- the process of "due diligence" -- may deprive some needy Plan communities of access to credit. In view of the many failed revolving funds of the past, it would be better to err on the side of rigor.

The Partnering Process

It became evident in the early years of the MG that the ideal process of partnering with MFIs needed to be clearly defined. The building of a partnership with MFIs for microfinance services involves six steps, as outlined in *Credit Lines* (April 1997). These steps, ideally, are:

1. Survey and assess potential partners;
2. Conduct feasibility studies;
3. Prepare a business plan;
4. Develop a written agreement;
5. Set reporting standards and formats; and
6. Build in monitoring and learning tools.

These are the steps that are now generally followed in each Plan Country Office wishing to launch a MF program. Examination of documents from Mali, Bolivia, and Kenya indicate that the steps are followed at present. However, early partnerships in Bolivia did not follow these steps and written partnership agreements indicate an overly brief, indecisive, and optimistic view of MF partnership structure and functioning.

Based on its early experience, the MFTT found it necessary to insist on a process of "due diligence" when assessing a potential partner organization. The term is actively used and understood by Plan country staff, as field visits have revealed. Extensive guidelines for due diligence are found in an annex to the Credit and Savings Policy statement of the Field Operations Book. The same guidelines are published separately as "A Guide for Assessing Credit/MED Institutions." The MFTT has also produced "A Guide for Written Credit/MED Partnership Agreements."

Doing due diligence preparatory work with partners means that Plan must assure itself that the partner satisfies the following criteria: it employs high performance methodologies and programming; its organizational culture is dedicated to high-quality services to poor women with a commitment to scale, cost coverage, and eventual operational and financial self-sufficiency; the organization uses effective financial planning, management, and information systems; and the partner has a strong board and management follows a clear business plan for expansion and sustainability.

The Plan Credit and Savings Policy defines due diligence as a process in which each partner takes stock of the other, including a taking a criticial look at the other organization's purpose, financial soundness, reliability, credibility, and history. Obviously, Plan is interested primarily in assessing the viability of the partner, while less interested in having its potential partner assess its capacity. Nevertheless, MF partner organizations are increasingly competent, experienced, sophisticated, and courted by donors, making it likely that potential partners will conduct their own due diligence of Plan Country Offices. A case in point occurred recently in Kenya, where the potential partner (Faulu) decided not to join with Plan based on a failed prior attempt.

Capacity Building of Partners

The art of partnership has normally included substantial building of capacity within partner organizations. While this varies according to the MFI partner, Plan has always stepped in to assist its partners when needed. That these programs continue, in most cases, to function as planned testifies to the care with which Plan assists its partners.

Rather than remaining content to build partner competence in pre-set ways, Plan continues to seek innovative, sometimes fledgling institutions (e.g., Saga in Kenya) with which it can launch a more varied set of financial services in rural areas. The learning experience continues to be mutual.

Capacity building has involved partner staff in numerous workshops, study trips, exchanges, and local training. Ideally, weaknesses in partner capacity are identified during the process of due diligence, then addressed in the partnership agreement. In practice, it is difficult to know the strengths and weakness of partners until they launch operations in the new geographic area. Plan staff must be vigilant to identify areas of weakness, while not encroaching on the sovereignty of the local NGO. The case of the CANEF partnership in Mali reviewed below was a learning experience for the MFTT and Plan Mali and reveals the communication and capacity challenges in some partnerships.

Capacity Building and Key Partner Relationships

Four Plan partner MFIs were examined in some detail during evaluation field visits: Pro Mujer and CRECER in Bolivia, and BIMAS and K-Rep in Kenya. The Bolivian MFIs are among the oldest partnering experiences and both have health education components. BIMAS stands out by being the sole example of an MFI created by Plan, but neither BIMAS nor K-Rep have education components. Plan works with other partners in Bolivia and Kenya, but none was examined in detail.

Pro Mujer (Bolivia)

Pro Mujer launched its program in peri-urban areas of northern Bolivia in 1990. The director of the Plan Altiplano field office, seeking a means to bring microfinance services to Plan communities in Sucre and

Tarija, signed a one-year pilot agreement to this effect with Pro Mujer in June, 1994. Plan's role was to introduce Pro Mujer to those two southern cities and finance their operations. The MFI was to operate in Plan peri-urban communities, but there was no requirement to work exclusively with Plan families. Plan also provided financial support to Pro Mujer for operations in El Alto on the altiplano.

At the time of this first agreement, Pro Mujer considered its village banking credit component as a means to attract women clients to its training program, which focused on empowerment, health, and education. The partnership with Plan over the years has moved credit to the forefront, with empowerment, health, and education components assuming supportive roles. In its last partnership agreement, Plan has sought to reinforce successful credit use by financing a business training component. This is a major training effort divided into 19 subjects and five modules. At least three follow-up visits per client are included in the post-training. The objective is to improve women's profits by increasing their market analysis and business acumen.

Pro Mujer organizes groups of 20 - 30 women into Communal Associations, some 30 of which visit a Focal Center, where they receive not only credit but training in women's rights, self-esteem, and reproductive health. The Communal Associations are village banks that manage their own internal account, as well as the external account offered by Pro Mujer.

While Plan was closely linked with Pro Mujer in its early years, it was only one of several institutions supporting this Bolivian NGO. Between 1990 and 1995 the greater part of Pro Mujer's total subsidy was provided by the Bolivian government (World Bank loan) and USAID (PL-480). Plan's funding of Pro Mujer in 1994-95 amounted to some $364,000, all in the form of a donation.

A USAID evaluation in 1995 found that the Pro Mujer methodology of integrated credit and training had had a major positive impact on the economic well-being of participants. Women reported increased production, sales, and reinvestment in fixed assets in their microenterprises. There also appeared to be increased spending of income on children's nutrition. Finally, women's participation in community groups and activities testifed to increased empowerment.

The early years of partnership between Plan and Pro Mujer were strained. Many Plan employees in Sucre and Tarija resented the Pro Mujer program, because they felt it been imposed upon them by the central office in La Paz. Beyond their opposition to the concept of charging market interest rates, Plan promoters and office staff were also not used to relying on others to implement development activities. On the other hand, Pro Mujer staff sometimes felt looked down upon by Plan personnel.

Plan and USAID provided the bulk of funding for Pro Mujer expansion by 1995. These donors encouraged Pro Mujer to produce a three-year business plan in May 1995, among whose goals was that of reaching operational self-sufficiency by cost cutting and increasing administrative efficiency. Subsequent to this business plan, Plan signed a new three-year partnership agreement with Pro Mujer in July, 1995. The business plan was the major requirement for a new partnership agreement.

Operational costs of program expansion in Sucre and Tarija ($193,000) were supported through donation, but the capitalization of the credit portfolio ($520,000) was provided through a no-interest loan with repayment over five years. However, half of this loan could be -- and was -- forgiven based on achievement of a set of programmatic goals stressing operational self-sufficiency, low client desertion, delinquency below three percent, timely reporting, and demonstrable impact on women and children.

Plan has continued to provide major financial support to Pro Mujer between 1995 and the present. Without these funds Pro Mujer would not now be working in the southern cities of Sucre and Tarija. Such expansion beyond El Alto and Cochabamba helped Pro Mujer develop economies of scale beyond those that could have been developed only in the north.

From the beginning of the ISI Matching Grant in 1996, Plan provided the intermittent services of a consultant to assist Pro Mujer to pursue the elusive goal of operational self-sufficiency. Cost cutting and improving operational and administrative efficiencies achieved significant cost reduction. Much of this was due to reducing the period of introductory village bank training.

In the April 1999 partnership agreement with Pro Mujer, Plan effectively forgave $211,991 of loan funding, thus providing key support to the operational sustainability of the MFI. At the same time, another $113,000 of donated funds were to support the operational costs of a new business training program in Sucre and Tarija. What would have happened to Pro Mujer without this debt forgiveness and further operational support is difficult to assess, but it is unlikely Pro Mujer could have reached its current level of performance without Plan's assistance.

Pro Mujer has always met the programmatic and institutional goals set out in partnership agreements. It is important to stress the fact that the text of these agreements, while beginning in the Plan tradition of contracting for services, now appears considerably more egalitarian and approaches the goal of the shared-vision partnership.

A Plan-financed impact evaluation of Pro Mujer's Sucre and Tarija programs in November 1998 appears to support the continued belief that the credit and training/education have brought about significant benefits to participants, especially women's microbusiness income and increased investment by these women in the nutrition, health, and education of their children.

Interviews with the leadership of Pro Mujer and Plan Bolivia testify to the enormous formative role that Plan Bolivia played in the survival, expansion, and increased sophistication of its MFI partner. While most support was financial, each partnership agreement set out institituonal objectives. Field staff of both organizations began and maintained a close collaboration. Recently, Plan has begun a process of withdrawal from peri-urban areas of Sucre and Tarija, leaving Pro Mujer to prosper alone. Plan's program in rural areas will be carried out by other partners, including CRECER.

CRECER (Bolivia)

CRECER also began its credit with education program in Bolivia in 1990. Originally a subsidiary of Freedom from Hunger (Davis, California), it has recently become independent (2000). The first partnership agreement with CRECER was signed in August, 1994 and specifically refers to a credit with education program destined for Plan program areas. The Freedom from Hunger methodology focuses on village banking groups of 20-30 women in a six-month loan cycle (four months in peri-urban areas), supplemented by brief health and nutrition presentations by promoters and group members. These are very focused, 15-20 minute health education modules, of which five or six have been perfected over the years by FFH. Bank members use materials developed by experts in FFH and engage in discussions and role playing. Women's empowerment and self-esteem are other themes in these discussions. In recent years, FFH has also introduced a component of primary economic education.

The 1994 partnership agreement laid out a three-year program to expand CRECER's credit with education program on the altiplano. CRECER was to implement its program in Plan field areas, but community selection would be a joint endeavor. Reporting requirements were left unspecified, however. During this first partnership agreement, Plan disbursed $512,000 to CRECER, including $310,00 for its loan portfolio. This partnership relationship brought CRECER into the ISI under the PVC matching grant.

Although there were no significant impact evaluations carried out during these early years, CRECER far exceeded its bank creation goal and made substantial progress toward operational self-sufficiency.

As in the case of Pro Mujer, Plan was not the sole supporter of CRECER. In 1995 USAID began a five-year plan of support for expansion. This grant placed a good deal of pressure on CRECER to reach scale and operational self-sufficiency.

A new three-year partnership agreement was signed with CRECER in June, 1998. As in the case of Pro Mujer, each agreement became more precise than the last, with specific indicators and reporting requirements for Plan to monitor programmatic and institutional progress of the program. In addition to outlining each partner's role and responsibilities, for the first time the agreement contained a section on shared responsibilities. Reporting now began to follow the format outlined in the MFTT Monitoring Information System (MIS).

Plan's support to CRECER has involved a combination of credit funds, operational support, and institutional strengthening. Under its first partnership agreement (1994-98) Plan provided some $607,000 to CRECER, of which somewhat more than $500,000 was provided as a no-interest loan for portfolio financing. These monies, plus the 1995 USAID Washington grant, allowed CRECER to expand its operations vastly beyond what it might have achieved with much more modest support from Freedom from Hunger.

By virtue of its partnership with CRECER, Plan Bolivia has been instrumental in securing USAID funding, including the 1995 Microenterprise Office grant for CRECER and the Girls' and Womens' Education Activity (GWE III). Plan and CRECER jointly signed the agreement to launch GWE III, which provided technical and financial resources to undertake longitudinal research and strengthen design, implementation, and evaluation of basic education programs for women.

Plan encouraged CRECER to produce its own locally developed business plan in 1999, and became a powerful ally in CRECER's push to become an independent legal entity, a status it has only recently achieved.

The relationship between the MFTT and country partner organizations is usually mediated by Plan Country and Area Offices. Partnership agreements, which increasingly define both programmatic and institutional outputs, are signed by Plan Country Offices. Operational collaboration in the field is carried out under the Area Offices.

Some institution building is carried out directly by the MFTT. The 1998 Monitoring Information System and the Credit Lines bulletin affect all partners. The MIS reporting process organizes partner reporting into formats compatible with the data required by the MFTT, while Credit Lines enables all partners to keep abreast of latest developments in microenterprise and partnership. In addition, key partner managers are invited to annual Microenterprise Network Meetings and sent for training at the Microenterprise Training course in Boulder, Colorado.

Both Pro Mujer and CRECER mention the rigor of Plan's accounting and auditing systems, and the constant pressure from Plan to reach operational sustainability through planning, cost cutting, and the search for efficiencies. Plan's pressure toward this end resulted in some friction between Plan and partners in the early years of their collaboration, but the relationships now appear close and characterized by mutual respect at all operational levels. All agree that Plan has played a major role in developing these organizations far beyond where they were in 1994.

BIMAS (Kenya)

The case of BIMAS is unique among Plan MFI partners, since it constitutes nothing less than the conversion of a preexisting credit program into an independent microfinance institution. This transformation has required an enormous investment in capacity building, and although successful, it is unlikely to be replicated by Plan in future.

BIMAS (Business Initiatives and Management Assistance Services) grew out of a failed credit and business promotion program begun in 1982 in Embu. BIMAS was created in 1994 to provide financial services to Plan communities, and the Financial and Technical Assistance Agreement with BIMAS was signed in July, 1997. There remained such a close connection to Plan Embu that it was not until late 1997 that BIMAS staff left Plan offices. During the same year, BIMAS was registered as an NGO.

There is currently no formal partnership agreement between Plan and BIMAS, but close collaboration continues. A full evaluation of BIMAS by Plan is scheduled for the near future.

The 1997 partnership agreement specified that Plan would provide both financial and technical assistance to BIMAS for a three-year period, while BIMAS would provide microfinance services to Plan communities and build itself into an institutionally and financially viable organization. Although BIMAS had attained 92% operational sustainability, this recently fell to about 67%, when it set aside funds for a loan loss reserve.

Capacity building by Plan has consisted of: extensive Board training; exchange visits by the executive director to programs in Togo and Bangladesh; training of the executive director in the Microenterprise program in Boulder; MIS development; visits by both members of the MFTT; and provision of motorbikes to increase the efficiency and outreach of field promoters. In spite of significant Plan funding of consultants in the development of an integrated accounting and loan portfolio MIS, it is still not fully operational after a year of work.

Board training has been especially valued by BIMAS and constituted a major focus of capacity building from 1998-2001. Formation of the Board began in 1995 in conjunction with a business plan. It is considered an institutional board: that is, its members actually run the organization and are chosen to pool a mix of managerial and governance skills. Nevertheless, they hold themselves above operational management, striving to keep in view the larger vision of what they want BIMAS to be and where they want it to go.

In spite of its skills mix, the Board needed assistance in sorting out roles, responsibilities and functions, which it received in a three-day training financed by Plan in 1997-98. A second training was given in 2001. Board members interviewed during the evaluation praised this training as all inclusive and extremely useful. The Board now consists of 12 members, one of whom is the Plan National Credit Coordinator.

Beyond the first business plan in 1995, a second plan was drawn up for three years in 1997, and a five-year plan took its place in 2001.

Beginning with 30 village bank groups left over from the previous microenterprise program, BIMAS now serves over 300 groups, with an average membership close to 30. In the process, some 500,000 KSH ($50,000) had to be written off. In recent years, BIMAS has diversified into other loan types and now offers four loan facilities: enterprise loans (village banks); market trader loans (trader groups); larger business loans (small groups); and education fee loans (parent groups). BIMAS is currently developing special loans for emergencies (health care, life cycle ceremonies, burials, etc.). In spite of this diversity of loan types, BIMAS makes no individual loans and claims to be 100% oriented to rural areas around Embu.

BIMAS has received substantial donor support in addition to Plan, including DANIDA, UNDP, and USAID/Kenya (MICROPED project). While DANIDA supported loan capital expansion, the other two donors invested in various types of capacity building (institutional assessment, staff and Board training), thus complementing Plan capacity building activities.

BIMAS represents a very interesting experience for Plan International, one that has not yet fully played itself out. Nevertheless, it is the exception that tends to confirm the rule that Plan should seek out existing MFI partners, rather than create them from preexisting credit activities (let alone from scratch).

K-Rep (Kenya)

The K-Rep partnership is a particularly interesting case study for Plan, because it represents a venture into a new type of microfinance methodology—the Financial Services Association (FSA). This methodology is both extremely innovative and relatively complex, and it has had its share of growing pains.

K-Rep (Kenya Rural Enterprise Program) was established in 1984 and registered as an NGO in 1993. The K-Rep Development Agency, responsible for implementing the FSA concept, is the research and development wing of the K-Rep group.

While discussions between Plan and K-Rep began in 1996 and informal collaboration commenced in Taita Taveta in late 1997, it was not before December, 1998 that a formal partnership agreement was signed. The agreement specified the launching and co-funding of nine FSAs in Taita Taveta District over three years (December 1998 – 2001), but this was later amended to seven. One year later an addendum to the agreement, specified that over the next two years five FSAs would be created in Kilifi District and five in Kwale District, but these were reduced to three and two, respectively, when a DFID-financed evaluation of FSAs (2000) revealed serious management and governance issues in the fledgling associations.

While Plan has partnered with K-Rep to support 12 FSAs, K-Rep now has 60 of these associations countrywide. DFID is the other major funder of K-Rep FSAs.

In response to the DFID evaluation, K-Rep developed a strategic plan, which includes a major component of operations research to be funded by the Ford Foundation. Plan is assisting the new program by supporting the costs of a regional K-Rep office in the coastal area (Mombasa). In addition, K-Rep will undertake to diversify its FSA products and train its staff, particularly association managers and cashiers. Changes in FSA Board memberships have also occurred over the last year.

Of particular interest is the introduction of solidarity groups (KCMs), in view of the poor loan repayment rate by individual borrowers. In the FSAs visited during the evaluation, organization of association members into KCMs (Kikundi cha Mkopo) was being resisted by association members. The problem with this group loan guarantee concept is that it is being imposed after the fact. Nevertheless, the KCMs appear to be helping with repayment of new loans.

The K-Rep/Plan partnership to introduce FSA services in three districts of the Plan Coastal Area is still relatively young. Moreover, the FSA model is still evolving. FSAs are savings and credit organizations targetted to low-income rural residents, who are encouraged to purchase shares in the FSA and thus own and manage these associations by virtue of their shareholding. They elect the Board of Directors, which hires a manager, cashier, and other staff.

What seems most important is that the model, while complex, represents an attempt to start loan services by mobilizing local savings into share capital, since taking savings deposits is not allowed by regulation. In other words, microfinance capital funds can be started without donor capital infusion, although considerable institution building has been the trade-off.

Locally mobilized equity capital thus constitutes the FSA's risk capital and loans are extended to individuals and more recently through KCM solidarity groups (5-10 persons). Collateral is stipulated in loan agreements for individual loans. The ultimate objective is to link these associations to the formal banking system.

Three such FSAs were visited during the evaluation: Mugange in Taita Taveta District, Mwaluphamba in Kwale District, and Ngerenya in Kilifi District. One of the striking observations is the variety of loan services offered: school fee loans, short-term loans, emergency loans, and normal (4-6 month) loans for business and agriculture. Interest is normally 10% per month on the declining balance, a rate that encourages rapid capital growth in the FSA.

In spite of share purchase (1 share = 300 KSH = $4) and rapid capital accumulation, many shareholders do not borrow. Some have done nothing, neither placing savings nor borrowing, after initial share purchase. KCM membership involves compulsory savings, but such membership is still a minority of shareholders. While share prices have risen along with equity growth, it is not likely the reason for total inactivity is a large number of pure investors.

Lending is certainly slowed by the presence of a number of competing MFIs offering lower monthly interest rates, such as Kenya Women's Trust at 2% per month (flat rate). As in many places worldwide, borrowers are borrowing from several sources in order to maximize credit availability, spread and balance risk, and maintain maximal institutional connection.

The FSA model is complex and involves a good deal more sophistication and training than village banking. The introduction of KCMs should return lending to the relative security of group guarantee, which seems to be the key to success of Grameen-style lending. If the FSA can prove itself as a generator of local capital without infusion of donor loan funds, it will have freed village banking from the search for start-up capital. The final chapter on the viability of the FSA concept is still some time away.

CANEF (Mali): When Partnership Fails

The four Plan partnerships examined in the field during this evaluation – Pro Mujer, CRECER, BIMAS and K-Rep – are all examples of successful organizational relationships. There have been other experiences, one of which constitutes the basis of a special case study conducted by Plan staff.

Plan Mali began the ISI as one of the six country pilots in partnership with CANEF, a Malian NGO originally formed by Freedom from Hunger in 1988. CANEF (Centre d'Appui Nutritionnel et Economique aux Femmes) had become independent of FFH by 1992, and it seemed an ideal candidate for partnership with Plan with its credit with health/nutrition education methodology.

After negotiations lasting one and one-half years, Plan and CANEF signed a one-year pilot partnership agreement in June, 1996. At the end of this period (June, 1997) results were decidedly mixed. While programmatic and technical outcomes were satisfactory, the partnership was characterized by increasing friction and lack of communication.

Although there were some problems of personality clash, it appears that the issue of institutional strengthening had different meanings for Plan and CANEF, leading to a downward cycle of mistrust. From the beginning, the MFTT noted that CANEF did not have a strong commitment to cost recovery and had not developed a sustainability plan. At the same time, it became clear that Plan Mali was not internally fully committed to the high performance approach.

Nevertheless, negotiations continued and an agreement was finally signed based on an institutional assessment of CANEF carried out by a non-Malian MFI. Once under way, differences of perception emerged quickly in the partnership, involving financial management, institutional strengthening, and sustainability. Plan perceived weaknesses in these areas and sought to build CANEF's capacity. In effect, as the case study points out, Plan wanted CANEF to operate differently from its traditional pattern. CANEF, on the other hand, saw these efforts as infringement on its sovereignty. As a result, CANEF's weaknesses were not addressed as they might have been given a less sensitive relationship between Northern and Southern NGOs.

After an evaluation and an audit of the one-year pilot partnership, Plan and CANEF mutually agreed to terminate their relationship in May, 1998. Some of the lessons learned by Plan in this relationship were:

- Give due weight to institutional shortcomings in assessment work
- Build mutual understanding and involvement in program development
- Break a complex program into manageable and easily comprehensible parts
- Ensure the presence of an effective Plan Credit Coordinator
- Establish clear lines of communication between organizations
- Develop a comprehensive MIS involving frequent interpersonal contact
- Develop a clear plan for institutional strengthening
- Ensure that competent evaluation accompanies program progress

As the MFTT has learned during the Matching Grant, partnership with national MFIs can be a delicate process. While it is clear that Plan International stands ready to assist their microfinance partners in systems development and overall institutional strengthening in order to extend credit programs to Plan areas, care must be taken not to damage organizational or personal pride.

2. Measuring Institutional Capacity

Although a partnership manual has not yet been produced by the MFTT, a number of its elements already exist, including guides for assessing MF institutions and for written partnership agreements. Due diligence guidelines are also annexed to the Plan Credit and Savings Policy, formally included in the Field Operations Book in August 1998.

Institutional capacity of partners is disaggregated into four areas: high performance programming; organizational culture; management and reporting systems; and governance. The partnership assessment (due diligence) guidelines do not constitute a questionnaire, but rather an outline for information gathering through a variety of methods and tools.

1. High performance programming is broken down into questions on: scope of financial services and focus on the poor; client-appropriate lending; appropriate pricing policies; portfolio quality; savings services; growth of outreach; and non-financial services.

2. Organizational culture is divided into questions on self-sufficiency and movement toward financial independence.

3. Management and reporting systems include investigation into: a profit-oriented accounting system; high productivity operations; accurate management information systems; and high reporting standards.

4. Governance deals with a number of organizational attributes, including a sound governing structure, competent and stable staff, a strong business plan for expansion and sustainability; and a clear, unifying statement of mission and vision.

Once MF organizations have qualified as appropriate partners, partner institutional strength is tracked as part of the MF Monitoring System (revised in April 2000). Every six months a set of indicators of institutional strength are reviewed as part of a 6-Month Institutional Development Report and Institutional Development Checklist. However, only two of the six pilot countries are submitting reports on institutional strength and change to the MFTT. An example of one of these reports from Bolivia is supplied as Annex J.

The various categories of indicators are similar to those reviewed in the initial partnership appraisal. These are: governance and organizational structure; human resources; management systems; services and service delivery; and financial resources.

Specific quantifiable indicators are not specified in the institutional development categories of the MIS, although definitions of appropriate levels are included. Fundamentally the system allows one to gauge the number of indicators where the organization has or has not reached the appropriate level of institutional development, rather than attempting to determine the proportion or level of full compliance. The checklist provides for notation that indicates whether: capacity building has been achieved, is in progress, or has not been achieved; whether there has been upgrading in capacity, no change, or a downgrade; and whether various capacity elements have been worked on by the organization in the preceding six months or not. While the checklist continuously tracks all indicators, the six-month Institutional Development report refers only to the objectives and responsibilities for that period.

1. The following indicators of institutional strength (capacity) are tracked under governance and organizational structure: mission statement; business plan; legal capacity and governance; ownership structure; organizational chart; board and executive director capacity; and institutional linkages.

2. Human resources includes indicators on: staff recruitment; job descriptions; evaluation and compensation; personnel policies; core staff; and staff development.

3. Management systems includes indicators on management of information; financial cash, and portfolio management; audit and internal controls; financial and program planning; financial and program monitoring and evaluation; and operating manual.

4. Services and service delivery includes indicators on methodology, market orientation, and financial and training services.

5. Finally, resources (financial) includes indicators tracking loan capital, donor funds, concessional loans, and commercial loans.

3. Constraints to Partnership

Constraints to partnership have had to do with the unequal weights of Plan International and its local partners. Early partnerships tended to be characterized by patron-client characteristics, and the implementing NGO often felt it had been contracted to carry out a service for Plan. A good example of this is the first partnership with Pro Mujer in Bolivia.

The review of partnership experience undertaken through the five case studies and reviewed in the June 2001 issue of *Credit Lines* is candid about the organizational cultural difficulties encountered between Plan International and its far smaller local partners. Some of the problems emerging from the case studies were:

(1) *Lack of cooperation contributing to delays and uncertainty*

The partnership case studies revealed a reticence among Plan administrative and field officers to participate actively in partnerships. This was particularly the case when such partnerships had been negotiated without their involvement.

(2) *Commitment to partnership has not been consistent across all levels of Plan*

Some of the reasons found for inconsistency of commitment were staff turnover, lack of prior information and involvement, and failure to appreciate the value of partnerships. Insufficient commitment played a fundamental role in lack of cooperation and failure to communicate. Poor commitment has been reduced over the last 5 years, but there remain pockets of resistance to the very need for partnerships, since Plan traditionally could do everything it needed by itself. As *Credit Lines* explains: "Cultural changes must take place before PLAN and its partners can resolve some of the difficulties of truly sharing a vision. Plan's organizational and operational styles have not fully adapted to 'Shared Vision' partnerships" (*Credit Lines*, June 2001).

(3) *Lack of clarity about respective roles has put stress on some partnerships*

Some of the problems involving lack of understanding of roles and responsibilities have involved Plan's need to monitor partner MF programs, an activity that was perceived as intrusive. The tendency for Plan to adopt a contracting mode with regard to its partners has been hard to convert into a spirit of joint endeavor characteristic of partnership. Sources of friction were often greatest at the field level where promoters from both organizations worked on different activities in Plan communities. In the field sites visited in this evaluation, this early friction has been converted into considerable collaboration. This has been made possible by the tendency to stay with the partnership over long periods of time, as the examples of Pro Mujer and CRECER in Bolivia amply demonstrate.

The *Credit Lines* bulletin goes on to stress the fact that cost delays and other problems have been reduced through improved communication, cooperation, commitment, and clarity of objectives.

The IDR Partnership Study has been thoroughly mined by the MFTT for content and lessons learned. These in turn have been converted into an easily read program bulletin and disseminated throughout Plan International at all levels. The factors that *Credit Lines* offers as those making for successful Plan partnerships with MF institutions are: active commitment of country director and management team; country strategic plan embracing microfinance; country level leadership; knowledgeable and skilled staff; willingness to learn from difficulties; understanding the benefits of microfinance; open discussion of partnership challenges; working relationships between PLAN and partner staff; agreements and relationships that transcend individuals; and long-term commitment to the partnership (minimum of 3-5 years being required to build a sustainable program).

4. Information Technology

Plan and its partners are using up-to-date computer equipment and programs. This is a requirement for modern, high performance microfinance programs of the type introduced by Plan and its partners under this matching grant. Nothing observed during the evaluation indicated problems in this area.

5. Use of local networks and service organizations

Partners in all six pilot countries belong to informal networks of microfinance practitioner organizations, and in Bolivia there is a formal network of NGO MFIs known as Finrural. Plan Bolivia also belongs to FundaPro, an umbrella organization to promote credit organizations. The MFTT has also been active in the SEEP Network, most recently in its impact assessment working group

F. PROGRAM MANAGEMENT

1. Strategic Approach and Program Planning

Management of the Institutional Strengthening Initiative has been the responsibility of the three-person Microfinance Technical Team (formerly known as the Credit/MED Technical Team). The two-person core team of Microfinance Coordinator and Program Liaison was recruited under the previous two-year Learning Grant (1994-96). In essence, the MFTT designed the ISI, proposing six pilot countries worldwide of which the Matching Grant funded three only (Bolivia, Mali, and the Philippines). The full six-country program moved forward, however, with Plan assuming the full costs of programs in Kenya, Nepal, and Guatemala.

The strategic approach used by the MFTT has relied on building viable MF partnerships and successful MF programs in the pilot countries and beyond. After five years of the Matching Grant, the Program Model has been introduced into nine expansion countries, as well as the original six pilots.

The selection and introduction of high performance poverty lending methodologies into Plan pilot countries turned out to be easier than the process of partnership in those countries or the institutionalization of microfinance practices and policies within Plan as a whole. The selection and introduction of best practice microfinance was made easier by the fact that new, cost-effective credit/savings methodologies had already proven themselves worldwide by the beginning of the Matching Grant. What was considerably more difficult was convincing Plan staff that Plan programs should include lending schemes with non-subsidized interest rates and that partnering was the best way to deliver these services.

Even within the pilot countries, debate often raged over whether high interest payment, cost recovery, and financial sustainability of partners was an appropriate approach to poverty in Plan communities. When coupled with numerous bureaucratic layers, an Audit Department inexperienced in partnership modalities, top management staff mobility, and personal interpretations of organization vision and culture, the MFTT found itself strategizing to operate simultaneously at a variety of organizational levels.

Strategic thinking and planning within the MFTT was focused on the types of networking and capacity building necessary to reach these organizational levels, which ranged from International Headquarters (especially the Program and Audit Departments) and National Organizations (Plan donor countries), down through Regional Offices, Country Offices, and Program Units (cf. Annex D).

There was no formal MFTT strategic plan, nor did the DIP serve this purpose, as noted previously. However, the MFTT and the National Credit Coordinators have helped Country Offices to define best practice MF objectives, methodologies, and partnership modalities, so that Country Strategic Plans could be designed appropriately for this sub-sector of the Livelihood Domain.

MFTT strategic thinking continues to address issues of innovation and replication of microfinance methodologies, refinement of the partnership model, increased linkage with other Plan Domains, and further and deeper institutionalization of best practice and lessons learned. Their strategic thinking has influenced other technical advisors in International Headquarters (Health, Learning, Food Security, Gender, Child Participation, CPME, Research), who have sought to emulate their success in establishing best practice quality standards, successful pilot experiences, institutional learning, institutional reach, and culture change.

The only negative comment sometimes heard among Plan staff is that the due diligence standards for partnership in microfinance are too rigorous, ruling out some countries or areas where appropriate partners cannot be found. However, that is exactly the type of rigor the ISI wants to introduce and maintain in microfinance, or Plan risks reinventing some of the failed income generation schemes of the past.

2. Country Initiatives

The exchange of information between Plan Country Offices and between COs and their MF partners in various countries is carried out primarily through the Microfinance Network (cf. Annex D) and the MFTT bulletin *Credit Lines*. In this way partners can be exposed to new methodologies developed in other areas, some of which may be adapted to their own countries.

Microfinance advisors in USAID missions are in close contact with Plan through membership in informal or formal national networks and umbrella organizations, such as FINRURAL AND FUNDA PRO in Bolivia. Even where there are no formal network organizations, as in Kenya and Mali, USAID has remained an interested donor in the field of microfinance. In some cases, as in Bolivia, USAID has been instrumental in creating the umbrella or network organizations in the first place.

3. Conflict Management

a. Conflict

There have been no significant cases of conflict management under this Matching Grant. Probably the greatest threat to the peace of the program environment was the 1998 bombing of the US Embassy in Nairobi, Kenya. There have also been clashes between ethnic groups along the coast in and around Mombasa. None of these events has had an impact on the conduct of the microfinance programs in Kenya.

b. AIDS and Microfinance

Of far greater concern in Kenya than outright conflict is the increasing prevalence of HIV/AIDS. Microfinance partners mention the deleterious effect this pandemic is coming to have on the microfinance sector as a whole. Some areas in western Kenya (e.g., Kisumu district) are reporting that up to 10% of their village bank members are now showing visible symptoms of AIDS, not counting those that may still be asymptomatic. Members that obviously suffer the disease cannot remain as co-guarantors of loans in solidarity groups, nor will group members recruit obviously ill persons. While this shows the seriousness of group guarantee of loans, it also excludes the neediest families from microcredit at a time when they may need it most.

While not generally overtly conflictual, the political environment for microfinance in Bolivia has become problematic in the past year. Numerous debtor associations have lobbied the government for debt relief, in view of the continuing recession since 1998. This has been compounded by a generalized reduction of liquidity with the elimination of a large portion of coca production.

c. National Politics and Microfinance

It is generally recognized in Bolivia that the microfinance sector is facing very difficult challenges, as local politicians organize resistance to debt payment, including payments to village banks. The proliferation of microcredit organizations, including microcredit lines from the formal banking sector, has resulted in over indebtedness of the poor, most of whom have availed themselves of multiple sources of non-collateralized credit. If political forces succeed in securing formal debt forgiveness for microfinance clients, the whole foundation of Plan's MF work in Bolivia could be threatened. Plan is working through the FINRURAL and donor networks to steady the situation. Interestingly, Plan families are said almost never to participate in debtor associations. This is one of the advantages of the linkage of MFI partners to Plan, especially in older Plan areas.

4. Monitoring and Evaluation

The first version of the Microfinance MIS – *Monitoring System for Field Coordinators and Implementing Partners* – was produced by the MFTT in November, 1997. National Credit Coordinators (NCs) were trained in the use of the document in January 1998, and the document was disseminated to the field in March 1998. The document was revised in April, 2000 to bring it into line with experience and to expand reporting formats to cover new types of microfinance programs and partners, notably credit unions and Financial Services Associations. The Microfinance MIS corresponds to one of the key outputs promised in the proposal logframe.

All six pilot Country Offices of the Institutional Strengthening Initiative have used this MIS since early 1998 to report on the progress of their microfinance partners and programs. Partners, however, continue to use their own MIS systems, although these generate the data needed for Plan tracking. Work continues on bringing partner and CO reporting in expansion countries up to the standards of the six pilots.

The MIS includes three categories of microfinance indicators -- outreach; financial and operational performance, plus a section on institutional development. Socio-economic impact is not yet tracked by this or other formal systems under the ISI. When compared to other microfinance MIS systems, the Plan MIS appears to cover all essential monitoring information, without being overly complex. Only the institutional development section appears not to have been very successful, and partners are given the option to report on these parameters or not (cf. Annex J for an example of an instiutional development report).

The MIS Manual (April 2000 version) explains in great detail the meaning and uses of all indicators and categories of information, as well as the monitoring and report obligations of the partner MFI institutions. Both outreach and financial and operational performance indicators are requested from partners monthly, while those concerning institutional development should be reported twice yearly. It is also left to the partner organizations to decide which sections of the institutional development template are relevant. Forms and instructions for their completion are provided in the Manual for credit/savings associations, on the one hand, and credit unions and Financial Services Associations (FSAs), on the other.

Forms and instructional material for institutional development measures are also clear and comprehensive. A six-Month report on all key dimensions of institutional development and a Checklist are both used to inform MFI senior management and the Plan National Coordinator on progress. The Checklist is used by the MFTT and National Coordinator to track MFI progress. The primary planning tool for Plan and its partner MFIs is the 6-Month report.

The MIS Manual also contains a section of monitoring and reporting by the National Coordinator to the MFTT in Washington. Format, explanations, and periodicity of reports are all clearly presented. Outreach and financial operational performance are reported quarterly for each MFI and as a country aggregate for all MF programs.

The following are the indicators and data categories that form the MIS system.

A. Outreach indicators measure:

<u>Scale of Outreach:</u> Number of credit and savings associations created by the partner MFI and number of members.

<u>Scale of Lending Services:</u> Number of loans owed to the MFI and current value of loans outstanding.

<u>Scale of Savings Services:</u> Number of savers, number of savings accounts, total value of savings, average savings balance, and number of savers from Plan families.

<u>Outreach to Women:</u> Number of female members, number of loans to women, number of women savers, and total savings balance held by women.

<u>Outreach to Low-income Clients</u>: Average initial loan size, average loan size, average loan size compared to country GNP per capita, number and value of outstanding loans under $300.

<u>Outreach to PLAN Communities and Families:</u> Number of credit and savings associations in Plan communities, number of members from Plan families, and number of loans that went to Plan families.

B. Financial and operational performance indicators focus on sustainability, efficiency, and portfolio quality.

There are 7 ***sustainability indicators***:

- Return on performing assets

- Financial cost ratio
- Loan loss provision ratio
- Operating cost ratio
- Imputed cost of capital ratio
- Operating self-sufficiency
- Financial self-sufficiency

There are 3 ***efficiency*** indicators:

- Loans per credit officer ratio
- Outstanding portfolio per credit officer ratio
- Member retention rate

There are 4 ***portfolio quality*** indicators:

- Portfolio in arrears ratio
- Portfolio at risk ratio
- Loan loss ratio
- Reserve ratio

C. Institutional development indicators differ from other MIS measures and must be reported largely in qualitative form. The following areas of core institutional capacity are assessed:

<u>Governance and organizational structure:</u> Mission statement; business plan; legal capacity and governance; ownership structure; organizational chart; board and executive director capacity; and institutional linkages.

<u>Human resources:</u> Staff recruitment; job descriptions; evaluation and compensation; personnel policies; core staff; and staff development.

<u>Management systems:</u> Management of information; financial, cash, and portfolio management; audit and internal controls; financial and program planning; financial and program monitoring and evaluation; operating manual.

<u>Service and service delivery:</u> program methodology; market orientation; financial and training services.

<u>Financial resources:</u> Loan capital, donor funds; concessional loans; commercial loans.

5. Overall Management

Management of the Institutional Strengthening Initiative was the purview of the MFTT in Arlington, Va. The activities it undertook and the accomplishments it realized are amply described and documented in this report. Management style has been diplomatic, strategic, and multifaceted. The numerous technical assistance visits and other capacity building activities presented in Annex D document many of these self-managed efforts.

6. Sustainability

a. Overall sustainability survey

Financial and operational sustainability of microfinance partners lies at the heart of the Program Model. The data presented on key indicators of Plan partner performance (Annex I) testify to the steady march toward operational sustainability. With one exception (Sartawi), all Plan partners in Bolivia have reached

90% -- 94% sustainability, although all are faced with a situation of over indebtedness and political pressure for debt forgiveness. Sartawi was 113% self-sufficient as recently as 1997, but its fortunes have waned recently, dropping it to 61% in 2001. Its problems are directly related to the current economic crisis in Bolivia.

In Kenya BIMAS recently dropped from 107% self-sufficiency in 1999 to 78% in 2001, largely because of the costs of expansion to new areas. It has the option of raising its interest rate, which seems low in comparison to its competitors. The FSAs in Kenya are still in the process of consolidation, but capitalize themselves through equity capital purchase (shares). Lending is still small in relation to their capitalization, and they are struggling with a number of management and governance issues. In Mali Nyesigiso has reached an operational sustainability level of about 62% in its Plan supported activities (cf. Annex H). While few of the Plan MFI partners are fully operationally or financially sustainable at present, most of the older ones have been so prior to the recent economic downturn.

Organizational sustainability of MFI partners is also necessary, if financial services are to continue in Plan areas. This is particularly important where Plan intends to phase out of an area, since one of the justifications for microfinance programs through partnership has been to leave permanent services after Plan field promoters move on to another geographic area

Phase out refers to Plan's policy of moving out of a particular set of communities in a geographic area, once the communities have reached a certain level of socioeconomic development. When Plan first arrives in an area, a number of families with children up to 15 are selected as Plan families. Since not all families can be selected, those chosen are supposed to be among the poorest, and in each Plan family only one child becomes a sponsored child. Plan development activities, however, always target the community as a whole.

The core program in a community consists of infant and child health, basic learning and life skills, and potable water and hygiene. Beyond core activities, others are introduced, including those falling under the Livelihood Domain where financial services are one of five strategic objectives. Since microfinance services are always delivered by a specialized partner organization, services can be maintained without change as Plan moves on to another area after 8 to 10 years.

The use of partnership with specialized organizations now includes agricultural, environmental, and health services in Bolivia, but these partnerships cannot normally be maintained beyond Plan phase out. They depend on continued funding from Plan, while MFI partners are expected to maintain operations beyond their financial relationship with the Plan Country Office.

While covering operational and financial costs is explicit in high performance microfinance, organizational sustainability is implicit. The organizational capacity of future partners is carefully appraised before a formal agreement is concluded, and Plan is normally involved in subsequent capacity building. There is little point in pushing for financial sustainability, if the organization cannot maintain itself as a functioning entity, solving the myriad problems any institution must face to persist through time.

As noted previously, the need to assist most MFI partners in capacity building has led to the development of a special section of the Plan MIS, which partners and National Credit Coordinators are supposed to review every six months. This is an optional exercise and only two countries (Bolivia and Guatemala) are as yet reporting to the MFTT. Nevertheless, the intent to systematize the measurement and monitoring of organizational capacity is found in the MIS, although quantitative measures of this capacity are few.

The MIS tracks five categories of institutional capacity: governance and organizational structure; human resources; management systems; services and service delivery; and financial resources. The 26 elements that make up these five capacity categories compose a substantial set of variables that Plan Country Offices should monitor (cf. Section 7.4).

A third type of sustainability concerns the Plan/partner political environment. Obviously, provision of financial services through NGO or other MFI partners can only occur with governmental approval and a conducive legal environment. At present governments find it in their interest to support MFI activity and partnerships, but attempts to interfere politically in various ways could undermine this structure. In Bolivia the government may be led to forgive debts on a massive scale with potentially disastrous results, while in Kenya an eventual law may separate depository organizations from lending entities and both from small-scale NGOs.

The sustainability of Plan/MFI partnerships also depends on continued support from within Plan International, although the success of efforts to date seems to militate in favor of continued high-level support. As part of the new Sustainable Microfinance in Plan matching grant with USAID/PVC (2001-2006), one of the major thrusts over the next five years will be to develop a political constituency for microfinance within Plan International. The heart of this constituency will consist of a Plan Advisory Group (PAG) and an external Technical Assistance Group (TAG). This will promote microfinance in Plan and ensure it remains connected to best practice in the wider microfinance world. The SMP will also seek to involve hundreds more Plan staff in microfinance partnerships by extending the list of Plan Country Office participants to over half of all Plan countries (22 of 43).

7. Financial Management

a. Effectiveness of financial management

There have been no significant issues or problem areas under financial management in this grant. Responsibility for formal financial management lay in Childreach (Plan USA), technically the recipient of the Matching Grant. In practice, commitment of monies to budgetary ends was the responsibility of the Microfinance Technical Team of Plan International (Arlington, Va.).

By grant's end (August 31, 2001), USAID had spent 100% of its $2.25 million in the original 5-year agreement, while Plan had spent $6,110,387, or 41.5%, of an original total pledge of $14, 738,846. Most of the shortfall was in the $12 million allocated for sub-grants with potential MFI partners (cf. Section 7.7.3). Total spending for the ISI program was only $8,360,387, or slightly less than half (49.2%) of the monies originally agreed in the MG budget. Nevertheless, each dollar of USAID monies leveraged $2.72 of Plan funds.

b. Leveraging other donor funds

All of Plan's MFI partners have been able to secure additional donor funding. This is a reflection of Plan's choice of professional partners and its capacity building efforts. As a result of its learning experience under the Matching Grant, Plan International has become a recognized and respected player in microfinance This has led directly to its own ability to leverage donor support for microfinance, a feat not possible just a few years ago. Donor funds from USAID, AusAid, and the Netherlands government have been funneled directly to MF projects in the field. Kenya is a case in point.

c. Cost effectiveness of technical approach

The array of accomplishments under this Matching Grant, only a part of which are reflected in the outreach and loan portfolio indicators of country programs, has been brought about through a total expenditure of $8,360,387. This was slightly less than half the original agreement, although the program appears to have achieved all major objectives, both at the international and country levels.

Spending of the Plan match amounted to 41% of its original agreement. Monies spent on sub-contracts with partners account for most of the difference, Plan having spent only $3,477,149 of the $12,000,000 originally projected for partner programmatic activities.

It is not possible to know what would have occurred had all monies been spent, since the USAID share was totally consumed and leveraged a match in the ratio of over 2.7 to 1. This is considerably more from the PVO side than is normally the case, in spite of not reaching its programmatic target. It appears the program simply moved more slowly, involved fewer programs with partners, and cost less per partner than originally anticipated.

It is impossible to compare country and headquarters costs against outcome measures, since many of the outcomes constitute institutional change and increased staff capacity. There is thus no quantitative means to calculate the cost effectiveness (benefit/cost) of this program.

d. Repercussions of matching requirement on program

The matching grant mechanism proved to be a very useful means to mobilize Plan monies well beyond that required for an exact match. From the beginning of the Matching Grant, Plan intended to far more than equally match the USAID 5-year contribution of $2.25 million. The final ratio achieved was 2.72 to 1.

The value of the matching grant arrangement to USAID is that it can fund a program of specific institutional innovation, which it helps to define through its proposal and approval process. The purpose of this mechanism is not service delivery, but organizational change. It is not simply a means to channel USAID monies to US Private and Voluntary Organizations (PVOs), but a deliberate process by which USAID can affect the evolution of PVO policies, programs, practices, and technical competence. USAID can also ensure that core grant personnel are the best for the job, often resulting in their recruitment from outside the PVO. By means of the match requirement, PVO partners are obliged to provide a significant share of programmatic expense, thus assuring its use for serious organizational investment.

The value of the matching grant mechanism to Plan International is that it allowed the organization to experiment programmatically and organizationally at reduced expense to itself. Could Plan have found the extra $2.25 million of funds necessary to carry out this program? While the answer may be affirmative, the point is that bringing in additional monies from an important donor lends credibility and cachet to institutional innovation of the type carried out under this initiative. In this case, the scope of innovation was so great that it involved significant culture change.

8. PVO Information Management

The MFTT produced an annual report each year on schedule. It also produced one or two issues of the technical bulletin *Credit Lines* for internal Plan consumption. In addition, the MFTT used a variety of means to reach key audiences, such as presentations, technical assistance visits, learning exchanges, seminars and workshops, and annual meeting of the Plan Microfinance Network (cf. Annex D).

9. Logistics

There have been no logistical problems under this Matching Grant. Resources have been sufficient and timely during the full five years. Partnership agreements were often long in becoming reality, but not for logistical reasons.

10. Project Supervision

The MFTT has adequately managed the Matching Grant and its activities in the six pilot countries. Country Offices have been sufficiently staffed to manage country programs, while partners have performed overall supervisorial tasks in line with expectations.

11. USAID Management

In the early years of the Matching Grant, Plan sometimes felt communication was not supple between the MFTT and the PVC Office. Telephone calls to PVC sometimes went unanswered, nor was it always clear whether project managers were reading annual reports. It is also obvious that the process of Detailed Implementation Plan design suffered from lack of communication with PVC, since it did not correspond to what is normally required.

Communication between grantee and USAID appears to have improved significantly in the last few years, while the recent DIP seminar between PVC and new grantees (including Plan) should eliminate problems in future DIP approval. The latter is seen by PVC as similar to a business plan for grant implementation.

It would be useful within the Matching Grants Division of USAID/PVC for grant managers overseeing similar sectoral activities (e.g., microfinance grants) to meet regularly to discuss the accomplishments under each grant. This would include sharing findings or issues provided in the annual reports. It would definitely mean comparing the results of midterm and final evaluations.

G. CONCLUSIONS AND RECOMMENDATIONS

Most elements of all three purpose-level objectives under this matching grant have been successfully achieved within the five-year period of implementation. Some important program elements have been developed successfully that were not foreseen in the original program logframe. Summary conclusions are presented below by purpose-level objective.

1. Purpose-level Objective #1: Introduction of Microfinance Methodologies

1. A microfinance Program Model has been adopted by Plan and includes five fundamental principles: (1) use of high performance microfinance methodologies; (2) focus on women; (3) working through partnership with microfinance institutions (MFIs); (4) financial and operational sustainability; and (5) integration of financial services with other sectoral approaches to achieve socio-economic impact.

2. High performance microfinance methodologies have been successfully introduced into all six pilot and into eight expansion countries by end of grant. The logframe end-of-program status for expansion programs was from 12 to 14 countries. This falls short of the expansion target. However, from six to eight Plan countries are likely to incorporate high performance MF methodologies within the next three to five years.

3. The Microfinance Technical Team functioned well over the five-year matching grant without change of key personnel. Only the administrator has been replaced (twice). The skills of the microfinance specialist and the program liaison both overlap and complement each other. They have clearly functioned as an effective team. The maintenance of the same MFTT over the course of the matching grant is in large part responsible for the success of institutionalization efforts within Plan International.

4. The MFTT has now developed and introduced eight microfinance methodologies within Plan countries: (1) Grameen Bank replications; (2) village banking; (3) credit unions with savings/credit associations; (4) rural banks with savings/credit associations; (5) Financial Services Associations; (6) SafeSave in Bangladesh; (7) Saga Thrift in Kenya; (8) savings and credit cooperatives.

5. Of the five Program Model elements, three are always present in country programs: high performance microfinance; working through partner MFIs; and striving toward operational and financial sustainability. On the other hand, not all country microfinance programs focus primarily or entirely on women or link microfinance to an educational or other training component. Kenya is a prime example of this. This falls short of full compliance with the first purpose-level objective of ISI, which specifies that

microfinance methodologies should be linked to education and health with high impact on children. Mali and Bolivia are good examples of MFI partnerships that focus on women and combine microfinance with health education.

6. The question of impact on women and children remains largely unanswered at end of grant. Among the original logframe outputs, it was specified that the development of complementary education and training components would increase microcredit program impact on children. Moreover, impact on children has always been a key concern of Plan staff. In spite of various impact studies, conducted notably in Bolivia, the nature and degree of impact on women and children remain unresolved. They form a key part of future work under the follow-on Sustainability Microfinance in Plan matching grant (now beginning).

2. Purpose-level Objective #2: Institutionalization within Plan International

1. Activities under this objective have been widespread, varied, multi-level, innovative, and successful. Success has been enhanced by the presence of the same core personnel in the Microfinance (Credit/MED) Techniical Team through the five years of the matching grant. Institutionalization of high performance microcredit methodologies into Plan International headquarters and country programs has involved an extensive learning process on all sides.

2. The MFTT successfully approached institutionalization of its Program Model by first becoming thoroughly familiar with Plan's organizational culture. Proceeding with advocacy within Plan also required identifying champions and allies throughout the many Plan program countries (43) and National Organizations (16 donor countries). By working at all organizational levels, Plan National Organizations, Plan International Headquarters (United Kingdom), Plan Regional and Country Offices, and Area Offices and Program Units in pilot and expansion countries, the MFTT successfully built an increasingly extensive and interlinked constituency for its Program Model.

3. Key to its successful insertion of high performance MF methodologies in pilot countries was the selection and placement of country-level credit specialists – the National Credit Coordinators. These are professionals in microfinance, not generalists brought up to speed. While sometimes also charged with oversight of other Livelihood (economic) projects, they are always selected for their competence in the skills of high performance microfinance. In the pilot countries the same pattern of microfinance professionalism is repeated in the Program Area Offices. This cadre of credit professionals is indispensable to successful implementation and sustainability of high performance MF programs and is a recognized component of all expansion country programs.

4. A successful high performance MF program has been created in all five Plan regions (6 regions formerly), responding to the wider institutional need to demonstrate that the high performance methodology can work for Plan worldwide. By program end, all six pilot countries had one or more well functioning microfinance program around which Regional Offices could build a program of expansion to new countries.

5. As part of a wider institutionalization process within Plan, the MFTT went beyond the simple replication of village banking methodologies, seeking constantly to discover and promote programs offering a wider set of financial services to beneficiaries. Kenya, Nepal, and the Philippines have a Grameen Bank replication, while village banking remained the basic model in Bolivia and Guatemala. Plan in Mali has partnered with an organization linking credit with education to a credit union network. Other programs in Kenya and the Philippines are employing a new MF methodology, the Financial Services Association. Bolivia and Philippines are each developing an MFI program based on cooperatives.

6. The 14 Plan Country Offices and 26 partner MFIs in various stages of MF programming or implementation maintain close coordination with the MFTT in Washington and form part of an

intentional international network. The core advisors of MFTT supply technical assistance to Country Offices and MFI partners. All new country programs benefit from the considerable experience built up in Plan International during the seven years of PVC assistance through two matching grants (1994-2001). The new five-year cooperative grant, the Sustainable Microfinance in Plan (SMP) program, will continue this process until 2006. The goal under this last grant will be to create a self-sustaining network of countries that should eventually spread a varied set of MF methodologies to all Plan countries, reach both financial and institutional sustainability within Plan, and generate funding directly to MF programs through National Organization fundraising separate from sponsorship.

7. The MFTT has developed an effective outreach and financial monitoring information system (MIS). The MIS manual carefully defines each category of information and how to obtain or calculate it. The National Credit Coordinator compiles partner monthly or quarterly outreach and financial/operational performance information and reports it quarterly to the MFTT in Arlington. It provides an effective tool for the monitoring and comparison of MF programs in pilot and expansion countries. A third component of the Plan MIS, a section on institutional development ideally linked to each partner's business or strategic plan, remains optional for partners and does not appear to be effective in practice.

8. Effective and thorough capacity building of Plan (and partner) staff has gone hand in hand with culture change, constituency building, and advocacy of high performance MF methodologies worldwide. Key Plan staff have been sent to the Boulder Microfinance Training Program, alongside National Credit Coordinators. The annual Microfinance Network (formerly NC) meeting is always held in a location demonstrating a particular MF methodology, so that all coordinators can make field visits. An enormous number of workshops, seminars, conferences, and other informational and training events have occurred over the five years of the Matching Grant.

9. The MFTT has been successful in its strategy to influence or craft key policy statements issued by International Headquarters. In 1996 microfinance was included in the first document formally defining Plan program orientations. This was revised and reissued in 1999 as "Principle and Domain Guidelines." Microfinance, however, was not made part of the core program described in the second policy document. This limited full recognition of microfinance, while perhaps serving to discourage overly rapid creation of new programs. Full policy recognition will come in time as the concept proves its usefulness and sustainability.

10. The key policy accomplishment of the MFTT was the insertion of the "Credit and Savings" policy statement into the Field Operations Book in 1998. This was a clear, formal policy statement linking children's well-being to family income, to women's generation and control of income, and to women's income generation coupled with non-formal education in health, business education, and other training. The insertion of this MF policy statement into the Field Operations Book means that there is not only a formal, institutional basis for launching modern MF programs in Plan countries, but there are guidelines explicit enough to do so.

11. The Credit and Savings Policy specifically identifies Credit with Education (CWE) as the ideal credit methodology, to be undertaken through partner organizations and with sustainable community credit services as the explicit outcome. However, this combination of microfinance and education is not usually undertaken in practice. Much depends on the availability of partners having or able to incorporate a CWE component. Plan has introduced its own education component in Nepal and intends to design something similar for partners in Kenya.

12. Part of the institutionalization model and strategy has meant that all Plan countries launching MF programs should develop national strategies to that effect and carefully describe this strategy within their Country Strategic Plan (CSP). The MFTT has been successful in influencing the content of pilot and expansion country CSPs to conform to the MFTT Program Model as defined in the Credit and Savings Policy.

13. The MFTT has worked tirelessly to influence key corporate support systems, notably the Audit and Program Departments of International Headquarters. Directors of both departments firmly support high performance microfinance, but the lower rank and file remain divided. This is particularly problematic within the Audit Department, where some financial auditors continue to treat partnerships as rigid contracts. Insertion of high performance microfinance activities through partnerships with other organizations has been slowed by bureaucratic rigidity, but this situation has improved greatly over the last 5 years.

14. In 1997 the MFTT produced a formal strategy for working with the 14 fundraising National Organizations. This was an explicit part of the overall institutionalization strategy, but it had not been foreseen in the matching grant proposal or logframe. It was felt that a base of fundraising support could be created among these NOs specifically for MF programs. The Australia National Office (ANO) became a pilot country within this strategy of involving National Organizations directly in the expansion of high performance MF. The active involvement of National Organizations in raising grant and private donor monies for MF has now spread beyond the pilot activity to the United States NO (Childreach), Netherlands NO, and United Kingdom NO.

15. Institutional learning has been another explicit part of the institutionalization strategy developed and pursued by the MFTT. This has involved on-going activities throughout the growing Plan MF Network to review current literature; interact with colleagues, other networks, and related professionals; engage in visits to innovative MF programs; work with consultants, advisors, and specialists; and extract lessons learned from Plan programs in the pilot and expansion countries.

16. Perhaps most important in spreading technical information regarding the new MF Program Model has been the technical bulletin *Credit Lines*, written and published by the MFTT in Arlington, Virginia. Some 11 issues of the bulletin have been published since its inception in 1994 under the two-year Learning Grant. *Credit Lines* is printed in Spanish, French, and English and is distributed only throughout Plan. Each issue deals with a specific MF or partnership issue and targets the non-specialist rank and file. Its objective is exploring concepts and lessons learned in a non-technical style

17. Other elements of institutional learning, as reported in ISI annual reports, are annual meetings of MF program countries, annual meetings of the Microfinance Network, technical training activities in the Economic Institute in Boulder, and exchange visits and study tours to program sites.

Program Objective 3: MFI Partnership and Partnering

1. Partnership proved to be a more difficult element of implementing MF than originally assumed. The MFTT assisted Country Offices to find suitable MFI partners and devised guides for assessing the capacity of MFIs -- a process known as “due diligence” – and for devising written partnership agreements. The team is currently developing a partnership manual that will include much of its earlier learning.

2. As part of its partnership strategy, the MFTT conducted a major study of Plan partner organizations in 1999-2000. This involved partners from five of the six pilot countries. The studies explored the opportunities and benefits of working through partnerships, challenges and issues internally and externally; resources that exist internally and externally; changes needed to effectively work through partnerships, and the principles and standards necessary to establish and maintain effective partnerships. The summary volume is a valuable contribution to the MFTT experience in partnership. The most recent issue of *Credit Lines* (June 2001) deals with the lessons learned from these studies and other sources. An internal Plan analysis of the CANEF partnership that failed in Mali was also undertaken in early 2001.

3. Lessons learned from partnership with MF organizations have not only been extensively studied and disseminated by the MFTT, but they have begun to form the model for Plan partnerships in other

domains, particularly health and agriculture. The characteristics considered most important are shared vision, equality of status, and due diligence analysis of partner capacity.

ANNEX A: ADVOCACY IMPLEMENTATION CHAIN

1. Bolivia Program

Responsible Organization (Type) [1]	Advocacy Capacity Improvement Activities[2]	Organization(s) Targeted for improvement	Advocacy Policy Targets and Institutions Targeted	Actual Advocacy Events	Policy Changes Realized	Comments
National Level						
Plan Bolivia		FUNDA-PRO	MFI practitioner mid-level managers	Funds to establish training resource center Technical input on curriculum design	Contributed to better understanding of microfinance best practice and and policy decisions at MFI level	Uncertainty over sustainability of training
Local Level						

2. Mali Program

Responsible Organization (Type)	Advocacy Capacity Improvement Activities	Organization(s) Targeted for Improvement	Advocacy Policy Targets and Institutions Targeted	Actual Advocacy Events	Policy Changes Realized	Comments
National Level						
Plan Mali		Cadre de Concertation	Government of Mali	Meetings to adopt standards and regulations for MFIs	Standards and regulations established for *Systèmes Financiers Decentralisés*	
Local Level						

[1] Describe in parentheses as USPVO, LNGO, Gov't., business, etc.
[2] List as separate rows advocacy activities that an organization does directly by itself (such as a USPVO advocating directly with government or establishing policy forums), and tactics where an organization strengthens another organization to perform the advocacy (such as when a USPVO strengthens LNGO capacity to conduct advocacy.)

ANNEX B: PARTNERSHIP TABLES

Table B 1: Bolivia Partnership Table

Level	Organizations	Organization Type[3]	Agreement Type[4]	Role/Responsibility[5]	Funding Level, Source, and Autonomy[6]	Quality and Outcome of Partnership[7]
Primary Local Partners[8]	Sartawi	MFI -FFP	Partnership agreement	Financial services delivery (individual loans)	$1 million: funds to subsidize operating costs; loan capital	Partnership continues; initially successful in introducing financial services to remote rural areas; subsequently Sartawi has changed client focus to target better off clients; portfolio quality and financial position has deteriorated
	Pro Mujer	MFI-NGO	Partnership agreement	Financial services and health education delivery (village banking)	$937,000: funds to subsidize operating costs; loan capital	Partnership continues successfully. Pro Mujer continues to grow
	CRECER	MFI-NGO	Partnership agreement	Credit with Education delivery (village banking)	$915,000: funds to subsidize operating costs; loan capital	Partnership continues successfully. CRECER continues to grow
	San Roque Cooperative	Savings and credit cooperative	Partnership agreement	Credit and savings for agricultural purposes (individual loans)	$200,000 for loan capital	Partnership continues, but cooperative having portfolio problems and is considering withdrawing from rural areas. Discussions underway with Plan to improve performance
Partners that are "subs" to primary partners[9]						
Implementation partners that do not receive funds						
Customer partners						

Table B 2: **Kenya Partnership Table**

Level	Organizations	Organization Type	Agreement Type	Role/Responsibility	Funding Level, Source, and Autonomy	Quality and Outcome of Partnership
Affiliates/Other Independent Partners						
Primary Local Partners	BIMAS	MFI-NGO, Company Limited by Guarantee	Partnership agreement	Financial services delivery (Grameen replication)	$1.357 million: Subsidizing operating costs, fixed assets, loan capital, MIS development, feasibility studies	Sucessful and ongoing partnership in which Plan Kenya transformed a microcredit project into an independent microfinance institution. Transformation included setting up of board, systems (audit, financial management, MIS), hiring & training of staff
	K-Rep Development Agency	NGO	Partnership agreement	Promoting and testing a methodology to create Financial Services Associations (FSAs)	$149,000: organization, training and monitoring of FSAs	Successful and ongoing partnership. Agreement has been modified to strengthen capacity building of FSAs.
	SMEP	Company Limited by Guarantee	Partnership agreement	Financial services delivery (Grameen replication)	$253,000 to subsidize operating cost and for loan capital	Recently established partnership that off to a good start
	SAGA Thrit and Enterpirse Promotion	Company Limited by Shares	Partnership agreement	Financial services delivery (savings led community lending)	$240,000 to subsidize operating cost and for loan capital	Recently established partnership that is off to a good start
Partners that are “subs” to primary partners						
Implementation partners that do not receive funds						
Customer partners	Local Area Committees (LACs)	CBOs				

Table B 3: ***Mali Partnership Table***

Level	Organizations	Organization Type	Agreement Type	Role/Responsibility	Funding Level, Source, and Autonomy	Quality and Outcome of Partnership
Affiliates/Other Independent Partners						
Primary Local Partners	CANEF	MFI-NGO	Partnership agreement	Credit with Education (village banking)	$160,000: Subsidizing operating costs, fixed assets, loan capital	Unsuccessful partnership that ended in 1998. Although most output targets were reached, CANEF was unable to sustain the villaga banks created. Poor communication between Plan Mali and CANEF undermined work done in the field. Negative outcomes resulted in lessons learned for Plan in the areea of partnership
	Nyesigiso	Federation of Credit Unions	Partnership agreement	Promoting credit with education through credit unions that work with community credit and savings associa-tions	$227,000: Organi-zation, training and monitoring of credit unions and community credit and savings asso-ciations	Moderately successful partnership in the creation of credit unions. Less successful in meeting targets for implanting credit with education in rural communities. Plan-Nyesigiso partner relations are very strong
Partners that are "subs" to primary partners						
Implementation partners that do not receive funds						
Customer partners	Local Area Committees (LACs)	CBOs				

ANNEX C: SUSTAINABILITY ANALYSIS

1. Bolivia Program

Items which Plan seeks to make sustainable:

Item	Supporting factors	Inhibiting factors	Conclusion
Political			
Institutional			
Contribute to the overall sustainablity of 3 MFIs by supporting sustainable branch operations	In two cases: appropriate methodologies; good financial management; adequate resources; technical support through studies and capacity building. Also good overall environment for microfinance development (donor investment and technical expertise)	Poor macroeconomic conditions; organized debtors movement lobbying to forgive loans; directed credit for agriculture	Village banking methodology that targets women and integrates financial services with health education is a viable and sustainable approach
Agricultural lending for an urban-based savings and credit cooperative	Relatively strong cooperative; international technical assistance; investments in irrigated agricultural infrastructure; growing international interest in identifying rural financial service models	Methodology for rural agricultural lending seems weak; lack of reliable information about transport and marketing resulting in questionable viability for agricultural credit; periodically unfavorable actions by groups such as truckers	Need to review the lending methodology and financial and economic factors around small-scale agricultural production in view of redfining a package of financial services for rural areas
Financial			
Plan Bolivia can sustain microfinance as part of its development program	Viable microfinance models; viable institutional partners; understanding and commitment by Plan management staff; exper-ienced technical coordinator	Budget cuts that threaten technical staff positions and funding for microfinance programs; continuing and sustained negative conditions in the macroeconomic environment	Liklihood of Plan Bolivia continuing to work in microfinance is high

2. Kenya Program

Items which Plan seeks to make sustainable:

Item	Supporting factors	Inhibiting factors	Conclusion
Political			
Institutional			
Establish BIMAS as a financially sustainable MFI	Abudndant resources already invested and well used; strong technical support; strong commitment from Plan Kenya; community support; solid institutional base; BIMAS has established market niche as a rural lender	Steadily worsening economic conditions; some Plan actions unintentionally inhibited BIMAS' development as an independent institution; failure to deal with HIV/AIDS as a likely threat	Experience with BIMAS to date has been largely successful. However, the cost, time and other resources necessary to make this experience successful do not suggest that this is a replicable model for Plan
Establish that FSAs are a viable microfinance methodology	Strong, capable partner willing to experiment. Enthusiastic response from Plan. Interest from Australian donors to invest in this project. Methodology, if successful, could be replicated in other parts of the world	Community managed models are more difficult to make successful; participation of women is low so far; no formula yet for institutional oversight and support over time	FSAs are a work in progress.
Establish a savings-led sustainable MFI (SAGA Thrift and Enterprise Promotion)	Dynamic and knowledgeable leadership; multiple institutional investors; funding insured for the next three years	Untested methodology; serious HIV/AIDS problem threatens stable client base; much of business plan based on development of agricultural markets	Too early to draw any conclusions
Establish a sustainable branch to serve Nairobi urban clients	Partner MFI has strong methodology and financial management systems; adequate resources; strong market demand	Declining economic conditions; security situation is deteriorating	This partnership is likely to succeed
Financial			
Plan Kenya can sustain microfinance as part of its development program	A strong and varied microfinance portfolio; strong staff understanding and commitment to microfinance; experienced technical coordinator	Uncertainty regarding outside financial resources in the future	A very good likelihood that the Plan Kenya microfinance program will thrive

2. Mali Program

Items which Plan seeks to make sustainable:

Item	Supporting factors	Inhibiting factors	Conclusion
Political			
Institutional			
Establish the viability of a credit with education model linked to local credit unions	Strong partner which has tested the model elsewhere; adequate resources; Plan Mali and Nyesigio are part of a wider West African network that promote this model	So far weak demand for credit with education services; project has not met output targets	Further need to study the viability of the credit with education model in Plan program areas
Demonstrating that microfinance can work in Plan program areas	The methodology being used works in other parts of Mali; the present partner is competent in implementing the methodology; Plan Mali and the partner want this program to work; adequate resources have been committed. Program is part of the country strategic plan and current management supports it strongly	The approach has failed in two of four areas and has not yet succeeded in the third, where it is currently being implement; uneven support for the program in past from Plan Mali	Results over the next year will demonstrate whether the approach can succeed in one program area
Financial			

4. Headquarters Continuing Effort

Item	Supporting factors	Inhibiting factors	Conclusion
Political			
Build political will and commitment to microfinance in Plan	Seven year success in building a microfinance portfolio; growing network of Plan staff supportive of and involved in microfinance; Plan shifting more to sustainable development programs that include microfinance; adequate resources likely for the next five years; Plan's approach leverages a lot of local resources, which makes it an appealing strategy	Some Plan staff do not make a connection between microfinance and benefits to children; microfinance must compete with a broad array of other worthwhile strategies	Political will is increasing and should continue to grow
Institutional			
Mobilizing all parts of Plan to support microfinance	National Organization (NOs) have a broad base of sponsors, good communication systems; programs in the field provide positive case studies to attract new support; strong support from country program staff to produce information	Plan staff tend to have many competing priorities, making focus on microfinance difficult	This task is doable but will take much time and effort
Build a critical mass of microfinance programs in the field	Significant interest on the part of country staff in doing microfinance programs; good example of successful programs; base of technical support; interest in forming regional networks	Microfinance is a difficult area to implement successfully and requires time, attention to detail and technical expertise. Lack of institutional partners in some situations. Lack of high quality technical resources. Future funding limitations could be a a limiting factor	Plan is well on its way to establishing a critical mass of country programs in microfinance
Integrate microfinance into corporate systems and procedures (e.g. planning, monitoring & evaluation; program audit)	Strong cooperation between MFTT and other departments	None, apart from the occasional overly critical auditor	This is work in progress and will be achieved
Financial			
Identifying and securing financial resources for microfinance programs	Strong exisiting financial base; donor base shows signs of expanding; National Organizations have excellent fund-raising capacity; microfinance programs have high degree of accountability and can produce reports; good capacity to deliver programs in a growing number of countries	Financial resources are often restricted to specific projects; interest of the donor may not align with capacity in the field	Need to have a well organized strategy for matching capacity in the field with the availability of resources from donors

ANNEX D: MICROFINANCE CAPACITY BUILDING IN PLAN INTERNATIONAL

1996-2001

- **Annual Meetings of the Microfinance Network**
- **MFTT Trainings and Workshops**
- **Microfinance Training in Boulder Colorado**
- **AIMS Training**
- **MFTT Presentations**
- **Exchange Visits and Consultancies**
- **Orientation/Education for National Organizations**
- **Technical Assistance Visits by MFTT Members**

Annual Meetings of Microfinance Network

First referred to as the "Annual Credit/MED Coordinator's Meeting", the meetings were originally designed to bring the pilot country coordinators together with the Credit/MED Technical Team (CMTT – since become the Microfinance Technical Team -- MFTT). Since then these gatherings have evolved into annual meetings of Plan's broader Microfinance Network with much more diversity among the participants. The meetings cover one week and are divided into two parts: sessions that feature guest speakers and field visits to explore a technical aspect of microfinance in Plan and a business meeting to discuss operational issues.

Date	Meeting Site	Theme	Countries Represented
2/1997	Washington, D.C.	Microcredit Summit	Bolivia, Guatemala, Kenya, Mali, Nepal, Philippines
1/1998	Philippines	Microfinance Partnerships	Bolivia, Guatemala, Kenya, Mali, Nepal, Philippines
2/1999	Bolivia	Credit with Education	Bolivia, Burkina Faso, Guatemala, Kenya, Mali, Nepal, Philippines, Senegal, Togo, Australia[10]
3/2000	Kenya	From Microcredit to Microfinance	Bangladesh, Bolivia, Burkina Faso, Ghana, Guatemala, India, Kenya, Mali, Nepal, Philippines, Senegal, Tanzania, Togo, Australia[11]
3/2001	Washington, D.C.	Sustainable Microfinance in Plan	Bangladesh, Bolivia, Ghana, Guatemala, Haiti, Indonesia, Kenya, Mali, Nepal, Philippines, Senegal, Sri Lanka, Tanzania, Togo, Canada, Netherlands[12]

MFTT Trainings and Workshops

Below are training programs and workshops organized and presented by the MFTT to increase understanding of sustainable microfinance among Plan field staff. These events lasted from one to three days. They were done at both country and regional levels.

Date	Training Site	Theme	Participants
Country Trainings/Workshops			
7/1996	Philippines	Introduction to Microfinance	Plan Philippines field program staff
8/1997	Nepal	Introduction to Microfinance	Plan Nepal field program staff
3/1998	Togo	Microfinance Monitoring System	Plan Togo field staff, FUCEC Project Manager
4/1998	Guatemala	Introduction to Microfinance	Plan Guatemala field staff
7/1999	Ghana	Introduction to Microfinance	Plan Ghana field staff
12/1999	Mali	Microfinance Monitoring System	Plan Mali program staff Nyesigiso village banking staff
Regional Trainings/Workshops			
5/1997	Mali	Lessons Learned from a Microfinance Partnership in Mali	Program staff from 10 West Africa Plan programs
11/1997	Togo	Introduction to Microfinance and Strategic Planning	West Africa Country Directors & Regional Staff
5/1998	Bangladesh	Program Quality in South Asia	Program managers from 5 Plan country programs
10/1998	Peru	Introduction to Microfinance	South America Country Directors & Regional Staff
4/2000	Kenya	Introduction to Microfinance	East & Southern Africa Country Directors & Regional Staff

Microfinance Training in Boulder Colorado

This training was originally sponsored by USAID through a relationship with the Economics Institute of the American Economic Association, affiliated with the University of Colorado at Boulder. In 2001 the program was transferred to Naropa University, Boulder Colorado. Robert P. Christen, Senior Advisor at CGAP, the Consultative Group to Assist the Poorest, is the Academic Director and the faculty is drawn from leaders in the microfinance industry.

The Microfinance Training Program (MFT) focuses on the best practices in program design and management. In addition to the core course in microfinance, participants choose from a number of electives to match their specific areas of interest and specialty. One of the most important features of attending this program is that participants have the opportunity to develop networks around the world with other practitioners and professionals in the microfinance industry for support and communication beyond the program itself. The training is offered in two sessions; each 3 weeks in duration. MFTT sponsored the tuition for each person identified below for one three week session during the year indicated. In most cases where people attended two subsequent years, the first year they attended the entry level training and the second year more advanced courses.

Year	Attendee	Organization
1997	John Schiller Delores McLaughlin Pauline Kagombe Ngugi Chege Dan Stoner Vivianne Romero	Plan MFTT Plan MFTT BIMAS Kenya Plan Kenya Plan Bolivia Plan Bolivia
1998	Paul Lobo Koffi Ahanogbe Nene Thiam	Plan Philippines Plan Togo Plan Mali

	Marie (Afi) Tsogbe John Schiller Delores McLaughlin	FUCEC Togo Plan MFTT Plan MFTT
1999	Paul Lobo Koffi Ahanogbe Harihar Pant Hem Poudyal Moustapha Diaw Eric Mamboue Aristeo Dequito	Plan Philippines Plan Togo Nirdhan Utthan Bank Nepal Plan Nepal Plan Senegal Plan Burkina Faso CARD Bank Philippines
2000	Amos Fialor Harihar Pant Hem Poudyal Ezekiel Esipisu Jose Estuar	Plan Ghana Nirdhan Utthan Bank Nepal Plan Nepal Plan Kenya Plan Philippines
2001	Nana Touré Stella Tungaraza Richard Thwaites Samuel Paulos	Plan Mali Plan Tanzania Plan SARO Plan Peru

AIMS Training

The training was sponsored by The SEEP Network and AIMS (Assessing the Impact of Microenterprise Services-a project of USAID. It was a six day training session with a primary goal for participants to learn about the AIMS Project for measuring the impact of microenterprise services on the lives and businesses of clients and to understand how to use a participatory method that is directed by microfinance managers.

Other goals included: 1.) how to focus on the analysis of impact and client satisfaction in order to obtain the information needed by management to improve the products and processes; 2.) to know how to use the two quantitative and three qualitative tools; 3.) to learn techniques for doing individual and group interviews; 4.) to receive an introduction to the statistical computer program "Epi Info", which is used to input and analyze the data from the quantitative interviews; and 5.) to begin the process of planning and designing an assessment of client impact and satisfaction for a program, using the appropriate tools that are adapted to a local situation.

Date	Attendee	Location	Notes
January 2001	Juan Ramon Pocon; Microfinance Coordinator, Guatemala Vivianne Romero; Microfinance Coordinator, Bolivia	El Salvador	The El Salvador session had to be cancelled due to a hurricane. Unfortunately, neither Juan nor Vivianne could attend the later session in Peru due to schedule conflicts.
May 2001	Alex Acuña; Microfinnace Coordinator, Peru	Lima, Peru	

MFTT Presentations

Below is a list of special presentations made by the MFTT to increase the understanding of microfinance among Plan personnel not directly involved in the delivery of programs.

Date	Meeting Site	Theme	Participants
9/1998	Germany	Introduction to Microfinance	Plan Managers Team (PMT)[13]
6/1999	U.K.	Introduction to Microfinance and Plan's Credit and Savings Policy	Plan Audit Department
9/1999	U.S.A.	Results of the Mid-Term Evaluation	USNO Board of Directors Program Committee
9/2000	U.K.	Results of a Study of Microfinance Partnerships	Plan's Country Directors & Regional Program Support Managers
8/2000	Kenya	Integration of Microfinance and Health	Growing Up Healthy PAG/TAG
6/2001	U.K.	Introduction to Microfinance and Plan's Credit and Savings Policy	Plan's Regional Administrators

<u>Exchange Visits and Consultancies</u>

One element of the strategy to learn about microfinance and to improve its application in Plan is for staff members in new, less experienced programs to visit other countries where there are particularly significant MFIs, program models that illustrate 'best practice' or some aspect of 'high performance' microfinance and the workings of Plan/MFI partnerships. In addition, there have been instances where Plan microfinance coordinators have visited other Plan programs to provide technical consulting assistance.

Date	Programs	Participants	Purpose
11/1997	Plan Bolivia to Plan Ecuador	2 Plan microfinance coordinators	Consultancy to assess rotating fund project
8/1998	Plan Tanzania to Plan Kenya	1 Plan microfinance coordinator	To learn about the FSA methodology and to see if it would be applicable in Tanzania.
2/1999	Plan Philippines to Plan Bangladesh	2 Plan microfinance coordinators, 4 partner staff	Gain insight into operational efficiency, review design & operation of financial mgt. systems, learn methodology of programs-particularly savings programs & learn about ASA approach to managing groups/portfolios.
6/1999	Plan Guatemala to Plan Bolivia	2 Plan microfinance coordinators, 3 program staff	Learn village banking methodology, financial systems, MIS
10/1999	Plan Ghana to Plan Togo	1 Plan coordinator	Observe process of partnership
10/1999	Plan Burkina Faso to Plan Togo	2 Plan coordinators, 3 partner staff	Observe process of partnership, credit with education methodology
11/1999	Plan Kenya to Plan Bangladesh	1 Plan MF Advisor, 1 BIMAS rep.	Observe Grameen Bank, BRAC, SAFESAVE & ASA.
1/2000	Plan Mali to Plan Togo	1 Plan coordinator, 2 program staff	Observe partnership management, program M&E system
4/2000	Plan Kenya to Plan Togo	1 Plan MF Advisor, 1	Observe FUCEC & how they were able to

		BIMAS rep.	increase involvement in program by women.
4/2000	Plan Togo to Plan Ghana	1 Plan coordinator	Consultancy to review MFI business plan and finalize project design
5/2000	Plan Philippines to Plan Kenya	1 Plan coordinator, 1 Plan manager, 2 Plan staffers	Study FSA concept & methodology to access applicability to Philippine setting, acquire skills & knowledge to implement FSA methodology & learn how K-REP nurtures growth/development of FSA's in Kenya
6/2000	Plan Thailand to Plan Philippines	1 Program Support mgr., 1 Operations Support mgr., 1 Training Coord. & 3 Program Unit mgrs.	Learn about implementation of MF programs in Plan Philippines & learn about Plan experience working w/MF partners.
6/2000	Plan Peru to Plan Bolivia	2 Plan microfinance coordinators, 6 program staff, 2 partner staff	Observe working partnerships, administrative & reporting systems, and integration between credit and education
2/2001	Plan Nepal to Plan Bangladesh	5 Plan staffers, 4 Deprosc staffers	Learn best practices of microfinance.
8/2001	Plan El Salvador to Plan Peru	1 Plan coordinator	Observe village banking and partnership process

Orientation/Education for National Organizations

Visits to National Organizations (NOs) are aimed at increasing understanding of sustainable microfinance among staff and to explore potential for ways for NOs to support the programs. With the exception of the ANO (which required longer visits due to the pilot site activities) these visits generally were one to three days in duration and often involved discussions with management staff, staff of Program Departments and Sponsor Relations staff. (It should be noted that turnover in NO staff is common.)

National Organization	Date	Purpose
Australia National Organization	April 1997	Orientation to Microfinance (staff and Board)
	December 1997	Work out agreement for pilot site activities to explore integrating microfinance into an NO structure to secure financial resources.
	May 1998	Provide updates on progress of programs and work on activities as agreed in pilot site agreement. Meet with AusAID.
	Jan 1999	Coordinated and managed a study tour to Philippines with ANO Ambassadors.
	June 1999 March 2000	Provide updates on progress of programs and work on activities as agreed in pilot site agreement. Meet with AusAID.
	May 2000	USAID mid-term evaluation
	February 2001	Update on progress of programs; work with Ambassadors and other pilot activities; agree on report format for pilot activities. Meet with AusAID to secure grant funding for Kenya.

National Organization	Date	Purpose
Canada National Organization	August 1996	Introduction to Microfinance and to discuss collaboration
Netherlands National Organization	Nov. 1996 April 1997 September 1998 October 2000 June 2001	Introduction to Microfinance; discussion with Rabobank re: potential for collaboration. Update on progress of programs. Update on progress; discussion on potential for collaboration. Update on progress of programs. Come to an agreement of mutual commitment to Peru. Meet new Program Director; update on programs; coordination of program support in Asia and South America.
Japan National Organization	April 1997	Introduction to Microfinance and to discuss potential for collaboration
United Kingdom National Organization	Nov. 1996 Feb. 1997 Jan. 1998 March 1999 June 1999 Oct. 2000 June 2001	Introduction to Microfinance Update on program and discuss potential for collaboration Update on program. Updates on progress of program and discussion regarding potential areas for collaboration. Update on progress of program.. Updates on progress of program and discussion regarding potential for marketing and work on potential grant funding. Meeting with DFID to explore potential. Met with Sponsor Reps. to explain microfinance and discuss questions/issues from sponsors.
United States National Organization [14]	November 1996 August 1998 September 1999	Orientation to Microfinance; discussions about potential for Sponsor Education and new marketing opportunities. Met with Management team to discuss progress of program and opportunities for collaboration; met with Sponsor Reps. to explain microfinance and discuss questions/issues from sponsors. Presentation to Program Committee of Board regarding mid-term evaluation.

Technical Assistance Visits by MFTT Members

A. Delores McLaughlin – Program Liaison

Delores McLaughlin's Travel Summary (September 1, 1996-August 31, 2001)

Region	Country	1996	1997	1998	1999	2000	2001
RESA	Kenya		June	Sept.	Mar.	Feb., Mar., Apr.	
WARO	Ghana				July		
	Mali		May				
	Senegal			Jan.			
	Togo		Nov.				
ARO	Bangladesh			Jan., May			Feb.
	India			Nov.	Oct.		Apr.
	Indonesia					May	Apr.
	Nepal		Mar.	Feb.	Apr., Aug., Oct.	Nov.	
	Philippines	July	Mar., Dec.	Jan., May	Jan., June	Jan.	Feb.
	Thailand			Jan. Mar.			
SARO	Bolivia			Apr., Oct.	Feb., Nov.		Oct.
	Ecuador		May	Apr., Oct.	Oct.		Jan.
	Peru			Oct.	Feb., Oct.	Mar.	Jan.
ROCCA	Guatemala		Nov.	Apr., Oct.			
	Haiti			Nov.			
	Honduras	Mar.					
NOs	ANO		Apr., Dec.	May	June	Mar., May	Feb.
	CNO	Aug.					
	NLNO	May, Nov.	Apr.	Sept.		Oct.	June
	JNO		Apr.				
	UKNO	Nov.	Feb.	Jan.	Mar., June	Oct., Nov.	June
	USNO	Nov.		Aug.	Sept.		

In addition to pilot site visits:
1.Various trips to integrate with PLAN Intl. activities (e.g. budget meetings, strategic planning, Grants Information Network, Gender Awareness in PLAN)

Revised 11/16/2001

B. John Schiller – Microfinance Coordinator

John Schillers' Travel Summary (September 1, 1996-August 31, 2001)

Region	Country	1996	1997	1998	1999	2000	2001
RESA	Kenya	Feb., June, Oct.	May	May, Sept.	Sept.	Feb., Apr., Nov.	May
	Tanzania			May	Sept.		May
	Uganda					Apr.	May
WARO	Burkina Faso			Mar., Sept.	Mar., Dec.	June	June
	Ghana	June			Mar., July, Dec.	June, Oct.	June
	Guinea						
	Mali	Feb., June	Jan., May, Oct.	Mar., Sept.	Mar., June, Dec.	Aug.	June
	Senegal			Sept.	Mar., Dec.		
	Togo		Jan., May, Oct., Nov.	March	Mar., Dec.	Aug.	
ARO	Bangladesh			Jan., May	Nov.		Feb.
	Nepal	May	Mar., Sept.	Feb., May, Nov.	Nov.	April	
	India			Nov.	Nov.		April
	Sri Lanka						Feb.
	Philippines	Mar., July	Mar., Sept.	Jan.			Feb.
	Vietnam						May
SARO	Bolivia	Nov.	Apr.	Apr., Oct.	Feb., June, Oct.		
	Ecuador			Apr., Oct.			
	Peru			Oct.			Aug.
ROCCA	Guatemala	Jan., Nov.	Apr., Nov.	Apr., Oct.	May, Oct.	Mar.	Jan.
	Haiti	Jan.					Jan.

Revised 11/16/2001

ANNEX E: LIST OF PERSONS INTERVIEWED

Name	*Organization and Title*
John Schiller	Microfinance (Credit) Coordinator, PLAN International
Delores McLaughlin	Microfinance Program Liaison, PLAN International
Terence McCaughan	Director, PLAN Bolivia Country Office
Vivianne Romero	Livelihood (Microfinance) Coordinator, PLAN Bolivia Country Office
Myrna Evora	Program Support Manager, PLAN Bolivia Country Office
Philip Taylor	Operations Support Manager, PLAN Bolivia Country Office
Patricia Arancibia	Technical Support Manager, PLAN Altiplano (Northern Area Programs)
Gonzalo Flores	Northern Area Program Manager, PLAN Altiplano (Northern Area Programs)
Fidel Tapia	Livelihood (Microfinance) Coordinator, PLAN Altiplano (Northern Area Programs)
Rene Quispe	Promoter, PLAN Altiplano (Northern Area Programs)
Evelyn Grandi	General Manager, CRECER
Alfonso Torrico	Operations Manager, CRECER
Carlos Azuga	Deputy Regional Administrator, CRECER
Rossmery Alanoca	Local Operations Unit Manager, CRECER
Isabel Rueda	Education Manager, CRECER
Hugo Bellott	Financial Manager, PROMUJER
Carmen Velasco	Director, PROMUJER
Maria Lopez	Non-financial Services Coordinator, PROMUJER
Miguel Pemintel	Livelihood (Microfinance) Coordinator, PLAN Sucre (Southern Area Programs)
Eddy Castro	Manager of Program Unit, PLAN Sucre (Southern Area Programs)
Carlos Salinas	Technical Support Manager (2 Units), PLAN Sucre (Southern Area Programs)
Gonzalo Fernandez	Program Area Manager, PLAN Sucre (Southern Area Programs)
Ruddy Perez	Promoter (Field Coordinator), PLAN Sucre (Southern Area Programs)
Manuel Portanda	Promoter (Field Coordinator), PLAN Sucre (Southern Area Programs)
Beatriz Apaza	Credit Assistant, PROMUJER (Sucre)
Freddy Lora	Focal Center Education Manager, PROMUJER (Sucre)
Roxane Villalpando	Accountant, PROMUJER (Sucre)
Guillermo Sempertequi	Director, PROMUJER (Sucre)
Jorge Campero	Business Technician, PROMUJER (Sucre)
Anahi Mita	Business Assistant, PROMUJER (Sucre)
Fernando Fernandez	Accountant, CRECER (Sucre)
Hugo Cruz	Coordinator (2 Local Operational Units), CRECER
Maria Victoria Vargaa	Microfinance Coordinator, PLAN Tarija
Ramiro Tolaba	Field Team Coordinator, PLAN Tarija
Enrique Zenteno	Promoter, PLAN Tarija
Victor Hugo Cortes	Promoter, PLAN Tarija
Roberto Gualberto Aldana	Manager, PLAN Tarija
Norma Condori	Regional Director, PEOMUJER (Tarija)
Amalia Sarate	Credit Assistant, PROMUJER (Tarija)
Esther Cadena	Credit Officer, PROMUJER (Tarija)
Maria Victoria Romero	Credit Assistant, PROMUJER (Tarija)
Karina Arce	Administrator, PROMUJER (Tarija)
Gabriela Salazar	Microfinance Manager, USAID Bolivia
Richard Thwaites	Regional Program Support Manager, South America Regional Office (SARO)
Beatriz Fernandez	Country Director, Plan Kenya
Deepali Khama	Sponsorship and Grants Support Manager, Plan Kenya
Ezekiel Esipsu	Microfinance Advisor, Plan Kenya
Edward Wandia	CPME Manager, Plan Kenya
Augustine Cherulyot	FSA Manager, K-Rep Development Agency

Name	*Organization and Title*
George Muruka	Research Officer, K-Rep Development Agency
Daniel Kinoti	Manager, Plan Kenya Eastern Area
Pauline Kagombe	Executive Director, BIMAS
Stephen Wachira	Account, BIMAS
Njue Murango	MIS Officer, BIMAS
Gilbert Mutinda	Credit Officer, BIMAS
Ndwati Mwangi	Branch Manager, BIMAS
Francis Ngugi	Credit Officer, BIMAS
Njagi Muchiri	Program Unit Manager, Plan Kenya Eastern Area
Lazarus Migua	Chairman, Board of Directors, BIMAS
Francis Kiura	Director, Board of Directors, BIMAS
George Mutura	Businessman (loan recipient), BIMAS
Mary Kiwanuka	Director, BOD, BIMAS
Elizabeth Muturi	Director, BOD, BIMAS
Harry Mugwanga	Microfinance Advisor (consultant), BIMAS
Gideon Thuranira	Microfinance Advisor, Plan Kenya Coastal Program Area
Anthony Githinji	Coast Region Manager, K-Rep Development Agencyh
Joanne Mwamburi	Bura Program Unit Manager, Plan Kenya Coastal Area
Irene Mwakoi	Manager, Mugange FSA
Saulo Mbogholi	Chairman, Board of Directors, Mugange FSA
Calistus Mwandoe	Member, Credit Committee, Mugange FSA
Eunice Mwanyagha	Head of Credit Committee, Mugange FSA
Elizabeth Mwashighadi	Shareholder, Mugange FSA
David Kiondo	Director, Plan Kenya Coastal Area
John Lautani	Kwale Program Unit Manager, Plan Kenya Coastal Area
Ali Rangi	Manager, Mwaluphamba FSA
Kasimu Mwachirunya	Chairman, Board of Directors, Mwaluphamba FSA
William Keah	Kwale District Field Coordinator, K-Rep Development Agency
Jadida Mngerenyi	Plan Program Officer , Kwale Program Unit
Mariam Chondo	Director, BOD, Mwaluphamba FSA
Hadija Bandikiwa	Director, BOD, Mwaluphamba FSA
Minanamina Juma	Director, BOD, Mwaluphamba FSA
Katana Karissa	Director, BOD, Mwaluphamba FSA
Mwanasha Shauti	Cashier, Mwaluphamba FSA
Kenneth Murithi	Kilifi Program Unit Manager, Plan Kenya Coastal Area
Japheth Kahindi	Kilifi District Field Coordinator, K-Rep Development Agency
Kenneth Kallua	Chairman, Board of Directors , Ngerenya FSA
David Baya	Director of Credit Committee, Ngerenya FSA
Francis Tinga	Director, Ngerenya FSA
Aleke Dondo	Managing Director, K-Rep Development Agency
Zachary Ratemo	Enterprise Development Advisor, USAID/Kenya
David Muthungu	Regional Director, Eastern & Southern Africa Regional Office
Dan Stoner	Regional Program Manager , Eastern & Southern Africa Regional Office
Gilbert Nyaki	Program Area Director, Plan Kenya Central/Nyanza Area
Phyllis Mwiti	Nairobi Region Account, SMEP
George Maina	Operations Manager, SMEP
Masheti Masinjila	Gender and Child Rights Advisor, Plan Kenya
Peter-John Greaves	Director of Finance, Plan International (Woking, UK)
Nick Hall	Operations Support Manager, Plan Malawi
Martin McCann	Director of Program, Plan International (Woking, UK)
Tim Wilson	Research Officer, Plan International (Woking, UK)
Phil Horgan	CPME Manager, Plan International (Woking, UK)

Name	***Organization and Title***
Viv Lewis	Food Security Advisor , Plan International (Woking, UK)
Marie Staunton	Director, UK National Organization (London)
Craig Stein	Director of Program Development, UK National Organization (London)
Helen Jenkins	Consultant, UK National Organization (London)
Jo Logan	Director of Audit, Plan International (Woking, UK)

ANNEX F: LIST OF DOCUMENTS CONSULTED

Plan International Headquarters -- Microfinance Technical Team (MFTT)

Ashman, Darcy. 2000. *PLAN International Partnerships with Microfinance Institutions*. Final Report. Institute for Development Research. September 30, 2000. Boston, Massachusetts.

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2. Nayo, D. Yawo Mawuna. 2000. *Evaluation de Programme Pilote de Mise en Place de Caisse d'Epargne et de Credit et de Credit et Epargne avec Education a Kita et Banamba au Mali*. Plan International Mali. July, 2000. Bamako, Mali.

3. PLAN International. 1999. *PLAN's Experience with High Performance Microfinance in West Africa*. Credit/MED Technical Team. April, 1999. Arlington, Virginia.

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5. PLAN International Mali. 2000. *Country Strategic Plan*. Bamako, Mali.

6 PLAN International Mali. 2001. *Country Program Outline*. Outline 8: Credit Microenterprise Development. Bamako, Mali.

7. Reseau des Caisses d'Epargne et de Credit du Mali Nyesigiso. 1998. *Etude de Faisabilite du Programme Credit-Epargne avec Education – Kita-Banamba*. August, 1998. Bamako, Mali.

8. Reseau des Caisses d'Epargne et de Credit du Mali Nyesigiso. 1998. *Proposition Technique et Financiere: Pour la Mise en Place de Caisses d'Epargne et de Credit et le Deploiement du Service Credit/Epargne avec Education dans les Zones de Banamba et de Kita*. December, 1998. Bamako, Mali.

ANNEX G: EVALUATION SCOPE OF WORK

**U.S. Agency for International Development/
Plan International**

Matching Grant for Institutional Strengthening of Credit for Microenterprise Programming

FINAL EVALUATION

STATEMENT OF WORK

I. PROGRAM IDENTIFICATION

- PVO name: PLAN International
- Cooperative agreement number: FAO-A-00-96-00047
- Date of the evaluation: September - November 2001
- Country programs evaluated: Bolivia and Kenya

II. PROGRAM BACKGROUND

Include the following information:

- Basic information of the program that will be evaluated. Include a short statement on:

  - The history of PLAN's Microfinance Initiative. This should include the context in which the Initiative began (previous experience with two microenterprise matching grants, attitudes in PLAN toward centrally placed program technical advisors and PLAN's "New Directions" effort to define organization-wide program objectives, policies and definitions). This section should also present the USAID-supported "Learning Grant" from 1994-1996 that was the precursor of the present matching grant and the major findings of the mid-term evaluation of 1999. It should also present recent developments within the PLAN Program Department to hire more technical staff and improve the technical quality of programming overall.
  - Current implementation status including expansion beyond the original six pilot programs, work with National Organizations and the formation of a PLAN microfinance network.
  - PLAN's partners. This should include formal microfinance partners within the country programs, other organizations and networks that PLAN associates with at the country program level and organizations and networks with which the Microfinance Technical Team (MFTT) has established working relationships at the central level.

- Provide the program's logframe and information from the program design that lists:

  - Program purpose/objectives
  - Indicators
  - Description of the status of the intervention at the beginning of the program

- Indicate what information and data is available for the external evaluator including the following documents: matching grant proposal, detailed implementation plan (DIP), annual reports, mid-term evaluation report, monitoring manual, monitoring reports, PLAN'S Credit and Savings Policy, trip reports, reports of annual meetings, partnership study, and copies of the technical bulletin, "Credit Lines", numbers 1-11.

III. PURPOSE OF THE EVALUATION

The final evaluation fulfills the requirements of the UAAID/BHR/PVC Matching Grant (MG) Program. The MG Program will use the information to: assess how well the MG is meeting its objectives; determine patterns and emerging issues across all MG funded programs; determine technical support needs for grantees; shape new RFAs and to review ay follow-on proposals; develop internal and external documents to demonstrate the effectiveness of the MG Program and to share lessons learned with the enire PVO community. PVC will use information outlined in the SOW template in its annual Results Report and in USAID's annual report to Congress. Achievements cited in the evaluation need to be supported by evidence and should be verifiable. Observations on data quality or constraints to interpretation should be stated as data from these evaluations is used for USAID reporting purposes and is subject to audits. Technical/program opinions and observations are an important element of the evaluation – but should be stated as the evaluator's estimate, opinion or forecast.

For PLAN the evaluation responds to the following:

- The need for an objective, independent assessment of the Microfinance Initiative's accomplishments and challenges;
- An opportunity for PLAN staff at all levels to analyze the strengths and weaknesses of the Microfinance Initiative;
- Identification of the key challenges PLAN faces to insure the success of the Microfinance Initiative and recommendations for meeting those challenges.

PLAN's audience includes the MFTT, the staff of engaged country programs and their MFI partners; staff in countries where microfinance programming might be undertaken, PLAN's Program Department and other headquarters offices and staff of the National Organizations that market PLAN and raise resources. Information from this report will be used to improve performance of the Microfinance Initiative and help other program strengthening initiatives within PLAN.

IV. EVALUATION QUESTIONS

The following are a set of questions that the MG division is asking in all evaluations. These questions relate to the objectives of the MG division and PVC's strategic plan, and have been tailored to the requirements of PLAN and its local partners. The evaluation team will assess the following program and institutional questions, provide evidence, creiteia for judgment and cite data sources. The team will assess both headquarters, country level and National Organization programs and will visit the following places:

- The MFTT office in Arlington, Virginia
- PLAN's International Headquarters in Woking, UK
- Country programs in Bolivia and Kenya
- The Regional Office for East and Southern Africa (RESA) in Nairobi, Kenya
- PLAN's United Kingdom National Organization in London, UK

An estimate of the emphasis or level of effort for each segment of the SOW is in italicized brackets.

A. Program Implementation [EMPHASIS FOR THIS EVALUATION – 60%]

1. Assess progress towards each major objective [*subtotal – 70%*]

    - Based on the objectives laid out in the purpose section of the program logframe (introducing new high performance microfinance models into PLAN; building widespread understanding, capacity and commitment to the models by PLAN's different departments; establishing operating models by partnering with microfinance intermediaries) determine if the program objectives have been met, met partially or were unattained. <u>This is the single most important element the evaluation must document and discuss.</u> In addition to the discussion of project results in the text of the evaluation, this information should also be put into matrix format.

    - In the text:

      Identify major success and constraints in achieving objectives and unanticipated effects. As part of this discussion, comment on PLAN's and its local partners' capacity to monitor and evaluate programs. Note any constraints that prevented PLAN from measuring achievement of program objectives. If the program does not have "baseline" and end-of-project data from which judgments can be made about the achievement of project objectives, this should be noted.

      Assess the effectiveness of models, approaches or assumptions that underlie the program. Has the approach been scaled-up in individual countries or replicated elsewhere in other countries?

      Discuss what PLAN and its local partners have "learned" implementing this program. How structured and effective is PLAN's approach to learning about microfinance? Identify if "lessons learned" have been applied in other programs or countries.

2. Assess progress towards sustainability [*subtotal – 10%*]. Within the context of PLAN's Microfinance Initiative, sustainability must occur at several levels: at the level of PLAN's microfinance partners in the field; at the level of country programs and at the PLAN-wide institutional level, including throughout international headquarters, regional offices and National Organizations.

    - Does the program have an approach for addressing sustainability?
    - Define the program elements that should be sustained. What are the sustainability objectives? What are the indicators used to measure progress? What are the achievements to date? And what are the prospects for long-term sustainability?
    - Describe the status of cost-recovery mechanisms at the various levels? What is the extent of financing or approaches to generate resources to support program operations?
    - What are the major challenges PLAN faces in sustaining the Microfinance Initiative?

3. Assess the status of partnerships with local level MFIs and microfinance networks. Do the same at the international level with development organizations and networks that are focused on microfinance**.** [subtotal – 10%]

    - Include a chart that identifies all of PLAN's MFI partners organized by country, service delivery methodology, extent and composition of outreach and level of sustainability.

- Assess the process that PLAN has used to identify, build and maintain local MFI partnerships.

    - What is PLAN's conceptual framework and approach to microfinance partnerships?
    - Assess PLAN's system for assessing MFIs for partnership
    - To what extent has PLAN developed plans to build MFI capacity?
    - Document changes in local partner capacity.
    - What were the major constraints to effective partnerships?
    - Assess local level partners' satisfaction with the partnerships with PLAN
- Assess PLAN's and its local MFI partners' involvement in local networks or with development organizations focusing on microfinance.
- Assess PLAN's approach to learning about the partnership process
- Define the challenges that PLAN faces in developing a more effective approach to microfinance partnerships.

B. Program Management [TOTAL EMPHASIS FOR THIS EVALUATION – 40%]

The objective of the MG is to build PVO headquarters and field organizational and technical capacity. This section of the evaluation should assess change in the PVO's operational and management capacity (organization, structure or quality of planning and management) as a result of the PVC grant.

1. Strategic Approach and Program Planning [*subtotal – 30%*]

   What changes have occurred in the PLAN's capacity for critical and analytic thinking regarding program design and impact. Have there been any identifiable changes in the approach to delivery of credit programs in PLAN? Has the program design raised implications for the delivery of other programs within PLAN (e.g. sponsorship, livelihood activities, fundraising)? What are the implications and how have they been handled. Evidence that the program has:

   - Fostered analysis and self-evaluation in country programs and/or conducted quantitative or qualitative analysis to refine interventions;
   - Conducted periodic reviews of performance data by project personnel and taken actions as a result of such reviews.

   Are there changes in headquarters capacity to: (i) manage the planning process – program renewal, strategy integration, project design: (ii) address overarching program issues of replicability, scale-up, sustainability; (iii) forecasting and strategic planning; and (iv) organizational development, financial planning and development?

2. Country level coordinaton [*subtotal – 10%*]

   - Assess the ability of country programs to integrate microfinance into their strategic plans, develop technical staff capacity and gain the support of management and field staff for microfinance.
   - Assess the level of coordination and cooperation that PLAN has with in-country development organizations and with the USAID mission.
   - Assess the level of coordination and cooperation that PLAN has with its development partners. Does PLAN use program data for advocacy with the public sector or has it consistently shared lessons learned with other PVOs or non-partner NGOs? Does the PVO provide the Mission with results data?

3. Monitoring and Evaluation [*subtotal – 40%*]

Has PLAN implemented a process and put into place a sustainable system to monitor program performance and collect results (effects or impact) data? Provide evidence that the PLAN has:

- Established results oriented objectives and valid indicators for the technical intervention and capacity building components in the program; collected valid baseline data, and realistic plans to collect end-of-project data and analyze difference; analyzed performance data and used findings to manage the project. Has PLAN acted on the recommendations of the mid-term evaluation?
- Improved the knowledge and skills of field staff on how to measure performance and analyze data.
- Transferred monitoring and evaluation skills to local partners
  - ♦ What changes have occurred in the capacity of the local partners to measure program performance and impact?
  - ♦ Have local partners increased M&E into their own activities (non-PVC funded programs) as a result of skills gained through this project?
  - ♦ What would accelerate the capacity of the local partners to document performance?

Determine if PLAN has used the MG to develop a sustainable capacity at headquarters and in the field to monitor project performance and measure effects and impact. Does PLAN headquarters:

- Foster analysis and self-evaluation in country programs, or conduct quantitative or qualitative analysis to refine interventions?
- Conduct periodic review of performance data by project personnel and take actions as a result of such reviews?
- Institutionalized performance monitoring and impact evaluation systems developed with MG funds into other non-PVC grant funded programs?

What were the biggest constraints to improving project monitoring and evaluation and what are the recommendations for PVC and PLAN?

4. Other Management Systems

<u>Financial Management</u>

- Are adequate financial monitoring systems in place to verify program revenue, operating and financial expense, other inputs and outputs?
- Has the program leveraged additional resources (beyond the match)?
- How cost-effective is the program?

<u>Information Management</u>

- Comment on the utility and timeliness of PLAN's required reports
- Has PLAN developed, disseminated and used "lessons learned" from the program?

<u>Logistics</u>

- Comment on the adequacy and timeliness of PLAN's material inputs

<u>Supervision/HRD</u>

- Assess if here were sufficient staff with the appropriate technical and management skills to oversee program activity at both headquarters and in the field.

V. EVALUATION METHODOLOGY

Approach

PLAN's Credit/MED Initiative was developed and funded prior to USAID's emphasis on results-oriented program designs and the development of PVC's Strategic Plan. The data from all PVC funded programs is critical to PVC's ability to report on achievements against the Office's Strategic Plan. Until all current PVC-funded programs have made the transition to a more results-oriented project plan format, it will be necessary for the evaluation team leader, in conjunction with the USAID project officer, to conduct a *team planning meeting* with PLAN and its partners to:

- Review purpose-level objectives and outputs. In the event they do not meet results-oriented criteria, transform them into results-oriented objectives;
- Agree upon a set of appropriate indicators against which the evaluation will assess the achievement of program results outlined in the statement of work and will be judged.

Methodology

The evaluation team leader will:

- Make the final determination of the appropriateness of the data collection approaches to be used;
- Use USAID's microenterprise indicators to assess the status of the microenterprise interventions;
- Document data sources;
- Provide a copy (electronic or paper) of all primary data collected and analysis performed

VI. TEAM COMPOSITION AND PARTICIPATION

A. <u>Composition</u>

- ***One outside evaluator to serve as team leader***
- ***Two members of PLAN's MFTT***
- ***Two PLAN microfinance coordinators from the pilot countries***

B. <u>Language requirements</u>

- ***Evaluators working in Bolivia should have Spanish language ability***

C. <u>Technical expertise</u>

- ***Knowledge and experience in the field of institutional change***
- ***Knowledge and experience in microfinance***
- ***Knowledge and experience working with international non-profit organizations***

VII. SCHEDULE

The evaluation will be conducted between September 18 and November 30, 2001. The draft report will be submitted to MSI within 4 weeks. Estimated timeframes for different tasks are as follows:

- ***<u>Time needed at the MFTT, International Headquarters,UK</u>***
  one week (including travel)
- ***<u>Time needed in the field</u>***
  Five to ten days in each country program (including travel), one day at RESA, one day at the UK National Organization

- ***Report writing***
  Four weeks

VIII. REPORTING AND DISSEMINATION REQUIREMENTS

The statement of work will serve as the outline for the evaluation report.

- ***Delivery schedule***

  - ***The draft of the evaluation report will be submitted to PLAN's MFTT staff for review by January 2, 2001.***

  - ***The final report will be submitted to USAID and PLAN by February 15, 2001.***

- ***Review/revision policy***

  PLAN will have two weeks to review and comment on the draft evaluation report. Comments will be submitted to the evaluators by January 21, 2001.

  A USAID/PLAN debriefing to discuss the final report will be held in March, 2002.

ANNEX H - SIMPLIFIED ACTIVITY AND FINANCIAL STATEMENTS

4 Plan Partner MFIs in Bolivia
(July 1, 2000 to June 30, 2001)

In US $	Cooperativa San Roque	Sartawi	Pro Mujer	CRECER
ACTIVITIES				
1. Amount of loans outstanding, start of year	107,680	1,596,515	717,541	1,737,693
2. Amount of loans outstanding, end of year	330,865	1,253,144	857,153	1,814,389
3. Avg. amount of loans outstanding	219,272	1,424,829	787,347	1,776,041
4. Number of loans outstanding	1,449	1,661	9,069	11,915
5. Average loan size (line 2 divided by line 4)	228.34	754.45	94.51	152.27
6. Portfolio at Risk > than 30 days	0.60	26.51	10.38	0
7. Long run loss rate (line 16 divided by line 3)	0	0.048	0.028	0.004
INTEREST RATES				
8. Nominal interest rate charged by program	24%	36%	42%	42%
9. 90 day CD rate	8%	8%	8%	8%
10. Inflation rate	3.5%	3.5%	3.5%	3.5%
CLIENT REVENUES				
11. Interest income from clients	45,990	160,649	120,340	208,300
12. Fee income from clients	0	0	0	0
13. Total client revenues (lines 11 + 12)	45,990	160,649	120,340	208,300
OPERATING EXPENSES				
14. General Operating Expenses (salaries, rents, utilities, etc.)	48,842	146,034	99,892	293,769
15. Depreciation of fixed assets	1,190	NA	NA	NA
16. Loan loss provision expense	0	68,344	22,016	7,518
17. Total Operating Expenses	50,032	214,378	121,908	301,287
ADJUSTED FINANCIAL EXPENSES				
18. Adjusted financial expenses (line 3 multiplied by the higher of line 9 or 10)	17,542	113,986	62,988	142,083
TOTALS				
19. Total Expenses (line 17 plus line 18)	67,574	328,346	184,896	443,370
20. Financial Sustainability (line 13 divided by 19)	68.1%	48.9%	65.1%	47.0%
OTHER				
21. Total number of voluntary savers	1,449	NA	11,971	11,927
22. Total voluntary savings outstanding	58,962	NA	527,560	589,817
23. Percent women borrowers (of line 4)	31%	43%	90%	97.53
24. Percent rural clients (of line 4)	100%	80%	**5%**	**100**
25. Total Number of staff	8	20	45	60
26. Number of field officers (credit staff)	5	13	33	48
27. Number loans outstanding with initial balance under poverty loan level for your region.	438 (<$300)	912	7,026 (<$300)	9,690

<u>Notes to Table by line item</u>

1. Amount of loans outstanding, start of year. Monetary volume of portfolio in US$.

6. Portfolio at Risk **Over 30 days**. Divide unpaid balance of loans with payments overdue more than 30 days by the amount of loans outstanding, end of year (line 2). Include as an attachment an aging of portfolio table: 1-30 days; 31-60 days; 61-90 days; over 90 days. See chart below.

7. Long run loss rate. Divide amount of loans written off during the past year (line 16) by average amount of loans outstanding (line 3).

16. Loan loss provision. Loans over one year delinquent should be added to write-offs.

19. Adjusted financial expenses. Cost of financing the portfolio at a 90 day CD cost of funds. This calculation avoids the need to adjust separately for various forms of subsidy.

27. Poverty lending levels vary by region. For Africa, Asia and the Middle East it is <$300. For LAC it is <$400, and for the Europe & Eurasia region it is <$1,000.

1. Cooperativa San Roque

INSTITUTION: Aging of Portfolio Report			
US$			
Period: As of _____6/30/01____			
	# of Loans	**Outstanding Balance**	**Percent**
Current Loans		227,039	68.62
1-30 days past due		13,926	4.22
31-60 days past due		89,493	27.04
61-90 days past due		407	0.12
Over 90 days past due			
TOTALS		330,865	100%

2. Sartawi

INSTITUTION: Aging of Portfolio Report			
US$			
Period: As of _____6/30/01____			
	# of Loans	**Outstanding Balance**	**Percent**
Current Loans	873	951,680	73.48
1-30 days past due	212	122,156	9.43
31-60 days past due	576	221,290	17.09
61-90 days past due			
Over 90 days past due			
TOTALS		1,295,126	100%

3. Pro Mujer

INSTITUTION: Aging of Portfolio Report **US$** Period: As of _____6/30/01____			
	# of Loans	**Outstanding Balance**	**Percent**
Current Loans		775,322	90.45
1-30 days past due		81,831	9.55
31-60 days past due			
61-90 days past due			
Over 90 days past due			
TOTALS		857,153	100%

4. CRECER

INSTITUTION: Aging of Portfolio Report **US$** Period: As of _____6/30/01____			
	# of Loans	**Outstanding Balance**	**Percent**
Current Loans		1,798,498	99.12
1-30 days past due		15,931	0.88
31-60 days past due			
61-90 days past due			
Over 90 days past due			
TOTALS		1,814,389	100%

FINANCIAL RATIOS

(June 30, 2001)

1. Cooperativa San Roque

PROFITABILITY

Return on Equity	(Net income/Average equity)	0.80
Return on Assets	(New income/Average assets)	0.12

FINANCIAL STRUCTURE

Net loans/Total Assets	0.75
Investments/Total Assets	0

EARNINGS

Portfolio Yield (Interest and Fee Income/Average gross portfolio)	0.21

MANAGEMENT

Operating Expenses/Average gross portfolio	0.23
First loans /Total number of loans in period	NA
% of first loans in period with initial loan balance at $300 or less	NA
Number field officers/total staff	0.62
Number of borrowers/field officers	296
% growth from one year ago in number of loans	67 %

STRATIFICATION OF LOAN PORTFOLIO

(on the basis of initial balance of loan)

No. loans under 300	688
No. loans $301-$500	744
No. loans $501-$1,000	17
No. loans $1,001-$1,500	0
No. loans $1,501-$2,000	0
No. loans $2,001-$3,000	0
No. loans $3,000 +	0

2. Sartawi

PROFITABILITY

Return on Equity	(Net income/Average equity)	0.12
Return on Assets	(New income/Average assets)	0.14

FINANCIAL STRUCTURE

Net loans/Total Assets	0.92
Investments/Total Assets	0.03

EARNINGS

Portfolio Yield (Interest and Fee Income/Average gross portfolio)	0.11

MANAGEMENT

Operating Expenses/Average gross portfolio	0.15
First loans /Total number of loans in period	NA

% of first loans in period with initial loan balance at $300 or less	NA
Number field officers/total staff	0.65
Number of borrowers/field officers	128
% growth from one year ago in number of loans	- 27 %

STRATIFICATION OF LOAN PORTFOLIO

(on the basis of initial balance of loan)

No. loans under 300	912
No. loans $301-$500	NA
No. loans $501-$1,000	NA
No. loans $1,001-$1,500	NA
No. loans $1,501-$2,000	NA
No. loans $2,001-$3,000	NA
No. loans $3,000 +	NA

3. Pro Mujer

PROFITABILITY

Return on Equity	(Net income/Average equity)	0.14
Return on Assets	(New income/Average assets)	0.10

FINANCIAL STRUCTURE

Net loans/Total Assets	0.89
Investments/Total Assets	0

EARNINGS

Portfolio Yield (Interest and Fee Income/Average gross portfolio)	0.15

MANAGEMENT

Operating Expenses/Average gross portfolio	0.15
First loans /Total number of loans in period	NA
% of first loans in period with initial loan balance at $300 or less	NA
Number field officers/total staff	0.73
Number of borrowers/field officers	362 (members)
% growth from one year ago in number of loans	36 %

STRATIFICATION OF LOAN PORTFOLIO

(on the basis of initial balance of loan)

No. loans under 300	6,348
No. loans $301-$500	2,720
No. loans $501-$1,000	0
No. loans $1,001-$1,500	0
No. loans $1,501-$2,000	0
No. loans $2,001-$3,000	0
No. loans $3,000 +	0

4. CRECER

PROFITABILITY

Return on Equity	(Net income/Average equity)	NA
Return on Assets	(New income/Average assets)	0.10

FINANCIAL STRUCTURE

Net loans/Total Assets	0.87
Investments/Total Assets	0

EARNINGS

Portfolio Yield (Interest and Fee Income/Average gross portfolio)	0.12

MANAGEMENT

Operating Expenses/Average gross portfolio	0.17
First loans /Total number of loans in period	NA
% of first loans in period with initial loan balance at $300 or less	NA
Number field officers/total staff	0.80
Number of borrowers/field officers	248
% growth from one year ago in number of loans	4 %

STRATIFICATION OF LOAN PORTFOLIO

(on the basis of initial balance of loan)

No. loans under 300	9,690
No. loans $301-$500	1,937
No. loans $501-$1,000	238
No. loans $1,001-$1,500	0

No. loans $1,501-$2,000 0
No. loans $2,001-$3,000 0
No. loans $3,000 + 0

SIMPLIFIED ACTIVITY AND FINANCIAL STATEMENT

Kenya – BIMAS

In US$					
	1997	**1998**	**1999**	**2000**	**2001**
ACTIVITIES					
1. Amount of loans outstanding, start of year		110,225	154,885	309,385	484,318
2. Amount of loans outstanding, end of year	110,225	154,885	309,385	484,318	613,163
3. Avg. amount of loans outstanding	110,225	132,555	232,135	396,851	548,740
4. Number of loans outstanding	596	868	1,817	2,922	5,143
5. Average loan size (line 2 divided by line 4)	185	178	170	166	119
6. Portfolio at Risk > than 30 days	7.7	6.2	1.1	2.6	10.1
7. Long run loss rate (line 16 divided by line 3)		0.000	0.000	0.000	6.5
INTEREST RATES					
8. Nominal interest rate charged by program		17%	17%	17%	17%
9. 90 day CD rate	26.4%	12.5%	20%	9.3%	12.5%
10. Inflation rate	8.3%	2.5%	8%	5.9%	8%
CLIENT REVENUES					
11. Interest income from clients		30,702	73,656	105,163	160,906
12. Fee income from clients		3,873	13,574	17,278	32,968
13. Total client revenues (lines 11 + 12)		34,575	87,230	122,441	193,874
OPERATING EXPENSES					
14. General Operating Expenses (salaries, rents, utilities, etc.)		73,174	81,806	136,386	187,970
15. Depreciation of fixed assets			28	1,983	25,521
16. Loan loss provision expense					35,392
17. Total Operating Expenses		73,174	81,834	138,369	248,883
ADJUSTED FINANCIAL EXPENSES					
18. Adjusted financial expenses (line 3 multiplied by the higher of line 9 or 10)		16,569	46,427	36,907	68,593
TOTALS					
19. Total Expenses (line 17 plus line 18)		89,743	128,261	175,276	317,476
20. Financial Sustainability (line 13 divided by 19)		39	68	70	61
OTHER					
21. Total number of voluntary savers		1,483	2,748	4,585	8,753
22. Total voluntary savings outstanding	135,555	153,337	230,920	308,105	487,110
23. Percent women borrowers (of line 4)	56	56	49	50	50
24. Percent rural clients (of line 4)	100	100	100	100	100
25. Total Number of staff	6	13	14	22	34
26. Number of field officers (credit staff)	4	5	6	11	20
27. Number loans outstanding with initial balance under poverty loan level for your region.		491	1,291	2,169	3,569

Notes to Table 1, by line item

1. Amount of loans outstanding, start of year. Monetary volume of portfolio in US$.

6. Portfolio at Risk **Over 30 days**. Divide unpaid balance of loans with payments overdue more than 30 days by the amount of loans outstanding, end of year (line 2). Include as an attachment an aging of portfolio table: 1-30 days; 31-60 days; 61-90 days; over 90 days. See chart below.
7. Long run loss rate. Divide amount of loans written off during the past year (line 16) by average amount of loans outstanding (line 3).
16. Loan loss provision. Loans over one year delinquent should be added to write-offs.
20. Adjusted financial expenses. Cost of financing the portfolio at a 90 day CD cost of funds. This calculation avoids the need to adjust separately for various forms of subsidy.
27. Poverty lending levels vary by region. For Africa, Asia and the Middle East it is <$300. For LAC it is <$400, and for the Europe & Eurasia region it is <$1,000.

INSTITUTION: Aging of Portfolio Report **US$** Period: As of 9/30/01			
	# of Loans	**Outstanding Balance**	**Percent**
Current Loans	3,656	511,040.18	100%
1-30 days past due	614	49,379.08	9.66
31-60 days past due	231	13,104.62	2.56
61-90 days past due	155	5,538.79	1.08
Over 90 days past due	487	34,100.55	6.67
TOTALS	1,487	102,123.04	19.98

BIMAS FINANCIAL RATIOS

September 30, 2001

Profitability

Return on Equity (Net income/Average equity)	**4.43%**
Return on Assets (Net income/Average assets)	**4.47%**

Financial Structure

Net loans/Total Assets	**39.91%**
Investments/Total Assets	**42.75%**

Earnings

Portfolio Yield (Interest and Fee Income/Average gross portfolio)	**35.33%**

Management

Operating expenses/Average gross portfolio	**45.36%**
First loans/Total number of loans in period	**75.81%**
Percentage of first loans in period with initial loan balance at $300 or less	**69%**
Number field officers/total staff	**58.82%**
Number of borrowers/field officers	**257**
Percentage growth from one year ago in number of loans	**-5%**

Stratification of Loan Portfolio

(on the basis of initial balance of loan)

No. loans under $300	**3,569**
No. loans $301-$500	**974**
No. loans $500 - $1,000	**238**
No. loans $1,001- $1,500	**59**
No. loans $1,501- $2,000	**33**
No. loans $2,000 - $3,000	**2**
No. loans $3,000 +	**0**

Simplified Activity and Financial Statement
MALI -- Nyesigiso

In US$ (Exchange rate: US $1 = 700 FCFA)					
	1999 (July- Dec.)	**2000 (Jan – Dec)**	**2001 (Jan - June)**	**2002**	**2003**
ACTIVITIES					
1. Amount of loans outstanding, start of year	0	20 768	58 898		
2. Amount of loans outstanding, end of year	20 768	58 898	67 797		
3. Avg. amount of loans outstanding	10 384	39 833	63 347		
4. Number of loans outstanding	436	676	580		
5. Average loan size (line 2 divided by line 4)	47	87	117		
6. Portfolio at Risk > than 30 days	0	2 054	2 120		
7. Long run loss rate (line 16 divided by line 3)	0	0,02	0		
INTEREST RATES					
8. Nominal interest rate charged by program	33%	33% & 21%	33% & 21%		
9. 90 day CD rate	8%	8%	8%		
10. Inflation rate	-1,7	-0,7	4,6		
CLIENT REVENUES					
11. Interest income from clients	1 117	19 905	11 001		
12. Fee income from clients	1 006	1 560	2 341		
13. Total client revenues (lines 11 + 12)	2 124	21 465	13 343		
OPERATING EXPENSES					
14. General Operating Expenses (salaries, rents, utilities, etc.)	18 501	69 779	15 455		
15. Depreciation of fixed assets	496	1 009	860		
16. Loan loss provision expense	0	821	0		
17. Total Operating Expenses	18 997	71 609	16 316		
ADJUSTED FINANCIAL EXPENSES					
18. Adjusted financial expenses (line 3 multiplied by the higher of line 9 or 10)	831	3 187	5 068		
TOTALS					
19. Total Expenses (line 17 plus line 18)	19 828	74 796	21 384		
20. Financial Sustainability (line 13 divided by 19)	11%	29%	62%		
OTHER					
21. Total number of voluntary savers	687	1 256	1 522		
22. Total voluntary savings outstanding	19 965	50 290	87 865		
23. Percent women borrowers (of line 4)	100%	97%	94%		
24. Percent rural clients (of line 4)	100%	100%	100%		
25. Total Number of staff	5	11	16		
26. Number of field officers (credit staff)	2	2	5		
27. Number loans outstanding with initial balance under poverty loan level for your region.	436	642	537		

<u>Notes to Table 1, by line item</u>

1. Amount of loans outstanding, start of year. Monetary volume of portfolio in US$.
6. Portfolio at Risk **Over 30 days**. Divide unpaid <u>balance</u> of loans with payments overdue more than <u>30 days</u> by the amount of loans outstanding, end of year (line 2). Include as an attachment an aging of portfolio table: 1-30 days; 31-60 days; 61-90 days; over 90 days. See chart below.

7. Long run loss rate. Divide amount of loans written off during the past year (line 16) by average amount of loans outstanding (line 3).
16. Loan loss provision. Loans over one year delinquent should be added to write-offs.
21. Adjusted financial expenses. Cost of financing the portfolio at a 90 day CD cost of funds. This calculation avoids the need to adjust separately for various forms of subsidy.
27. Poverty lending levels vary by region. For Africa, Asia and the Middle East it is <$300. For LAC it is <$400, and for the Europe & Eurasia region it is <$1,000.

INSTITUTION: Aging of Portfolio Report **US$** Period: As of **June 2001**			
	# of Loans	**Outstanding Balance**	**Percent**
Current Loans	557	65 677	96,87
1-30 days past due	10	370	0,55
31-90 days past due	9	690	1,02
Over 90 days past due	4	1 059	1,56
TOTALS	**580**	**67 797**	**100%**

FINANCIAL RATIOS

Data as of (please indicate date): June 2001 (For Kita Credit Union only)

Profitability	
Return on Equity (Net income/Average equity):	0,64
Return on Assets (New income/Average assets):	0,05
Financial Structure	
Net loans/Total Assets:	0,37
Investments/Total Assets:	0,09
Earnings	
Portfolio Yield (Interest and Fee Income/Average gross portfolio)	0,45
Management	
Operating expenses/Average gross portfolio	0,11
First loans/Total number of loans in period	NA
Percentage of first loans in period with initial loan balance at $300 or less	NA
Number field officers/total staff	0,42
Number of borrowers/field officers	116
Percentage growth from one year ago in number of loans	-14
Stratification of Loan Porfolio	NA
(on the basis of initial balance of loan)	
No. loans under $300	
No. loans $301-$500	
No. loans $500 - $1,000	
No. loans $1,001- $1,500	
No. loans $1,501- $2,000	
No. loans $2,000 - $3,000	
No. loans $3,000 +	

ANNEX I: PLAN INTERNATIONAL EVOLUTION OF MFI PARTNERS IN PILOT PROGRAM COUNTRIES

1996 – 2001
COUNTRY: BOLIVIA
Name of MFI: SARTAWI

	Indicators	1996 December	1997 December	1998 December	1999 December	2000 December	2001 June
1	Number of branches	9	13	12	12	11	11
2	Number of credit and savings groups	N/A	N/A	N/A	N/A	N/A	N/A
3	Number of members	4,137	5,234	6,581	5,905	4,427	3,977
4	Number of women members	1,283	2,552	2,370	2,060	1,641	1,380
5	Number of loans outstanding	4,137	5,234	6,581	5,905	4,427	3,977
6	Amount of loans outstanding	1,274,913	1,616,386	3,092,653	3,091,565	5,015,609	4,654,883
7	Average loan size	308	309	469	523	1,132	1,170
8	Portfolio at risk > 30 days	5%	5%	4%	4%	5%	10%
9	Loan write-offs	0	24,078	18,600	36,420	0	0
10	Loans outstanding per credit officer	151	170	346	310	246	265
11	Amount of outstanding savings	N/A	N/A	N/A	N/A	N/A	N/A
12	Operating cost ratio	N/A	N/A	N/A	N/A	N/A	N/A
13	Operational self-sufficiency	100%	113%	91%	81%	89%	61%

Note: All amounts in $US

COUNTRY: BOLIVIA
Name of MFI: CRECER

	Indicators	1996 December	1997 December	1998 December	1999 December	2000 December	2001 June
1	Number of branches*	4	5	5	8	12	14
2	Number of credit & savings groups**	253	332	478	918	1,322	1,448
3	Number of members	5,905	7,108	11,000	18,028	24,447	25,886
4	Number of women members	5,880	6,904	10,568	17,307	23,474	25,370
5	Number of loans outstanding	5,905	7,108	11,000	18,028	24,447	25,859
6	Amount of loans outstanding	755,380	955,254	1,600,000	2,622,000	3,459,855	3,668,007
7	Average loan size	127	135	146	145	141	142
8	Portfolio at risk > 30 days	0	0	0.35	0.43	0.85	0.46
9	Loan write-offs	5,819	2,964	47,502	9,291	6,289	0
10	Loans outstanding per credit officer	155	187	239	234	269	341
11	Amount of outstanding savings	303,000	402,000	503,000	577,000	774,700	N/A
12	Operating cost ratio	N/A	N/A	N/A	N/A	N/A	N/A
13	Operational self-sufficiency	47%	62%	78%	90%	95%	94%

*** ULOs (Operative Local Units)**
**** Village banks**
Note: All amounts in $US

COUNTRY: BOLIVIA
Name of MFI: PRO MUJER

	Indicators	1996 December	1997 December	1998 December	1999 December	2000 December	2001 June
1	Number of branches	4*	4*	4*	4*	23***	23***
2	Number of credit and savings groups**	317	457	662	823	1,204	1,431
3	Number of members	13,256	17,456	22,395	24,942	23,866	35,952
4	Number of women members	12,899	16,932	21,276	23,694	22,670	34,150
5	Number of loans outstanding	13,256	17,456	16,669	18,919	23,866	28,975
6	Amount of loans outstanding	1,059,890	2,336,307	2,199,952	2,197,378	3,458,193	3,247,808
7	Average loan size	80	134	132	116	145	112
8	Portfolio at risk > 30 days	0	0.49	2.60	0.40	0.20	1.70
9	Loan write-offs	0	0	52,127	75,600	22,598	9,176
10	Loans outstanding per credit officer	425	459	N/A	N/A	N/A	N/A
11	Amount of outstanding savings	498,148	1,012,000	1,423,474	1,373,942	1,814,523	2,077,640
12	Operating cost ratio	N/A	N/A	N/A	N/A	N/A	N/A
13	Operational self-sufficiency	46 %	60%	98%	81%	83%	92%

*** Regional Offices**
**** Village banks**
***** Focal Centers**
Note: All amounts in $US

COUNTRY: BOLIVIA
Name of MFI: SAN ROQUE CREDIT UNION

	Indicators	1996 December	1997 December	1998 December	1999 December	2000 December	2001 June
1	Number of branches				9	9	9
2	Number of credit and savings groups				838	896	965
3	Number of members				13,043	15,352	18,159
4	Number of women members				5,957	4,979	5,221
5	Number of loans outstanding				2,411	2,095	2,411
6	Amount of loans outstanding				2,954,104	3,945,244	4,355,138
7	Average loan size				1,225	1,883	1,806
8	Portfolio at risk > 30 days				3%	6%	7%
9	Loan write-offs				53,916	73,693	88,137
10	Loans outstanding per credit officer				161	166	172
11	Amount of outstanding savings				2,675,264	3,631,195	5,102,468
12	Operating cost ratio				N/A	N/A	N/A
13	Operational self-sufficiency				88%	90%	90%

Note: All amounts in $US

COUNTRY: KENYA
1997 – 2001

Name of MFI: K-REP (Financial Services Association-FSA-Promotion)

	Indicators	1997	1998	1999	2000	2001
1	Number of branches*	1	13	34	55	57
2	Number of credit and savings groups	N/A	N/A	N/A	N/A	N/A
3	Number of members	201	2,284	12,985	21,686	24,376
4	Number of women members	71	1,064	5,862	9,288	10,236
5	Number of loans outstanding	N/A	N/A	N/A	N/A	N/A
6	Amount of loans outstanding	N/A	N/A	22,266	319,949	370,800
7	Average loan size	N/A	N/A	60	77	83
8	Portfolio at risk > 30 days	N/A	N/A	2,845	43,658	N/A
9	Loan write-offs	N/A	N/A	0	0	0
10	Loans outstanding per credit officer	N/A	N/A	655	5,817	6,505
11	Amount of outstanding savings	N/A	N/A	16,135	116,127	246,175
12	Operating cost ratio	N/A	N/A	N/A	N/A	N/A
13	Operational self-sufficiency	N/A	N/A	N/A	N/A	N/A

***Individual FSA's**
Note: All amounts in $US

COUNTRY: KENYA
1997 – 2001

Name of MFI: BIMAS

	Indicators	1997 Sep	1998 Sep	1999 Sep	2000 Sep	2001 Sep
1	Number of branches	1	1	1	1	4
2	Number of credit and savings groups	34	52	92	147	317
3	Number of members	994	1,483	2,748	4,585	8,753
4	Number of women members	547	771	1,394	2,316	4,513
5	Number of loans outstanding	596	868	1,817	2,922	5,143
6	Amount of loans outstanding	110,225	154,885	309,385	484,318	613,163
7	Average loan size	185	178	170	166	116
8	Portfolio at risk > 30 days	8%	6%	11%	3%	10%
9	Loan write-offs	0	0	0	0	35,392
10	Loans outstanding per credit officer	27,556	38,721	51,564	44,029	30,658
11	Amount of outstanding savings	135,555	153,337	230,920	308,105	487,110
12	Operating cost ratio	N/A	37%	26%	26%	33%
13	Operational self-sufficiency	N/A	47%	107%	88%	78%

Note: All amounts in $US

COUNTRY: MALI
1996 – 2001

Name of MFI: Nyesigiso

	Indicators	1996	1997	1998	1999	2000	2001 (June)
1	Number of branches				49	51	49
2	Number of credit and savings groups				5,195	6,095	6,488
3	Number of members				69,367	81,354	87,079
4	Number of women members				26,808	30,091	31,804
5	Number of loans outstanding				7,928	8,785	8,662
6	Amount of loans outstanding				4 ,951,879	5,238,826	5,534,357
7	Average loan size				625	596	639
8	Portfolio at risk > 30 days				446,314	314,603	250,238
9	Loan write-offs				94,422	127,877	N / A
10	Loans outstanding per credit officer				N / A	72,761	N / A
11	Amount of outstanding savings				5,374,685	6,133,637	6,716,673
12	Operating cost ratio				N / A	N / A	N / A
13	Operational self-sufficiency				N / A	N / A	N / A

Note: All amounts in $US

COUNTRY: GUATEMALA
1996 – 2001

Name of MFI: Fundación Genésis Empresarial

	Indicators	1999	2000	2001
1	Number of branches	38	39	
2	Number of credit and savings groups	9,561	10,189	
3	Number of members	24,896	25,217	
4	Number of women members	10,705	11,222	
5	Number of loans outstanding	9,561	10,189	
6	Amount of loans outstanding	14,095,542	15,445,651	
7	Average loan size	566	613	
8	Portfolio at risk > 30 days	1,244,636	1,373,118	
9	Loan write-offs	0	0	
10	Loans outstanding per credit officer	187,941	190,687	
11	Amount of outstanding savings	N/A	N/A	
12	Operating cost ratio	6%	5%	
13	Operational self-sufficiency	195%	176%	

Note: All amounts in $US

COUNTRY: NEPAL
1996 – 2001

Name of MFI: Development Project Service Centre, Nepal (DEPROSC-NEPAL)

	Indicators	1996	1997	1998	1999	2000	2001
1	Number of branches	1	1	1	2	3	3
2	Number of credit and savings groups	128	320	467	536	683	1,180
3	Number of members	752	1,827	2,584	2,889	3,536	5,657
4	Number of women members	383	906	1,296	1,656	2,679	5,137
5	Number of loans outstanding	383	1,001	1,727	2,459	2,876	4,469
6	Amount of loans outstanding	14,867	34,440	60,480	110,027	111,467	244,600
7	Average loan size	39	34	35	45	39	55
8	Portfolio at risk > 30 days	0	0.07	0.05	0.08	0.12	0.08
9	Loan write-offs	0	0	0	0	0	0
10	Loans outstanding per credit officer	1,853	4,293	7,560	11,000	11,147	8,733
11	Amount of outstanding savings	1,427	6,107	14,307	22,987	37,347	68,867
12	Operating cost ratio	95%	61%	36%	24%	26%	21%
13	Operational self-sufficiency	2%	13%	39%	47%	63%	48%

Note: All amounts in $US

COUNTRY: NEPAL
1996 – 2001

Name of MFI: Nirdhan Utthan Bank Limited

	Indicators	1996	1997	1998	1999	2000	2001
1	Number of branches	7	8	12	21	23	26
2	Number of credit and savings groups	645	1,213	2,394	3,955	6,481	7,629
3	Number of members	3,220	5,836	11,717	19,371	31,399	35,268
4	Number of women members	3,220	5,836	11,717	19,371	31,399	35,268
5	Number of loans outstanding	3,092	5,153	9,935	16,915	32,165	39,553
6	Amount of loans outstanding	165,975	282,648	608,580	970,936	1,744,193	2,342,205
7	Average loan size	54	55	61	57	54	59
8	Portfolio at risk > 30 days	0	2%	.7%	.8%	1%	7%
9	Loan write-offs	0	0	449	0	0	0
10	Loans outstanding per credit officer	5,532	6,014	6,339	9,160	11,400	17,479
11	Amount of outstanding savings	44,659	81,282	151,445	274,161	534,674	708,871
12	Operating cost ratio	29%	31%	24%	23%	16%	14%
13	Operational self-sufficiency	58%	52%	57%	69%	73%	80%

Note: All amounts in $US

COUNTRY: PHILIPPINES
1996 – 2001

Name of MFI: Center for Agriculture and Rural Development, Inc.

	Indicators	1996	1997	1998	1999	2000	2001 September
1	Number of branches	9	13	16	24	27	28
2	Number of credit and savings group	N/A	N/A	4,204	6,237	8,160	10,323
3	Number of members	6,844	10,868	20,617	28,531	35,704	45,924
4	Number of women members	6,844	10,868	20,617	28,531	35,704	45,924
5	Number of loan outstanding	N/A	N/A	26,691	44,314	65,653	72,124
6	Amount of loan outstanding	384,675	1,007,065	1,655,996	2,975,447	4,748,081	5,934,021
7	Average loan size	N/A	N/A	62	67	72	82
8	Portfolio at risk (w/ 5 wks PD)	N/A	N/A	1,201	0	5,492	20,653
9	Loan write-offs	0	0	0	0	0	0
10	Loan outstanding per credit officer	8,185	14,387	17,617	16,906	36,245	31,232
11	Amount of outstanding savings	109,742	493,471	469,471	1,385,679	2,115,439	3,034,338
12	Operating cost ratio	33%	20%	22%	18%	17%	11%
13	Operational self-sufficiency	78%	102%	102%	101%	119%	132%

Note: All amounts in US$

COUNTRY: PHILIPPINES
1996 – 2001

Name of MFI: Bicol Cooperative Development Center

	Indicators	1996	1997	1998	1999	2000	2001 September
1	Number of branches			1	1	1	1
2	Number of credit and savings group			13	13	13	13
3	Number of members			255	457	598	631
4	Number of women members			255	457	598	631
5	Number of loan outstanding			255	553	460	631
6	Amount of loan outstanding			25,330	31,932	23,810	31,038
7	Average loan size			144	120	117	124
8	Portfolio at risk (w/ 5 wks PD)			6,686	4,368	2,111	N/A
9	Loan write-offs			1,001	366	234	N/A
10	Loan outstanding per credit officer			6,332	7,983	7,937	10,346
11	Amount of outstanding savings			4,558	15,977	19,670	22,531
12	Operating cost ratio			19%	26%	11%	5%
13	Operational self-sufficiency			121%	91%	71%	26%

Note: All amounts in US$

COUNTRY: PHILIPPINES
1996 – 2001

Name of MFI: CAVALCO

	Indicators	1996	1997	1998	1999	2000	2001 September
1	Number of branches			1	4	4	4
2	Number of credit and savings group			284	1,000	1,141	1,300
3	Number of members			1,489	5,000	5,706	6,520
4	Number of women members			1,489	5,000	5,706	6,400
5	Number of loan outstanding			1,400	4,800	5,500	6,300
6	Amount of loan outstanding			N/A	241,287	221,198	225,570
7	Average loan size			N/A	50	35	36
8	Portfolio at risk (w/ 5 wks PD)			0	5%	10%	12%
9	Loan write-offs			0	0	0	0
10	Loan outstanding per credit officer			N/A	11,489	9,942	9,699
11	Amount of outstanding savings			21,395	39,851	86,128	116,518
12	Operating cost ratio			N/A	14%	38%	28%
13	Operational self-sufficiency			114%	187%	108%	126%

Note: All amounts in US$

Definition of Performance Indicators

1. **Number of branches:** for MFIs, the number of offices that provide financial services; for credit union federations, the number of credit unions; for NGOs promoting FSAs, the number of FSAs.

2. **Number of credit and savings groups:** the number of community groups that receive services from an MFI or a credit union. Does not apply to FSA programs.

3. **Number of members:** the number of people enrolled with the MFI to receive services (may be called clients, shareholders, etc.).

4. **Number of women members:** the number of members who are women.

5. **Number of loans outstanding:** the number of loans held by members at the end of the reporting period.

6. **Amount of loans outstanding:** the amount of loans held by members at the end of the reporting period (may also be called portfolio or outstanding portfolio).

7. **Average loan size:** the amount of loans outstanding divided by the number outstanding.

8. **Portfolio at risk:** the outstanding balance of loans late more that 30 days divided by the amount of loans outstanding.

9. **Loan write-offs:** the amount of loans written off during the year.

10. **Loans outstanding per credit officer:** total loans outstanding divided by the number of credit officers.

11. **Amount of outstanding savings:** the total savings balance held by members at the end of the reporting period (includes compulsory and voluntary savings held either by the MFI or by another financial institution).

12. **Operating cost ratio:** operating costs (salaries, benefits, transportation, rent, other office costs) divided by amount of loans outstanding. Does not include financial costs. Should be expressed as a percentage (i.e. 22%).

13. **Operational self-sufficiency:** financial costs, loan loss provision, operating costs divided by total loans outstanding.

ANNEX J: THE SIX-MONTH INSTITUTIONAL DEVELOPMENT REPORT

Country Institutional Development Six Month Report: Bolivia
Six Month Period Ending June 1999

FFH/CRECER

1. What have been the greatest challenges to achieving your institutional development objectives in your work with FFH/CRECER?

- The greatest challenge is expanding the partner institution-provided services to the most possible PLAN communities and beneficiaries, including increased coverage to the most impoverished rural areas. While this is a general challenge of all the member institutions, it is greatest for CRECER, because its program focuses on poor women in rural areas where economic possibilities are the most restricted. The most recent 6-month period has been characterized by a slow realization of the programmed expansion goals of the last PLAN Agreement and a constant decline in the number of participants from PLAN families.

- Another formidable challenge is measuring impact of the program in a rigorous and efficient way. Efforts have been made to bring out socioeconomic information that will be reviewed longitudinally on an annual basis. Some of the results of an impact study done by the main office did not show convincing evidence of change in nutritional indicators of the children of program participants. Although there were positive changes in enrollment levels and understanding of health-related knowledge by the female participants. As a result, we must continue to investigate how we can offer better quality financial and nonfinancial services.

2. What do you consider to be the greatest institutional strengths of FFH/CRECER?

- Its methodology: combines credit with education in health and micro business development; directed at the poorest rural residents who can use the credit to increase their income; also includes a tracking and accounting system that allows women clients to strengthen their reading and writing skills.

- The formation of women's groups that fosters interaction in a secure environment and strengthens the women's self-esteem and management capacity.

3. What do you consider to be the greatest institutional weaknesses of FFH/CRECER?

- Constant changes in personnel at the operating level and other measures that halt field work, damaging beneficiary confidence in the program.

- Slow and poorly suited systems of information consolidation that make decision-making difficult.

4. Can you list some lessons learned while working with FFH/CRECER to develop their institutional capacity?

- FFH/CRECER's reporting on the number of PLAN beneficiaries comes from unreliable sources. PLAN and CRECER need to work together to design a more reliable method to systematically track this information.

5. Based on this report, do you feel that there are areas in which the Field Coordinators could use training for their work with FFH/CRECER in order to achieve the program's objectives?

Constant training in:

- monitoring systems and in programs and socioeconomic indicators
- socioeconomic focus of financial services
- PLAN's methodology that focuses on the Foster Parent relationship and the importance of tracking necessary information for PLAN FP donors

6. Are there areas in which you feel program office staff implementing credit programs, at all levels, need training to achieve the program's objectives?

- The Credit/MED Coordinator should offer training to PLAN staff in the areas of tracking systems and the monitoring and evaluation of village banks.
- The PLAN methodology -which includes a special focus on the relationship between the foster parent and the foster child and information needs of the foster parent donor.
- Socio-economic focus of the financial services
- Monitoring and evaluation tools
- Analysis of the economic environment, including analysis of supply and demand and their movement within the market economy. Also, the detection and resolution of problems.
- Strategies for managing the partnership relationship.
- Another major training need is in the area of observation visits by teams from other PLAN countries interested in seeing the accomplishments of the PLAN Bolivia Credit Program.

SARTAWI

1. What have been the greatest challenges to achieving your institutional development objectives in your work with SARTAWI?

- The status of the institution -national NGO dedicated to widespread access to micro credit for the past 8 years. Its current goal is to become an FFP for which it must fulfill a number of requirements.

- In the last half year, SARTAWI has suffered a significant decline in the quality of its portfolio due in part to the system crisis that affected its most "urbanized" rural areas, where SARTAWI is facing the most competition from other financial institutions. The general problem of over-indebtedness of its clients has manifested itself in a constant growth in its portfolio at risk ratio that has not yet been brought under control. The major challenge of PLAN is to contribute to the search for solutions in the immediate term. If no short- term solution is found this problem will do significant damage to the institution in its transformation to a regulated organization.

2. What do you consider to be the greatest institutional strengths of SARTAWI?

- Proven methodology and experience in rural credit
- Established infrastructure in the rural area of Altiplano which permits delivery of good quality services
- Staff committed to the project

3. What do you consider to be the greatest institutional weaknesses of SARTAWI?

- At some levels, staff is not well-qualified enough to move the program forward, especially the vision of the micro enterprise entity
- Little control over its portfolio at risk ratios. Erratic management of the portfolio.
- Focus on clients with a need for larger average credit needs. Little capacity to reach clients with smaller credit needs.

4. Can you list some lessons learned from working with SARTAWI to develop their institutional capacity?

- The partnership model allows for a coordinated effort toward the achievement of program goals, but restricts PLAN's ability to make important management decisions in order to strengthen the institution.
- A second level partner organization is an interesting mechanism that allows for the continuing coordination in the delivery of services, but weakens the relationship between the partners, so that the implementing partner does not feel a true need to strongly push for collaboration.

5. Based on this report, do you feel that there are areas in which the Credit/MED Coordinators (national and local) could use training for their work with SARTAWI to achieve the program's objectives?

- Socio-economic focus of the financial services
- More than train, perhaps restructure-suggest specific areas for change, specific strategies for managing the portfolio and for recovering delinquent payments

6. Are there areas in which you feel program office staff implementing credit programs, at all levels, need training to achieve the program's objectives?

- The Credit/MED Coordinator should offer constant training to PLAN staff in the areas of tracking and monitoring and evaluation.
- The PLAN methodology -which includes a special focus on the relationship between the foster parent and the foster child and information needs of the foster parent donor.
- Socio-economic focus of the financial services

- Monitoring and evaluation tools
- Analysis of the economic environment, including analysis of supply and demand and their movement within the market economy. Also, the detection and resolution of problems.
- Strategies for managing a partnership relationship.

PRO MUJER

1. What have been the greatest challenges to achieving your institutional development objectives in your work with PRO MUJER?

- Controlling arrears due to general over indebtedness in semi-urban and concentrated rural areas. PRO MUJER is taking significant measures to purge its portfolio and maintain more rigorous control over its clients. This has resulted in a decline in its portfolio with negative consequences on income generation and sustainability. The point of equilibrium reached in past periods has not been maintainable given the reduction in investment and sustainability ratios have been erratic.

- The institution has problems in expanding and maintaining its coverage of PLAN families. The decision to introduce more rigid rules regarding clients' capacity to pay has restricted PLAN families' activities in the area of credit, though many of the PLAN borrowers have been kept on as savers.

2. What do you consider to be the greatest institutional strengths of PRO MUJER?

- Its methodology, which combines credit and education through women's groups, which allows it to reach the poorest populations of semi-urban areas.
- Strong leadership at the Director level and high staff commitment.
- Timely analysis and resolution of problems. Openness to change.
- PRO MUJER has a strong interest in measuring the impact of its services.

3. What do you consider to be the greatest institutional weaknesses of PRO MUJER?

- Its urban model, which works in an area of high competition where there are minimalist institutions with the comparative advantage of lower costs.

- The village bank model is high risk because there is to legal mechanism to recover unpaid loans.

4. Can you list some lessons learned from working with PRO MUJER to develop its institutional capacity?

- It is necessary to establish a simple system to follow-up on impact using monitoring indicators from within the program on a regular basis, given that external studies, on top of being costly, have limitations that can be seen in unsatisfactory evaluation results.

- In an environment of high competition, portfolio growth ought to be more conservative and kept under rigorous analysis.

5. Based on this report, do you feel that there are areas in which the Credit/MED Coordinators {national and local) could use training for their work with PRO MUJER to achieve the program's objectives?

The areas where training needs are greatest for PRO MUJER are:

- design of a system for tracking socio-economic information
- design of a curriculum in business training and adequate implementation of such a program

6. Are there areas in which you feel program office staff implementing credit programs, at all levels, need training to achieve the program's objectives?

- The Credit/MED Coordinator should offer constant training to PLAN staff in the areas of tracking and monitoring and evaluation systems
- The PLAN methodology -which includes a special focus on the relationship between the foster parent and the foster child and information needs of the foster parent donor .
- Socio-economic focus of the financial services
- Monitoring and evaluation tools
- Analysis of the economic environment, including analysis of supply and demand and their movement within the market economy. Also, the detection and resolution of problems.
- Strategies for managing the partnership relationship.
- Training in business training programs.

COOPERATIVA SAN ROQUE

1. What have been the greatest challenges to achieving your institutional development objectives in your work with COOPERATIVA SAN ROQUE?

- Slow expansion of the program, due to the general economic recession, which has not allowed fulfillment of coverage goals nor proposed investments.
- Obtaining reliable information. The personnel of COOPERATIVA SAN ROQUE have not been able to send reports with adequate program information. They are being trained to understand the information needed for monitoring.

2. What do you consider to be the greatest institutional strengths of COOPERATIVA SAN ROQUE?

- Financial service experience in urban areas and strong willingness to adapt programs for rural areas.
- Legal structure that allows savings mobilization.
- COOPERATIVA SAN ROQUE is the only institution that is working in certain rural PLAN areas in the Sucre region.
- Technical assistance from a specialized organization IICA-FOPROPE.

3. What do you consider to be the greatest institutional weaknesses of COOPERATIVA SAN ROQUE?

- Weak management capacity and staff unqualified in the area of finance (a common characteristic of cooperatives).

4. Can you list some lessons learned from working with COOPERATIVA SAN ROQUE to develop its institutional capacity?

- Small institutions with will, a vision of service, and certain weaknesses can be considered as potential partners if they have strong technical assistance and institutional support, especially when they are in areas where no other services are offered.

5. Based on this report, do you feel that there are areas in which the Credit/MED Coordinators (national and local) could use training for their work with COOPERATIVA SAN ROQUE to achieve the program's objectives?

- Training in the analysis of financial information and the management of executive personnel, and mandos medios of the Cooperative.
- Systems of follow-up and monitoring .
- Socio-economic focus of financial services.

6. Are there areas in which you feel program office staff, at all levels, need training to achieve the program's objectives?

- The Credit/MED Coordinator should offer constant training to PLAN staff en the areas of monitoring and evaluation systems.
- The PLAN methodology -which includes a special focus on the relationship between the foster parent and the foster child and information needs of the foster parent donor.
- Socio-economic focus of the financial services.
- Monitoring and evaluation tools.
- Analysis of the economic environment, including analysis of supply and demand and their movement within the market economy. Also, the detection and resolution of problems.
- Strategies for managing the partnership relationship.
- Training in business training programs.

Field Coordinator

Pilot Site Institutionalization Six Month Assessment

Country: Bolivia Six Month Period Ending June 1999

The following elements are considered minimal for the continued operation of successful programs in each of the pilot countries at the end of the grant period. Assess the status of the pilot country in terms of the following and write a brief summary of your analysis. When possible cite current status and rationale for any conclusions. Other documents may be referenced when applicable.

1. A clear program commitment (reflected in annual budget and planning documents) to focus on high performance microfinance.

PLAN Bolivia is working with 4 partners (PRO MUJER, SARTAWI, FFH/CRECER, and COOPERATIVA SAN ROQUE) and in the next 6-month period has agreed to expand its programs to areas without financial services: with FFH/CRECER to the rural area of Chuquisaca and with FADES, a new microfinance partner, to the rural area of Tarija. PLAN Bolivia has included budgetary support for these operations in the current fiscal year as well as the following years.

2. An national strategy in each pilot country for microfinance which includes efforts to discontinue ineffective practices and sets forth standards for implementing high performance microfinance programs.

Currently, the PLAN Bolivia program operates under the guidelines of PLAN's credit and savings policy. There are no credit programs being administered directly by PLAN and the programs being implemented by partners are under the ongoing coordination and supervision of PLAN. The strategy of PLAN Bolivia is to offer integrated financial services to all areas where the need for these services exists and where the socioeconomic conditions of the zone permit the use of these services to increase incomes of client families. The end goal is an improvement in the well-being of all beneficiaries, especially the children.

It continues to be an important challenge for private NGOs to expand their services to poor rural areas where exists the potential of using these services to improve the local economy. PLAN fulfills its role by increasing the availability of financial services.

As a result of the external evaluation of the program in Bolivia, the national strategy will be defined with greater clarity in a business plan to be designed with the input of our partners and the support of the CMTT. The writing of this document will begin in October with an expected completion date of December 1999.

3. Staff dedicated and trained specifically for Credit/MED programs.

As a result of the new PLAN structure, there have been personnel changes at the 'front line,' as well as at the levels of local technical support and regional management.

Training is needed in several areas: integrated financial services with the objective of socioeconomic results, the management of tracking and monitoring tools, and the partnership relationship at the operational level. This ongoing need for training is included in the work plan of the current fiscal year as part of the training for the "More Income for My Health" program.

4. A team (including PLAN and partner organization staff) supporting the program and joined with established networks of advisors, consultants and practitioners for on- going implementation.

Previously, PLAN Bolivia had formed a general discussion network made up of technical personnel and experienced managers. PLAN has tried to incorporate all of its microfinance partners into this network and many are active participants.

PLAN Bolivia has enough experience that it is able to provide direct technical assistance to its partners in several areas (financial management, delivery of non- financial services, designing training modules). The area in which PLAN does not have expertise, which is also a weakness throughout the country , is the measurement of socio-economic indicators.

5. Established on-going partnerships with local organizations that contain business plans for reaching sustainability within 5 years of initiation and showing clear evidence of meeting goals and objectives established in the agreements.

During this last 6-month period, PLAN continued its partnerships with its 3 existing partners and established a new partnership with Cooperativa San Roque, based on its presence in poor rural PLAN communities in the Department of Chuquisaca. Cooperativa San Roque's goal is to expand its services and to receive support in the area of institutional strengthening.

6. Established indicators for sustainability in the areas of portfolio management, organizational capacity and socio-economic impact.

With the exception of our newest partner, Cooperativa San Roque, the organizations that PLAN has been working with have information systems that track key indicators in the areas of self-sustainability, portfolio administration, and organizational capacity. The weakness of all of these institutions is in the measurement of impact indicators.

7. Established and operating monitoring systems to assess the progress of each partnership and business plan.

PLAN has been monitoring on a quarterly basis the institutional advances of its partners, at the aggregate level as well as at the level of the individual areas it supports. The submitted reports have been normal.