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MEMORANDUM

TO : THE BOARDS OF DIRECTORS

FROM : Omar KABBAJ
President

SUBJECT : MID-TERM REVIEW OF THE MICROFINANCE INITIATIVE FOR AFRICA (AMINA) OF THE AFRICAN DEVELOPMENT FUND (ADF)*

Please find attached hereto the above-mentioned document.

Attach:

*** Questions on this document should be referred to:**			
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FINAL REPORT

Mid-Term Review of the Microfinance Initiative for Africa (AMINA) of the African Development Fund (ADF)

Review Period: June to September 2000

22 September 2000

Prepared For:

The Operations Evaluation Development
of the African Development Bank (ADB)
Abidjan, Côte d'Ivoire

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ACRONYMS

ADB	African Development Bank
ADF	African Development Fund
AFCAP	Microfinance Capacity Building Programme in Africa
AIDS	Acquired Immune Deficiency Syndrome
AMINA	African Development Fund Microfinance Initiative for Africa
AMTA	Agricultural Management Training for Africa
BAS	Business Advisory Services
CADI	African Development Institute
CCA	Canadian Co-operative Association
CGAP	Consultative Group to Assist the Poorest
CR	Country Report
CSP	Country Strategy Paper
DFID	Department For International Development
EU	European Union
FACT	Department of Accounting
FLAD	Loan Administration Department
FPRU	Procurement Monitoring Consulting Service Unit
GDP	Gross Domestic Product
GTZ	Gesellschaft für Technische Zusammenarbeit
HIV	Human Immunodeficiency Virus
IDB	Inter-American Development Bank
ILO	International Labor Organization
IRAM	Institut de Recherches et d'Application des Méthodes de Développement
K-REP	Kenya Rural Enterprise Program
MEDA	Mennonite Economic Development Associates
MF	Microfinance
MFI	Microfinance Institution
MIC	Microenterprise Unit of Inter-American Development Bank
MIS	Management Information System
MOU	Memorandum of Understanding
NGO	Non Governmental Organization
OC	Oversight Committee
OCOD	Central Operations Department
OESU	Environment and Sustainable Development Unit
OPEV	Operations Evaluation Department
OPVP	Operations Vice President
SACCO	Savings and Credit Co-operative
SEEP	Small Enterprise Education and Promotion Network
SUM	Special Unit on Microfinance
TAF	Technical Assistance Fund
TOT	Training of Trainers
TSP	Technical Service Provider
UA	Unit of Account
UNCDF	United Nations Capital Development Fund
UNDP	United Nations Development Program
USD	United States Dollar

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EXECUTIVE SUMMARY

A. Background

The decision to launch a microfinance pilot program was taken in May 1996 during the meetings on the seventh replenishment of the African Development Fund (ADF). The program, established as part of the poverty reduction strategy of the Fund, had as its objective linking the poorest to more formal credit delivery mechanisms, including those of commercial banks. Expected results of the scheme were generation of income and employment for the poorest groups in society, with special attention paid to women.

The institutional framework of the program, to be denominated the ADF Microfinance Initiative for Africa (AMINA), was established through the issuance of Policy Guidelines (September 1997) and Operational Guidelines (March 1998). AMINA was to be implemented by a unit attached to the Vice President of Operations' office (OPVP), and guided by an interdepartmental Oversight Committee.

Ten pilot countries were selected by AMINA Management in December 1997. The AMINA revolving fund was opened (with the amount of UA 1,999,000) in April 1998. Pre-appraisal missions focused on Microfinance Institution (MFI) selection were undertaken in May 1998. A 1998 AMINA Annual Indicative Program was presented to the Board in June 1998. A Unit Co-ordinator was appointed as Bank staff in August 1998. A six-month operational program for six countries was submitted to the Oversight Committee in December 1998. First training activities started in January 1999.

As a whole, it took more than two and a half years between the decision to launch the program and implementation of the first program activities.

B. Results

Activities listed in operational programs included the following: 1) MFI capacity building; 2) policy dialogue; 3) donor co-ordination, 4) information collection and dissemination, and 5) Bank Group capacity building in microfinance.

AMINA's activities occurred over a short period of time (Jan. 1999 to the present) and were limited in number. Activities were also sporadic and lacking in follow-up, and not always appropriate to the needs of the target group. There was little strategic planning. In three pilot countries, no training activity has yet occurred.

1. Impact at the Beneficiary Level

The population targeted in the Policy Guidelines, poor microentrepreneurs, especially women, was not affected to any great degree by AMINA's activities. The objective of linking the poor to more formal financial institutions has not been reached, and the expected results, generation of income and employment, did not materialize.

2. Impact at the Target Institution Level

Impact, where it did occur, remained at the institutional level of the microfinance institutions. There was positive impact at this level in some cases. These were primarily cases where the activity was ongoing (such as training courses) and appropriate to the level of the institution. There were also examples of neutral impact, and no examples of negative impact.

3. Impact at the Bank Level

AMINA input into Bank interventions was positive where it occurred, but also limited and sporadic. There was no overall improvement in the Bank's ability to design best practice microfinance components.

C. Conclusions

AMINA was unable to achieve its strategic objective due to a number of flaws in the design of the pilot program. These were:

1. The contradiction between the strategic objective of the program (increase income and employment in the poorest groups of society) and the time period of the pilot program, which was inadequate to achieve this objective.

2. The contradiction between the strategic objective of the program and the sector. Microfinance is generally not effective in generating employment.

3. The contradiction between the procedures (Bank procedures), the target group (which requires timely interventions) and the activities (which should be individualized to each partner and on-going).

4. The lack of clarity with respect to the target group for activities (start-up MFIs, established MFIs, commercial banks, Apexes, networks).

5. The lack of clarity with respect to the operational tools available to AMINA (financial guarantees, grants for on-lending, loans for on-lending, grants for operational expenses of MFIs).

6. The lack of clarity about the role and function of the Oversight Committee (guidance versus approval of activities).

These contradictions in the design were exacerbated by poor internal program management, including lack of strategic planning, poor human resource management, poor document management, and lack of understanding of the Bank's institutional environment.

D. Recommendations

The critical importance of microfinance cannot be ignored, as it has great potential for poverty alleviation. The Mid-Term Review team found that demand for assistance in microfinance is extensive and unmet by other donors.

Taking this into account, there are two options available to the Bank. One option is to withdraw from direct implementation of microfinance, and delegate to selected highly efficient private and public institutions. The limitation of that option is that ADB will not significantly influence the development of the microfinance sector in Africa, where other specialized donors (and the Consultative Group to Assist the Poorest (CGAP) in particular) have acknowledged their shortcomings.

A second option would be to address the current lack of knowledge of microfinance best practices within the Bank. It would extend AMINA's mandate for a second Pilot Phase, in order to generate the appropriate information to design a Bank strategy for eventually mainstreaming microfinance. While the AMINA Unit would keep its focus on the ten pilot countries, the AMINA program would include a strong component aimed at disseminating the microfinance approach into Bank Departments.

Taking this into account, the Mid-Term Review team recommends an extension of AMINA's mandate for a new Pilot Phase. AMINA would design a Microfinance Country Strategy for each pilot country. Microfinance Country Strategy Papers (CSPs) would clearly focus the AMINA program on a few core issues, where the AMINA intervention can have a strategic impact on the microfinance sector. The MF Country Strategy would be approved by the Board. At the end of the Pilot Phase II, implementation of Country Strategies would be assessed in order to contribute to the design of a Bank microfinance strategy establishing precisely:

i. The Bank's comparative advantage on microfinance in Africa;
ii. The strategy the Bank should follow to develop microfinance in Africa;
iii. Appropriate policies needed to operationalize the strategy.

The following issues should be considered by the Board for approval:

1. The operational objectives of the AMINA Pilot Phase II would be the following:

   i. To strengthen institutions, including commercial banks, that lend or express a willingness to lend to the poor, especially women;
   ii. To foster innovative and replicable approaches for meeting the financial needs of the poorest, with a priority on remote rural areas where appropriate;
   iii. To strengthen "best practice" microfinance within the Bank.

2. AMINA's mandate as a pilot Unit would be extended for three and a half years, starting from the time the Unit is fully operational. The Unit would be headed by a Manager and reporting to a Director. With this structure, the Oversight Committee would become obsolete in Phase II.

3. Bank rules and procedures would apply to the management of AMINA's activities. However, drawing upon the lessons of the pilot phase, Deputies, Board and Management would introduce a limited set of specific rules and procedures appropriate to a pilot Unit directly taking charge of program implementation.

4. The tools provided by the Policy Guidelines (financial guarantees, grants for on-lending, loans for on-lending, grants for operational expenses of MFIs) would be reinstated. The use of these tools would be delineated as part of a microfinance country strategy.

5. All AMINA staff would receive contracts for the duration of the pilot phase. The Unit would consist of five microfinance experts, a financial analyst, an information manager, two program assistants, two secretaries, and one messenger, in addition to the Manager.

6. The AMINA Unit would review the design of the microfinance components of all ADB projects within its 10 pilot countries. The pilot countries would not change during Phase II.

7. A new permanent microfinance position in each Country Department would be created. There would be a technical relationship between AMINA's microfinance experts and the departments' microfinance experts, with the former providing technical assistance to the latter.

8. With African Development Institute (CADI) support, AMINA would design a microfinance training program for Bank staff, to be implemented by CADI.

9. All MFIs and MFI-support organizations, including apexes, co-operatives, credit unions, federations, commercial banks, NGO credit programs (local and international), associations, networks, start-ups, etc., may be considered for AMINA assistance, if the choice of such MFIs supports the achievement of the national strategy for microfinance.

In sum, the Mid-Term Review Team is recommending a new, three and one-half year Pilot Phase, based on the above suggestions. Using this approach, the AMINA Unit would be able, at the end of the pilot phase, to formulate a microfinance strategy for the Bank as a whole.

REPORT ON MID-TERM REVIEW OF AMINA

I. BACKGROUND

A. Genesis, Goals and Objectives of the Pilot Program

The decision to launch a pilot program was taken in 1996 during the meetings on the seventh replenishment of the ADF[1]. Main characteristics of the pilot program as outlined by State Participants were the following:

i. The program was to contribute to the attainment of the overall poverty reduction strategy of the Fund;
ii. The objective of the scheme was to link the poorest to more formal credit delivery mechanisms, including those of commercial banks;
iii. Expected results of the scheme were generation of income and employment for the poorest groups in society;
iv. The ultimate target group of the scheme was the poorest, with a special attention paid to women;
v. The scheme was to be established in selected countries to support selected participating organizations.

On this basis, Management elaborated AMINA (ADF Microfinance Initiative for Africa) Policy Guidelines that were approved by the Board in November 1997[2]. The Board took note of the need through this initiative to:

i. Strengthen the capacity of MFIs (Micro Finance Institutions) in order to improve their outreach and their financial viability;
ii. Enhance the role and status of women;
iii. Provide selected MFIs with the resources necessary to handle lending programs;
iv. Strengthen Bank Group capacity to manage microfinance projects and mainstream microfinance, making it a central element of the Bank Group's vision and strategy.

To implement the program, Management elaborated Operational Guidelines that were approved by the Board in April 1998[3]. A major difference between the Policy and the Operational Guidelines lies in the exclusion, in the Operational Guidelines, of financial tools (loans and financial guarantees) that were made available to AMINA by the Policy Guidelines.

[1] Draft Report on the Consultative Meetings on the Seventh General Replenishment of the Resources of the African Development Fund, May 1996

[2] ADF, Approval on the lapse-of-time basis of the provisional summary of decisions of the 316th meeting held on 4 September 1997, 11 November 1997

[3] Board of Directors, Report of the Operations and Development Effectiveness Committee meeting held on 3 March 1998

Management expressed the view that the initial phase would only focus on capacity building because of the limited funds available coupled with the legal constraints associated with the use of the Technical Assistance Fund (TAF) resources. Executive Directors questioned this focus on institution building.[4] They nevertheless approved the Operational Guidelines, while concluding that "from the operational point of view, it was agreed that the AMINA operations should be a combination of capacity building and lending".

A Co-ordinator for the AMINA Unit was appointed in August 1998 (and this date marks the official commencement of the program). First training activity of AMINA's target group took place in January 1999.

As a whole, it took more than two years and a half (May 1996-January 1999) to start implementing the AMINA program.

B. Tasks and Objectives of the Mid-Term Review

A Mid-Term Review had been programmed since the decision to launch AMINA in May 1996. Its main objectives are as follows:

i. Assess the implementation of the AMINA program and its impact on the performance of partner MFIs.
ii. Identify any problems encountered during the pilot program implementation phase and propose corrective actions.
iii. Recommend whether microfinance activities should be mainstreamed into bank operations.
iv. If so, recommend any necessary changes in AMINA's strategy, policies and procedures with the objective of transforming its pilot activities during a one-year transition period into an integral permanent part of bank's operations.

The review did in fact take place not at mid-term, but at the end of the two-year pilot phase. However, internal reviews had been performed earlier by the Bank[5].

C. Review Methodology

The Review consisting of an evaluation implemented between June and September, 2000, has been undertaken by three consultant team members through the following stages:

i. The planning and preparation phase (from June 12 to June 28) that included a review of appropriate literature on microfinance in Africa, and a preliminary selection of research instruments;

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4 Board of Directors, Report of the Operations and Development Effectiveness Committee meeting held on 3 March 1998

5 ADF, Report on the Review of AMINA Operations, The Report of the Task Force established by the Vice President for Operations, October 1999; ADF, Internal Audit Department, Final Internal Audit Report n° FR/2000/2 on the Special Audit of AMINA, March 2000.

ii. The review of the current status and situation of the various program elements (from June 29 to July 10), carried out with the Operations Evaluation Department (OPEV) and the AMINA staff, that included the issuance of an Inception Report (July 5);
iii. Field visits to the ten pilot countries were undertaken from July 11 to August 16;
iv. One of the Review team members carried out a review of institutional issues from August 7 to August 23;
v. Working papers have been produced, on each pilot country and on institutional issues;
vi. A debriefing meeting was held with Bank staff on August 22.
vii. Submission of Draft Final Report to the Bank for comment on September 3.
viii. Incorporation of feedback and submission of Final Report on September 22.

One of the challenges for the team in data collection and analysis was the absence of a top manager for AMINA. AMINA has been headed by a Co-ordinator, appointed as a consultant in November 1997, and as Bank Staff in August 1998. The Co-ordinator resigned in February 2000, and left the Bank. Since AMINA documentation was in disarray, the resignation of the Co-ordinator meant a significant loss of institutional memory in AMINA. In order to have a full view on the AMINA program, the evaluation team tried to meet with the former Co-ordinator. It has been possible, but just for one meeting, due to diverging agendas. Therefore, the team has had a good overview on the former Co-ordinator's global assessment on main issues faced by AMINA, but it has not been in a position to enter into full all detail.

D. Literature Review

The Mid-Term Review team reviewed literature on microfinance which highlighted a number of "lessons learned" that are worth mentioning in the context of this Mid-Term Review. Many of these lessons learned have been garnered from a number of years of experience in the field. The major donors surveyed as part of the literature review were the World Bank, including its microfinance unit, CGAP, the British Department for International Development (DFID), the Asian Development Bank, United Nations Development Program, including its technical unit called SUM, and the Inter-American Development Bank.

One of the most relevant lessons is that microfinance which includes directed, subsidized credit is not effective for reducing poverty and in fact has the opposite effect. The benefits of subsidized credit are usually accrued to the non-poor. A second lesson is that credit should be demand-driven, not supply-driven. Supply-driven credit distorts the market and lowers repayment rates. A third is that savings products are more valued by the poor than credit products. Savings products provide the poor with a cushion in times of economic crisis, and allow poor households to retain assets.

An important criterion for donors working with microfinance instititutions is the choice of partners that are not linked to governments. Governments are motivated by short-term political considerations rather than long-term, sustainability concerns.

Donor experience has emphasized the difficulty of working in rural areas. To reduce poverty in these areas, donor coordination and collaboration is crucial, as is support for innovative approaches and products. Studies of indigenous practices are very useful in developing appropriate products for the poor. Surveys of poor clients, to promote participatory design, are important.

Donor experience also pinpoints the lack of local expertise in microfinance. This is especially apparent in the scarcity of training providers familiar with microfinance. For donors wishing to provide capacity building to MFIs, this is a critical bottleneck.

Macro-economic stability is particularly important for effective support for microfinance. High inflation and interest rates ceilings hamper MFIs' survival.

For increasing women's access to microfinance products, a group methodology is useful. Savings products seem to be more important to women than to men. Women in general maintain higher repayment rates than men. The size of the initial loan amount is an important indicator for achieving outreach to women, and having female promoters as MFI staff will also help.

The importance of building strong linkages between formal and informal sectors has been identified by donors as necessary, as is developing effective donor coordination strategies. All strategies should be long-term, since MFIs need as much as ten years to become financially sustainable. Donor collaboration can be critical in developing coherent standards for MFI performance, which contributes to long term sustainability.

Studies by donors have demonstrated that microcredit does not reach the poorest. These are generally people who have no ability to earn a livelihood and therefore cannot pay loan installments. In some cases, savings products are more effective. The most important potential impacts are associated with the reduction of vulnerability, not of poverty *per se*[6].

In general, microfinance does not create employment. Additional labor is provided by the microenterpreneur and family members, rather than by hiring outsiders. It does, however, alleviate the severe unemployment that threatens the survival of the poor[7], and clients of microfinance institutions are typically self-employed entrepreneurs.

These lessons learned have implications for AMINA's strategies for microfinance assistance. Perhaps the greatest lesson learned is that there are no concrete answers, and no clear direction. For this reason it is necessary to develop innovative, experimental approaches which can be tested, and if successful, replicated.

E. Donor Interviews

The Mid-Term Review team also investigated the approaches and structures of the microfinance units of a limited number of multilateral donor institutions. These included the Inter-American Bank's Microenterprise Unit, the World Bank's Consultative Group to Assist the Poorest (CGAP), and UNDP's SUM. It is difficult, based on the constrained time period of the Mid-Term Review, to come to any conclusions that might be applicable to the African Development Bank. All of these units have had their trial-and-error periods, and are still in the process of evolving. However, a brief description of each unit may provide useful comparison.

[6] Jonathan Morduch, Does Microfinance Really Help the Poor? New Evidence from Flagship Programs in Bangladesh, Harvard University, June 1998

[7] Thyra A. Riley and William F. Steel, Development of Micro, Small Enterprises and rural Finance in Sub-Saharan Africa: the World Bank's Strategy, March 1998

1. IDB's Microenterprise Unit (MIC)

The Inter-American Development Bank's Microenterprise Unit is a unit under the Sustainable Development Department. This department is a support department which encompasses other specialized units like Gender, Environment, Poverty Reduction, etc. These units provide research, publications on best practices in each field, training to Bank staff, and technical assistance on specific issues. All Bank microfinance components must be vetted through the Microenterprise Unit, which has the authority for final approval. Activities include policy dialogue and information collection and dissemination, and technical assistance to the Bank. Funds for on-lending are provided through other departments in the Bank.

2. UNDP/UNCDF's SUM

The Special Unit on Microfinance (SUM) was established as a unit jointly managed by UNDP and UNCDF, which in 1999 became fully integrated into UNCDF. According to the SUM website, it is "now considered the lead technical unit on all matters pertaining to microfinance at the UN Development Programme". SUM mainstreams microfinance best practice in UNDP Country Offices and other UN agencies. SUM supports two initiatives, one being Microstart, a program for supporting start-up MFIs that demonstrate promise. Microstart provides capacity building, grants for operational costs, and grants for on-lending. SUM does not implement Microstart directly. It is instead implemented by the country UNDP office. SUM also supports the MicroSave programme, which promotes saving systems in Africa by supporting five microfinance institutions which mobilize savings.

3. Consultative Group to Assist the Poorest (CGAP)

This is a specialized unit, called a "secretariat", of the World Bank. Many best practice microfinance materials originate from CGAP, a recognized leader in the field. CGAP engages in a number of activities in support of MFIs and the microfinance environment, including provision of funds for on-lending, support to apexes, sponsorship of regional conferences, funding for regional training centers, capacity building and technical support directly to MFIs, and information collection and dissemination.

CGAP's strategic direction is set by the "Consultative Group" of 27 bilateral and multilateral donors. CGAP is chaired by the vice president of Private Sector Development and Infrastructure. The Consultative Group has delegated an Executive Committee of six constitutents. Policy is approved by the Policy Advisory Group, made up of microfinance practitioners.

Each of these structures has advantages and disadvantages, and each has been adapted to its parent institution. These options have been taken into account by the Mid-Term Review team in its recommendations for an appropriate structure and location for AMINA. However, based on the brevity of the assessment of other donors' structures, it may be advisable to do a more in-depth analysis.

II. PROGRAM ACHIEVEMENTS

A. Program Activities and Outputs

AMINA's activities consisted of capacity building, policy dialogue, donor co-ordination, information collection and dissemination, and mainstreaming microfinance best practice within the Bank (see Annex 1a, Policy Guidelines Logical Framework). AMINA was also mandated by the Policy Guidelines to use financial instruments with the component of capacity building, which were to include grants for on-lending, loans for on-lending and financial guarantees. These items were removed from its repertoire and so none occurred.

Ten countries were selected for AMINA intervention in the pilot phase. A Senior Management Committee meeting in December 1997 provides justification for AMINA pilot program country selection. It noted that selection had followed Policy Guidelines criteria, has included a measure of linguistic and geographic balance among the countries selected, and has taken into account the existence of Bank Group projects with a microfinance component with which AMINA could play a supportive or complementary role.

1. Capacity Building of Microfinance Institutions

AMINA's primary target group was microfinance institutions (MFIs)[8], as mandated by the Policy Guidelines. Its primary purpose was to build the capacity of these institutions, in order to meet the strategic objective of improving access to financial services for the poor. The assumption of the Policy Guidelines and subsequent practice was that, by building the capacity of the microfinance institutions, poor people would have greater access to financial services, which would thereby contribute to poverty alleviation.

a. Selection Criteria for Partner Institutions

Policy Guidelines included a set of 6 selection criteria (including items such as to have a proven track record, to have a business plan, or to have sufficiently trained staff) which might lead to select performing MFIs. However, Policy Guidelines also state that selected MFIs may be start-ups, and that the AMINA's role is to help newly established MFIs. Thus, there was some uncertainty in the Policy Guidelines on the category of MFIs AMINA should target.

However, Terms of Reference for microfinance consultants hired to undertake pre-appraisal studies and pre-selection of potential partners did not include any specific criteria. They just said for instance: identify up to 6 MFIs[9]. No mention of any criteria linked to AMINA's end-objective (linkage of the poor to formal financial institutions; emphasize on women; increase of income and employment) was made.

[8] "Microfinance institutions" will include, as indicated in the Policy Guidelines, all institutions (including commercial banks) that offer microfinance services to the poor. Other entities, such as apexes, networks, local and international training providers, etc., will be referred to separately.

[9] James MacDade, Acting Coordinator, AMINA Program, Message to Mr. Bangre Moussa, Subject: AMINA Microfinance Consultant, 22 April 1998.

Thus, selection of partner institutions has been done with at best vague criteria, but probably with no standard criteria at all. As a result, in some countries, selected partners were quite heterogeneous, mixing well-performing MFIs with emerging MFIs, and with second-tier institutions. But, as partners were delivered a standard capacity building package, the impact has been positive for some while low or null for others. The choice of a diversified set of partner MFIs would have implied different strategies for assistance.

In addition, in some cases, lack of clear criteria led the consultant to pre-select financial organizations targeting the well-off poor while those targeting the poorest were not even mentioned.

Table 1 – MFI Selection

	# ASSESSED	# SELECTED	# HAVING ATTENDED TRAINING COURSES
MFIs	113	72	44

b. Capacity Building Activities

AMINA activities that were planned, approved, and/or implemented fell into the following categories:

i. Training Courses (local and international)
ii. Workshops/Seminars/Conferences
iii. Technical Assistance to MFIs
iv. Exchange Visits
v. Provision of Computer Equipment

i. Training Courses

Training courses were directed to operational staff, for example, credit officers, accountants, and branch managers; management staff, including boards of directors and committee members; and, in one case, local technical service providers (TSPs)[10]. Workshops, seminars, and conferences under the capacity building category targeted MFI staff and management, apexes and TSPs. Exchange visits under the capacity building category[11] were targeted to MFI staff and management.

[10] "Technical service providers" will refer to training institutes, NGOs, and individual consultants who engage in training and technical assistance to MFIs.

[11] Seminars, workshops, and exchange visits were also utilized for the purpose of policy dialogue, to be discussed in the section on Policy Dialogue.

Table 2 – Capacity Building Activity				
COUNTRY	# PARTNER MFIS	# TRAINING COURSES	# EXCHANGE VISITS	# COMPUTERS
Burkina Faso	10	4	0	14
Cameroon	8	0	0	0
Cape Verde	3	4	1	3
Chad	10	3	1	0
Ethiopia	10	2	1	0
Ghana	6	0	0	0
Malawi	4	4	2	12
Mauritania	6	4	1	0
Mozambique	9	0	0	0
Tanzania	6	4	2	11
Total	72	25	8	40

In general, there was a limited number of capacity building activities implemented, for reasons mainly linked to financial management issues[12] (see Annex 1b, Current Logical Framework). This makes it difficult to assess impact. In addition, it was difficult to gather quantitative data on MFIs, who themselves are not experienced in data gathering. This was compounded by the short duration of the country visits for gathering the data. A thorough assessment of the impact of capacity building activities would require a long lapse of time, whereas in the AMINA program, many activities have only been undertaken during the last quarter of 1999. And lastly, since other donors were active in the same sector, often with the same institutions, it was difficult to disaggregate AMINA's impact from that of other donors.

Table 3 – AMINA activities		
COUNTRY	DATE FIRST MISSION	DATE OF FIRST TRAINING ACTIVITY
Burkina Faso	Pre-appraisal, 5/98	3/99
Cameroon	Pre-appraisal, 5/98	None
Cape Verde	Pre-appraisal, 5/98	1/99
Chad	Pre-appraisal, 5/98	9/99
Ethiopia	Pre-appraisal, 5/98	10/99
Ghana	Pre-appraisal, 5/98	None
Malawi	Pre-appraisal, 5/98	11/99
Mauritania	Priority Definition and Action Plan, 9/98	2/99
Mozambique	Pre-appraisal, 5/98	None
Tanzania	Pre-appraisal, 5/98	3/99

12 AMINA non compliance with Bank rules and procedures led to non-payment to services providers and led to a review of all existing contracts. Some firms have to date not been paid for services rendered in March 1999, while others have delivered services without a contract and refused to pursue their programmed activities when it appeared that had not been paid.

In addition, training activities have not been implemented as scheduled in the program approved by the Oversight Committee, but did occur with great delays and lack of continuity.

Table 4 – Comparison Between Planned Activities and Implementation
The Case of the Training Program in Malawi

PROGRAM, AS PER THE MALAWI PROFILE OF AMINA PROGRAM (DEC 1998 - MAY 1999)	IMPLEMENTATION DEC. 98 – MAY 99	IMPLEMENTATION JUNE 99 – JULY 00
1. TOT in MIS design & business planning (12/98 & 03/99)	Not done	Not done
2. Training in credit management (01 and 04/99)	Not done	10/99 and 07/00
3. Training in business planning (02 and 04/99)	Not done	Not done
4. Training in marketing/TOT in BAS (01 and 04/99)	Not done	Not done
5. Training in accounting and financial management (02 and 05/99)	Not done	11/99
6. Development of operational and management tools (01 and 02/99)	Not done	Not done
7. MIS: design/installation/training (12/98)	Not done	Not done
	Additional training course on organizations management (12/99)	

ii. Workshops/Seminars/Conferences

There were five one-time-only workshops, seminars, and conferences supported by AMINA, in which its MFI partners participated. Some of these were organized by technical service providers, some by the MFIs themselves, and some by national networks of MFIs. These often had good impact, as they provided a forum for meeting staff from other MFIs, stakeholders from the government and central banks, and other donors. One conference, organized by a network of MFIs, led to the publication of a bulletin for MFIs, which contained some of the papers presented in the conference. Another seminar, organized by an MFI for its clientele, resulted in a change of methodology that incorporated a component on HIV/AIDS education, which the clientele identified as a need in the seminar.

Table 5 – Workshops and Seminars		
COUNTRY	WORKSHOP	ATTENDANCE
Burkina Faso	Marseille, France	2
Cameroon	None	
Cape Verde	Cape Verde	1
Chad	None	
Ethiopia	None	
Ghana	Africa Network SEEP	1
	Sinapi Aba (a partner MFI) Client Forum	200
Malawi	None	
Mauritania	None	
Mozambique	None	
Tanzania	Gender in Ghana	1

iii. Technical Assistance to MFIs

Technical assistance, when a technical service provider directly assisted an individual MFI, occurred once, in Cape Verde. This technical assistance led to an improved loan delivery system, and an improved repayment rate.

iv. Exchange Visits

Study tours were organized for participants from six pilot countries to visit successful microfinance institutions. Management staff from MFIs had the opportunity to talk to management, credit, and operations staff in the host MFI, visit branch offices, and talk to clientele. The tours normally lasted ten days to two weeks.

v. Provision of Computers

In many cases, computers were promised but had not been delivered. There were instances where the computers have been delivered, but suppliers have not been paid, due to issues over payment of duties. In addition, computers have been delivered to MFIs without any contractual agreement.

c. Conclusions and Recommendations on MFI Capacity Building

For 4 pilot countries, training activities have started in the first quarter of 1999. For 3 additional countries, training has been initiated in September-November 1999. For the remaining 3 pilot countries, no training activity has yet taken place.

Even where training activities have commenced early in 1999, the program has been characterized by lack of continuity with long periods without activity.

Comparison between planned activities, submitted for approval to the Oversight Committee, and implementation shows that a great number of activities has never been implemented.

2. Policy Dialogue

a. Purpose and Activities

The purpose of the policy dialogue activities was to promote understanding of MFIs, to encourage links between MFIs and other stakeholders, including commercial banks, and to create an appropriate legal and regulatory environment for MF activities. There were two kinds of activities implemented under the component of policy dialogue. The first was workshops, and the second was study tours. Workshops were activities spanning several days, and occurred once or twice. Participants included MFI management staff, representatives from the Central Banks, government officials, local consultants, and commercial bankers.

Study tours were groups of the same stakeholder institutions mentioned above, who went to another country to discuss MFI policy and regulatory frameworks with counterparts. These study tours usually lasted ten days.

Table 6 – Policy Dialogue Activity

COUNTRY	WORKSHOPS & STUDY TOURS	ATTENDANCE
Burkina Faso	None	0
Cameroon	None	0
Cape Verde	One	8
Chad	None	0
Ethiopia	Abidjan Workshop Addis-Ababa Workshop	6 6
Ghana	Abidjan Workshop Addis-Ababa Workshop	6 6
Malawi	Abidjan Workshop Addis-Ababa Workshop Study Tour to Mali	5 5 8
Mauritania	One	70
Mozambique	None	
Tanzania	Abidjan Workshop Addis-Ababa Workshop National Stakeholder Meeting Training in Harvard	6 6 90 1

b. Conclusions on Policy Dialogue

The policy dialogue events were *ad hoc* and not in the context of a national strategy. There was no participatory design, and there was no relationship between the policy workshops. There was no follow-up[13], and since some were held over a year and a half ago, the momentum has been lost. Participants, especially the Central Bank, request more information and assistance in this area.

[13] For instance, the Addis-Ababa workshop attended by 4 countries designed an eighteen month action plan for each country. The international service provider conducting the workshop was supposed to forward polished versions of individual country action plans, as well as the entire proceedings of the workshop (cf. Follow-up to Policy Reform in

3. Donor Co-ordination

The purpose of this activity was to engage in activities with other donors to reduce duplication of effort and increase cost-effectiveness. In fact, this is not an activity, but rather a strategy.

This strategy had two components. The first was collaboration, which is defined as a non-financial activity between AMINA and other donors for the purpose of a common objective. The second is co-financing, which occurs when two or more donors, including AMINA, jointly finance an activity.

a. Collaboration

Donor collaboration activities were planned but very few were implemented. Often there were initial contacts and discussions, but no follow through. There were very few examples of effective donor collaboration.

b. Co-financing

There are two subcategories of this activity. One is structural, where AMINA is financially committed to support a program. One example of this is AMINA's efforts with UNDP to initiate MicroStart programs. This has occurred in two countries, Ghana and Mozambique. In Ghana, the MicroStart program has been underway over a year, and AMINA has been an active participant in the design of the program, selection of MFIs, and selection of the TSP. Funding from AMINA has, however, not been released due to a problem with the Memorandum of Understanding. In Mozambique, AMINA has been involved in a co-financing effort to begin a MicroStart program, also actively participating in design and start up. The MOU has been signed and funds are supposed to be released shortly. In Ethiopia, discussions about initiating a MicroStart program have occurred but have faltered due to a lack of interest on the part of the Ethiopian government.

Another example is the Upstream project in Mozambique, a collaboration for policy dialogue activities between ILO, AMINA, and UNDP. Since ILO also does not have a local presence in Mozambique, much like AMINA, UNDP has been the focal point for these discussions. AMINA has agreed to co-finance Upstream, but like the MicroStart activities, this has not yet occurred.

In any case, not one co-financing has actually occurred, under this header.

The second subcategory is co-financing of discrete (one-time-only) activities. One example is the occurrence of an International Conference on Microfinance in Cape Verde, co-financed by AMINA, GTZ, and the French Co-operation.

c. Conclusions on Donor Co-ordination

There was inadequate donor collaboration. This was partly because of an inadequate number of AMINA staff, rotation of staff through different countries, and an orientation on AMINA's part towards work plans instead of towards developing a comprehensive country strategy in consultation

Microfinance Workshops, James MacDade letter to participants, April 21, 1999). As the provider has not been paid, it has not occurred, and participants do not even have a draft version of the plan they elaborated.

with other donors. This has resulted in a perception of AMINA as not serious in its microfinance activities[14].

4. Bank Group Capacity Building in Microfinance

a. Purpose and Activities

The purpose of this activity is to train Bank staff in microfinance best practices in order to promote more effective microfinance components in Bank projects. There have been three mechanisms utilized. One of these was training of Bank staff through lectures and workshops. Four lectures and one workshop were given[15]. The second mechanism was input into design of Bank projects with microfinance components, and AMINA input into Country Strategy Papers. This occurred for Uganda, Kenya, Tanzania, Ghana, Sao Tome, Lesotho, Senegal, Burkina Faso, Ivory Coast, and Mozambique. The third mechanism was direct technical assistance by AMINA staff to ongoing Bank projects with microfinance components. This occurred in Cameroon, Mauritania, Zambia and Chad.

CADI has not been consulted nor associated to implement capacity building activities. The file does not outline any specific program, does not mention any needs assessment, and does not include any evaluation of the training sessions. It is therefore difficult to assess the adequacy of the program to the needs of Bank staff. Yet, interviews with Bank staff lead to think that capacity building activities have not met expectations.

As far as Bank projects are concerned, due to staff shortage, AMINA experts were able, in most cases, to give a technical advice at a given time, but not to follow the dossier through the project cycle.

b. Conclusions

Collaboration with Country Departments was a major component of the AMINA program and it had been listed by the Board as the first one in the AMINA program of activities, as: "Expansion of on-going Bank Group efforts in the field of microfinance and internal capacity building"[16].

This activity was very relevant, as the Bank is deeply involved with microfinance interventions, while lacking appropriate skills to efficiently design and monitor its intervention:

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[14] These perceptions do clearly distinguish, however, between the serious work of dedicated AMINA staff and the poor results achieved due to inconsistencies with management and lack of appropriate means.

[15] Microfinance Presentation to the AMINA Oversight Committee and Executive Directors, Attendance: 10
AMINA Microfinance Seminar, November 30, 1998 Attendance: 9
AMINA Seminar on Rapid Appraisal Methodologies in Microfinance, March 16, 1999, Attendance: 38
AMINA Microfinance Seminar on Ultimate Beneficiaries of Microcredit and the Debt Burden on Clients: an Anthropological Perspective, April 16, 1999, Attendance: 10
Microfinance Best Practices Workshop, 20-21 January 1999, Attendance not known.

[16] ADF, Approval on the lapse-of-time basis of the provisional summary of decisions of the 316th meeting held on 4 September 1997, 11 November 1997.

i. As of May 1999, on-going microfinance operations and those in the pipeline were included in 47 Bank projects implemented in 21 countries, with the following characteristics:

- A total budget of USD 820m;
- Out of which USD 132m were earmarked for the credit fund;
- And USD 65m were provided for capacity building.

ii. Most of the Bank microfinance operations visited by the team were not managed along microfinance best principles, as they included directed credit, subsidized interest rates, and not appropriate delivery systems.

Although no training program has been elaborated for Bank staff, AMINA experts have however brought pertinent support to Country Departments. Yet, this support has been piecemeal and dispersed.

As a whole, there has been no increase of Bank staff capacity in managing microfinance operations. An unexpected effect might be that the insufficient support of AMINA has increased the awareness of Bank staff on the critical need to enhance their capacity. If a substantial training program was proposed to Bank staff, and if consistent support was given to Bank projects with microfinance components, it would certainly meet a real demand, and significantly increase Bank's operational efficiency with agricultural and poverty reduction programs.

5. Information Collection and Dissemination

a. Purpose and Activities

The purpose of this activity was to increase understanding of microentrepreneurs and microfinance through data collection, and disseminate this information, best practice materials, and other relevant information to stakeholders. The activities planned in this category were creation of data banks, establishment of microfinance libraries, commissioning studies on microfinance issues, collection of data on microfinance institutions, and analysis of this data.

There were limited activities undertaken, and most were for internal (AMINA) use only. For example, in target countries, baseline data in a variety of forms was collected for use in MFI selection for AMINA partnership. The collection of this data was not done in a systematic way, and is not available on an operational database. An AMINA data base manager was never hired.

b. Conclusions on Information Collection and Dissemination

There has been no systematic activity carried out for information collection and dissemination purposes.

6. Program Activity Achievements: Overall Conclusions

Comparison of the Logical Framework designed in the Policy Guidelines with the Logical Framework of the AMINA program as it is currently being implemented highlights the following conclusions:

i. There were no activities implemented that would achieve increasing financial services for women.

ii. There were no activities implemented that would achieve increasing financial services for the poorest in society

iii. There were no activities that would have achieved linking MFIs and commercial banks.

iv. There were a number of assumptions that proved to be incorrect. Perhaps the most important of these is "Bureaucratic impediments to program launching and operations are minimized". Since bureaucratic procedures were not minimized, AMINA's implementation of activities was severely reduced.

v. Another assumption that proved to be incorrect was "AMINA is able to backstop projects". In fact, AMINA was not able to backstop projects to the extent needed, due to inadequate number of staff.

vi. A third incorrect assumption is "Activities can be carried out during 2-year pilot". The activities were too ambitious for a two-year pilot program.

vii. This framework shows the difficulty of internally evaluating the AMINA impact. There are no MFI reports, as designed in the Policy Guidelines, no collection of information, no audited MFI statements, and no data base established by AMINA for tracking this information. The only confirmation of AMINA impact has been through the results of the Mid-Term Review.

viii. The types of activities were not designed to have an effect on the strategic goal of the program, that of reducing poverty. The activities would have only had an impact at the level of the MFIs themselves, such as sustainability.

ix. Many of the activities that were planned for the AMINA Unit were not implemented.

B. Program Management

1. Management Structure

a. The Policy Guidelines Framework

AMINA was established as a two-year pilot program, to be implemented by a unit attached to the Vice President of Operations' office (OPVP). It had a high profile within the Bank, with the Policy Guidelines mentioning "the special nature of the program". The location was chosen to permit AMINA to operate in an agile and un-bureaucratic fashion, to expedite programs, and to ensure effective support from other departments. In addition, it added to AMINA's high visibility. Due to its institutional location, its two-year pilot phase, and its policy mandate, AMINA was under pressure to achieve results.

The AMINA Unit was headed by a Co-ordinator. The Policy Guidelines stated that the Unit would be responsible for managing its own projects. Its Co-ordinator was to report directly to the front office of the OPVP. The OPVP was to have overall responsibility for the Unit, and funding requests were to be granted under its authority, but the Office would not be involved in daily operations.

The Policy Guidelines also established an interdepartmental Oversight Committee (OC), with the OPVP as Chair. The Oversight Committee's purpose was to provide guidance to the AMINA Unit in carrying out its operations and to co-ordinate those activities with other operational areas of the Bank. Thus, the Committee was supposed to be a key channel for facilitating microfinance mainstreaming within the Bank. The AMINA Co-ordinator was to report to this Committee on a quarterly basis. This advisory structure does not exist for country departments.

The Policy Guidelines stipulated that the AMINA Co-ordinator would have the ability to approve activities up to USD 80,000. The Oversight Committee would approve, by reviewing documentation but without meeting, amounts from USD 80,001 to USD 200,000, on a lapse-of-time basis (5 days). Amounts above this required a formal meeting and majority approval by the OC.

b. Changes Brought by the Operational Guidelines

Issued in March 1998, the Operational Guidelines did bring significant changes to the framework laid down by the Policy Guidelines.

i. The role of the Oversight Committee was changed from an advisory structure to a decision-making body, with the Operational Guidelines stating that projects will be approved through a mechanism that included the Unit Co-ordinator and an interdepartmental AMINA Oversight Committee. Under these Guidelines, the AMINA Oversight Committee would be responsible for approving project requests and would have full responsibility for activities carried out by the AMINA program.

ii. Project approval procedures and decisions levels were changed, with project approval authority for the AMINA Co-ordinator being reduced to USD 25,000 while amounts exceeding that limit would have to be approved by the Oversight Committee in a formal meeting.

Contradictions between Policy Guidelines and Operational Guidelines have been discussed by the team both with the Management and with the Board. The Board has been clearly informed of major changes brought by Operational Guidelines. However, it took a very ambiguous stand as, on the one hand it approved the exclusion of financial instruments, while on the other hand it also reaffirmed that AMINA operations should also include lending activities.

There were several design flaws, or contradictions, in the design of AMINA (see Annex 1b, Current Logical Framework). The institutional location of AMINA, attached to the OPVP, was too high in the organization's hierarchy, and made adequate supervision and oversight difficult. This flaw led to the establishment of the Oversight Committee. However, the Oversight Committee, while it was required to approve AMINA projects, had no authority for overseeing their implementation. Once approved, there was no OC involvement in AMINA activities. Secondly, there is no precedent for the establishment of a unit responsible for implementation of activities. Other units do exist in the Bank's structure, but they are responsible for internal functions such as procurements. Also, there is no ADB position called "Co-ordinator" with the responsibility of managing a Unit[17]. All these facts highlighted AMINA as an entity that was special and unique within Bank operations, but created confusion about how it would function. The Operational Guidelines clearly expressed that all ADF rules and procedures would apply, but this was not consistent with AMINA's mission. In fact, AMINA did have specialized procedures in some cases.

In response to this confused operational environment, the Oversight Committee initiated the establishment of three sub-committees, the first in charge of resource allocation (screening of funding proposals), the second for monitoring and evaluation, and the third for consultants and procurement. Two months later the ADF Board abolished the three sub-committees in order to avoid bureaucratic procedures. The contradictions between AMINA's mandate (to achieve results in a short period of time in a un-bureaucratic manner) and its procedural mechanisms (OC supervision, adherence to Bank procedures) led to implementation problems, which added to lack of strategic planning and led to sporadic implementation of activities.

2. Work Plans and Operational Tools

Numerous examples of the lack of strategic planning and sporadic implementation of activities were found during the field visits of the Midterm Review. Consultants were chosen, hired, given Task Orders, but then not given enough tasks. Many used part of their allocated time, and then waited for further instructions. Other consultants were given tasks, but did not have signed contracts. One or two training courses were given to AMINA's partner MFIs, and then the training ceased. Policy workshops were held, and then there was no further activity and no follow up. Computers were delivered but suppliers have not been paid.

Six-month activity plans were presented to the Oversight Committee and approved, with activities supposed to commence the next month. This was true even when a technical service provider had

[17] The Agricultural Management Training for Africa (AMTA) is headed by a Coordinator but is attached to the African Development Institute (CADI).

yet to be identified, hired and trained, a process which in and of itself usually takes six months. In some cases, TSPs had been used previously but could not be used again due to contractual issues which months later have not been resolved.

This lack of strategic planning contributed to wasted time and money. In some countries, MFI partners were chosen, only to be de-selected at a later time due to a change in approach.

3. Staffing

a. Number of Staff

According to the AMINA Policy Guidelines, six months from the date of appointment of the Co-ordinator, the Unit was supposed to have completed the recruitment of four Microfinance Experts, two project assistants, one data-base computer expert and three support staff. However, up to November 1999, only two Microfinance Experts had been hired, while no database expert has never been recruited. One technical Assistant at the level of a Microfinance Expert was then appointed, through a co-financing agreement with the EU.

The number of staff envisioned by the Policy Guidelines for the Unit was inadequate for the tasks that it undertook. The number of technical staff (the Microfinance Experts and the Co-ordinator) at no time during the pilot phase was sufficient to oversee ten countries, participate in project design of ADB projects, participate in developing Country Strategy papers, provide technical assistance to ongoing ADB projects, and train ADB staff. All stakeholders were overly optimistic in thinking that AMINA could achieve results in such a broad variety of areas.

b. Contracts

The procedural confusion surrounding the AMINA unit contributed to the inadequate number of staff. According to the Policy Guidelines, only the Co-ordinator was to be a Bank employee. Other AMINA staff was to be hired for a two year period. But proper authorizations to sign two-year contracts were not given before January 1999, and since May 1998, AMINA experts were recruited on one-month contracts.

At the end of the two-year pilot phase, the situation has only partially improved. Currently two Microfinance Experts are on two-year contracts. Some staff are still on one-month contracts. Some staff have been on one-month contracts for up to seven consecutive months. Staff on short-term contracts are ineligible for training and for some benefits, including maternity benefits.

The short term nature of the contracts makes it difficult to recruit qualified staff, and makes strategic planning difficult.

c. Roles

Roles of AMINA staff, both internally and *vis à vis* external consultants, have not been clearly defined. A task (e.g. country pre-appraisal) is sometimes performed by the AMINA Expert, and in some cases by an in-country expert. Occasionally a Program Assistant performs the task of a Microfinance Expert, including participating in missions. The Co-ordinator was responsible for activities in several countries, a role that should be performed by a Microfinance Expert. In many cases, these problems were due to inadequate staffing. These undefined roles have caused morale problems within the AMINA Unit.

d. Staffing Turnover

Related to the above issue is the rapid and frequent turnover of staff assigned to particular countries, with no hand-over. This has had numerous negative effects, including loss of momentum, loss of documentation, inconsistency of interventions, and confusion on all levels. The rationale for the changes in assignment was not apparent.

4. Monitoring and Evaluation

The Policy Guidelines, as well as the AMINA Annual Indicative Program 1998, provided that AMINA would monitor the effectiveness of AMINA-supported activities. The purpose was to evaluate the abilities of the approved partner MFIs to reach the target populations and to provide their clientele with services on a sustainable basis. It also stipulated that a Mid-Term Review would occur after one and a half years of operations, to evaluate AMINA's progress in meeting its objectives.

To ensure that program objectives at the field level are attained, two major types of evaluation mechanisms were planned:

i. Beneficiary Assessments: These were to be used to gauge the poverty reduction effects of program-sponsored activities among the target clientele of MFIs. Data was to be gathered at the onset of AMINA program activities to establish a baseline reference point and subsequent data would be gathered after one year of program activities.
ii. MFI Performance Indicators: Partners were to submit reports on a quarterly basis.

The beneficiary assessment methodology was discussed by several Committees, and AMINA was authorized to undertake it, although with a consideration to reduce the cost of the exercise. However, no beneficiary assessment has been conducted in any pilot country.

MFIs were supposed to submit quarterly reports including specific indicators designed by AMINA. However, this commitment does not appear in the contract signed by partners, and no quarterly or annual report has ever been submitted by partners.

Several Committee meetings have drawn the attention of AMINA to the necessity for AMINA to provide indicators in the increase in the number of women that partner MFIs serve and the empowerment of poor women. However, AMINA did not design indicators meeting this demand.

At AMINA's request, staff from OPEV designed a format with specific indicators to monitor progress and performance, at client level, at the MFI level, at the country level, and at AMINA and Bank group level. However, this set of indicators has not been used by AMINA.

There are several reasons for the lack of monitoring and evaluation activities. In terms of supervisory visits by AMINA staff, the inadequate number of staff and the rotation of staff contributed to a limited number of supervisory visits and long gaps between visits. MFI quarterly reports were not submitted as planned. This was also due to the inadequate number of staff, and the fact that a data base manager was not hired for the AMINA Unit. There is no incentive for MFI staff to submit quarterly reports, since there are no consequences for non-submission.

The Beneficiary Assessment was never an appropriate tool for AMINA use. In the first place, there were not enough AMINA activities, and those that did occur were not happening for a long enough period of time, to create any impact at the beneficiary level. In the second place, it would have been time-consuming and expensive to implement the tool. Impact studies focused on measuring changes in income for microfinance clients are very difficult to undertake, and very costly. It would have been impossible for AMINA to undertake such studies for all its partner MFIs.

5. Fund Utilization

The AMINA pilot program was allotted UA 15 million for its two-year program. All of these funds came from the Technical Assistance Fund of the ADF. Approximately 87% of these funds was to be used for capacity building activities. Two percent (2%) was budgeted for operational mission, one percent (1%) for policy co-ordination, two percent (2%) for consultancies, one-half percent (0.5%) for the Mid-Term Review, and approximately eight percent (8%) for the Unit.

Additionally, the Co-ordinator's salary, ADB staff training, and overhead, totaling UA 345,000, were to be provided by the Bank's administrative budget and bilateral donors. Funds for on-lending, using mechanisms which are different from the ADF modality, if needed, would be sought from bilateral sources.

As of March 31, 2000, AMINA had disbursed UA 1,947,721 an equivalent of 98 percent of the first tranche received by AMINA in April 1998 (UA 1,999,000). Forty-four percent (44%) of the expenditure has been used for capacity building activities, and twenty-five percent (25%) for the AMINA Unit direct cost. AMINA has requested the replenishment of its revolving funds for the amount of UA 3,522,300[18].

Budgets presented for approval by AMINA to the Oversight Committee have been designed country per country. For each country, the budget was disaggregated by activity. However, financial information on AMINA's actual expenditure is only available on a global basis, by activity, and is not broken down by country. Available data does not identify how much was spent, either for a given country, or for a given activity in a given country. The current financial reporting does not allow appropriate control over expenditures, and makes financial monitoring of AMINA activities impossible. The Oversight Committee has no information on whether AMINA has expended its finances in the activities that were approved by the Committee. Additionally, it is impossible to make any analysis of the cost-effectiveness of the AMINA program, because such an analysis would require a comparison of the benefits (impact) of the activity with its cost. None of this information is available.

FACT has indicated that, if requested, it could design a financial reporting form allowing a follow-up of expenditures country per country, and activity per activity. AMINA should urgently request FACT to design such a form.

[18] Replenishment of the funds has been delayed as it took time for the Unit to justify the utilization of the advance.

A breakdown of expenses by country and by activity has been prepared by AMINA recently. It is a useful document for AMINA's own monitoring. However, as budgets are approved by the Oversight Committee, on a country basis, each activity being listed, documentation on actual expenditures should be furnished under the responsibility of FACT, the role of AMINA being to justify differences between planned and implemented budget lines.

In March 2000, the Internal Audit Department published its findings of the audit of AMINA's operations[19]. The Department found that internal controls were inadequate, the record-keeping system was disorganized and incomplete, and that the Bank's procedures had been disregarded by AMINA management. In addition, it found that there was flaws in the procedure of processing payments from the revolving fund at the Unit level.

[19] ADF, Internal Audit Department, Final Internal Audit Report n° FR/2000/2 on the Special Audit of AMINA, March 2000.

III. PERFORMANCE RESULTS

A. Impact Effects

1. Capacity Building

a. Training Courses

Training courses (local and international) had variable impact. There were examples of very good impact, where institutions improved their credit delivery methodology, learned how to analyze financial statements, produced procedures manuals, etc.

There were also examples of neutral impact, where nothing changed in the institution and the participants expressed that the training was of limited use. It was mainly the case for (i) more advanced MFIs and (ii) second-tier financial organizations. There were no examples of negative impact.

The reasons for the variability of impact were diverse. These reasons, in order of importance from highest to lowest, included:

i. The quality of the TSP
ii. The lack of follow up (no further courses)
iii. The continuity of courses (no relationship between courses)
iv. The level of the MFI
v. The level and mixture of participants

> ***Impact of Training Courses***
>
> Executive and Board Members from an MFI in Malawi attended a series of training courses sponsored by AMINA. Staff report that relations between the Board and Management are much better since the training. Board members now take a pro-active stand, instead of passively waiting for management proposals. For instance, the Board has requested a yearly work plan and establishment of performance targets. Management is appreciative of the Board's involvement.

The first reason, the quality of the TSP, is an operational problem that all microfinance donors are facing in Africa. There are high quality training institutes in AMINA target countries with good experience in providing adult education in a variety of topics. However, there are very few local training institutes with experience in microfinance, which is, after all, a relatively new field in Africa. AMINA has often relied on international technical service providers, such as international NGOs with experience in microfinance and in Africa. This has had good results, with the quality of services being uniformly high. Often the international NGOs maintain a presence in Africa through their own microfinance programs. MEDA, a Canadian NGO, and IRAM, a French NGO, are good examples. However, these technical service providers tend to be more expensive, and using them does not contribute to local capacity building. Solving this problem will require a co-ordinated effort with other donors, by contracting international TSPs to provide technical assistance and training to local TSPs.

The second and third reasons are implementation problems from within AMINA, and will be discussed in greater detail in the section on institutional issues. Briefly, there were often a series of two or three courses, with no inter-relationship, and in fact with different target groups, such as loan officers for the first session, management for the second, and accounting staff for the third. This meant that the each target group did not receive additional training that would have reinforced its first session.

This was combined with the problem of lack of continuity. The training courses were given once, and then capacity building activities stopped. MFI partners were left with no information about when additional courses would be given, or what they would consist of.

The level of the MFI was another factor. AMINA provided a standardized package of training focused on basic microfinance concepts and methodologies. However there was great diversity among the partners chosen for AMINA assistance in each country, and the training was given to all of them without regard for their level of development. The more well-established MFIs, as well as second-tier MFIs, did not receive as much benefit from the training courses as the smaller, newer MFIs.

The last reason, the mixture of participants, is a problem inherent in training, and has no easy solution. This is due to the complexity of planning events in developing countries (e.g. communications and infrastructure problems) and the nature of microfinance institutions (it is difficult to remove operational staff from their daily duties). For these reasons it is difficult to control the level of participants.

b. Exchange Visits

These were another aspect of the capacity building component. They had uniformly good impact. MFI staff reported that they learned about the major challenges facing MFIs, including governance, expansion, MIS, dropout and client satisfaction, organizational structure, effective interest rates, and sustainability. Many participants mentioned a complete change in attitude from a social perspective to a business perspective. Some mentioned that the relationship between their own management and board members had changed, with board members becoming more supportive and involved. Several participants were grateful for the opportunity to share information with other MFI staff from their own country, in addition to comparing the similarities and differences with the MFI that they visited.

Impact of Exchange Visits

The Director of a small MFI in Ethiopia was a participant in an exchange visit to K-REP, a large Kenyan MFI with an urban clientele. During the visit, she learned of K-REP's problems with a high drop out rate, and the solution: a client survey and a subsequent re-adjustment in the methodology.

Upon return to Ethiopia, she hired a consultant to design and implement a client satisfaction survey. The survey indicated that clients were having difficulty making the first payment on their loans. There was not enough time to invest the capital before payments began. She adjusted the methodology to include a short grace period. The drop out rate dropped from 28% to 10%.

c. Provision of Computers

In many cases, computers were promised but had not been delivered. In the cases where computers were delivered, the impact was variable, with a large range of impact. There were situations where the MFI had never used computers, and since training was not provided, the computers were not utilized. In many cases, the MFIs stated that the number

Impact of Provision of Equipment

Small Industries Development Organization is an MFI in Tanzania. AMINA provided three computers. Staff reported that this equipment made them able to use a new and improved financial software that would not work on the old equipment.

of computers was inadequate. However, there were also cases were the computers were utilized, and the impact was very positive (see insert for one example). MFIs were able to produce computerized financial statements with their new acquisitions.

d. Conclusions and Recommendations on Capacity Building

As far as capacity building activities are concerned, the conclusions are that impact was positive, although limited. Impact could have been much greater if activities were part of a national strategy, if they were provided on a continuous basis, especially in the case of training courses, and if there were follow up to each activity.

The recommendations for capacity building are, therefore, to create a national strategy, where all activities contribute to the achievement of an overall objective. Training courses should continue to be part of AMINA's activities. They should be continuous for each target group (operational and managerial staff) in order to have maximum impact. They should be designed for the level of the MFI recipient. They should be given by a TSP experienced in the practical aspects of microfinance, and AMINA will need to address this bottleneck in its country strategies[20]. Exchange visits should also form an integral part of AMINA's activities in capacity building. These are effective for inducing change in MFIs. Seminars, workshops, and conferences should be seen as support activities to the previous two activities, since they are likely to be discrete events with no follow up. Provision of computers should be linked to the other activities, such as training in financial management. Since AMINA cannot provide all the computers needed by all its partners, it should look for a few cases where maximum impact can be achieved, taking into account the number of clientele of the MFI and the likely impact on improving services to that clientele. This is also the case for direct technical assistance, which should be provided on a case-by-case basis with clear immediate objectives.

2. Policy Dialogue

The impact from the these events was low, primarily because they occurred on an *ad hoc* basis, out of context and with no follow up. The design was not participatory. In one particular case, where two policy workshops were given to the same participants, there was no relationship between the two, that is, the presenters were different and the activities were different. After the two workshops, there was no follow up.

There was some positive impact. In some cases participants reported that there was a greater awareness on the part of the commercial banking sector of the possibility of linkages with MFIs, mostly in the form of loan capital. In other cases, the participants reported that they themselves understood more about how the regulatory environment affects MFIs. However, in most cases there were no concrete changes either in linkages between MFIs and banks, or in the regulatory framework for MFIs. In cases where changes did occur, for instance in the drafting of a national policy framework for MFIs in Tanzania, the impact was due more to other donor involvement than to AMINA's workshops.

[20] Ways will depend on the country. For instance where, like in East Africa, several donors (including CGAP and DFID) are setting up AFCAP to address the issue, AMINA could either support this institution or sub-contract activities with it. In other countries, AMINA might have to take the lead and co-ordinate donor efforts in that field.

3. Donor Co-ordination

a. Collaboration

This impact from this activity was weak. AMINA's donor collaboration activities in many countries have been sporadic. AMINA staff have rotated frequently, and without an adequate transfer of information, making it difficult for the new staff member to resume where the former one left off. Missions of AMINA staff to countries have been infrequent, due to lack of staff, and communication between AMINA headquarters and target countries has been poor. AMINA's credibility has suffered from this, as it is now perceived by other donors as engaging in *ad hoc*, unco-ordinated activities.

b. Co-financing

Impact from this activity was also weak. The structural co-financing, for MicroStart, the Tanzania Microfinance Task force, and the Upstream Project, has not yet occurred. The discrete events co-financed by AMINA with other donors were *ad hoc* instead of forming part of a national strategy. No follow up has occurred for those events.

There are numerous examples of opportunities that AMINA had to participate in co-financing arrangements with other donors, which it did not take advantage of. One example is from Malawi, where other donors are supporting a Microfinance Task Force to co-ordinate activities on policy dialogue and regulation of MFIs. AMINA had agreed to fund this Task Force, but did not, and, currently, no donor is supporting the Task Force

4. Bank Group Capacity Building in Microfinance

a. Impacts

The impact of training Bank staff was very limited. The major reason for this is the limited number of activities. Also relevant is the fact that no needs assessment or demand survey was done beforehand, and no strategic plan was developed for meeting the needs of Bank staff in microfinance. A collaboration with CADI, which was mentioned in the Policy Guidelines for AMINA, was never established, although this might have been an effective way to mainstream microfinance.

AMINA's input into design of Bank projects, and its input into Country Strategic Papers, was good, where it occurred. The input helped orient the design of the projects towards best practice, and this was appreciated by Bank staff, who recognized the value of the AMINA input. The impact of AMINA technical assistance to ongoing Bank projects was also good where it occurred.

> ***Impact of Technical Assistance to ADB projects***
>
> An AMINA Microfinance Expert participated in a mission of technical assistance to the credit components of two ADB integrated rural development projects in Cameroon. He met with the MFI partners of the two projects and made recommendations. Some of his suggestions included strengthening the organizational capacity of the MFIs, most of whom had very little experience in credit management.
>
> His suggestions were taken seriously. One MFI changed its organizational structure for better internal controls, hired qualified and specialized credit staff, and obtained strategic planning training from an international non-governmental organization.

ADB staff appreciated AMINA assistance and have indicated that they would continue seeking AMINA's input. However, there were many requests for assistance that AMINA could not or did not meet.

There was one case of an unintended positive effect in the provision of technical assistance. This was in Cameroon, which involved a mission to assist two ADB projects working in different zones. The AMINA Expert organized a participatory workshop including credit staff from the two ADB projects, as well as staff from local implementing partners and government officials. After the mission, the credit staff from the two institutions remained in contact and shared information about their respective programs. Consequently, the newer project was applied "lessons learned" from the older project, and was able to avoid some of its mistakes. The mission was of very short duration and no follow up activities have occurred, so it is difficult to make conclusive statements about the replicability of this unintended benefit.

b. Conclusions and Recommendations

AMINA has suffered throughout its two-year pilot phase from an inadequate number of staff and this has reduced its ability to respond to Bank needs in microfinance. Assistance to ADB projects and in the design of ADB projects has been piecemeal and outside of the project cycle. However, where AMINA has given assistance, the assistance has been professional and appreciated.

After addressing its problem in the number of staff, AMINA should pursue a collaboration with CADI to address the needs of ADB staff for microfinance training. A strategic implementation plan should be developed, including a needs assessment and impact indicators.

For design and technical assistance to ADB projects, taking into account the increasing number of microfinance projects, the lack of experience within the Bank to design efficient schemes (as demonstrated by the very poor design of MF projects visited in pilot countries), and the Bank major objective of poverty reduction, the evaluation team believes that there is a need for a permanent support of Country Departments in microfinance matters and is recommending that ADB place one microfinance staff in each of the country departments.

AMINA would be a technical support unit for these country department staff, by reinforcing their training and by providing best practice materials. ADB projects in AMINA target countries should be vetted and approved by AMINA Experts before being implemented. With ongoing ADB microfinance activities in AMINA target countries, the implementing partners should be included in AMINA activities only when doing so conforms to AMINA's strategic objectives for that country.

5. Information Collection and Dissemination

The impact from this activity was limited. In the data gathering activity, there was positive impact, but it was not related to the purpose. In this case, baseline data was gathered on MFIs, and in the process, MFIs were informed about donor standards for MFIs. However the purpose of collecting the data, that of using it for MFI selection, was not achieved. There were other criteria that were used for MFI selection.

In the information dissemination activity, there was good impact, although it was very limited. One MFI utilized the materials to re-design reporting formats, for example. However, the information dissemination was sporadic and not systematic, and much was promised and not delivered. There is a very large demand for best practice materials.

B. Sustainability

AMINA has had good impact in specific, isolated cases. In some instances the impact will be sustainable. These are the cases where the institution has made a structural or system change. When change occurs at these fundamental levels, it is likely to be sustained. For instance, if an MFI has raised its interest rate, this will probably be maintained, because there would be costs and disruptions to the institution for lowering it again. In institutions that have changed their delivery systems, or their methodology, the same logic applies. These changes are likely to be long term. However, in cases where a change in awareness or knowledge was the only impact, this impact is not likely to last unless there is follow up from AMINA. For instance, in the majority of the activities for policy dialogue, there was an enhanced knowledge about the needs of MFIs. However, this was not translated into action, due to the short term nature of the activity and the complexity of the issue. Here, the results gained from AMINA's intervention will be lost unless there is some follow up to reinforce the previous activity.

One issue that affects sustainability at a country level is selection of target countries. There are factors in the national environment which affect the sustainability of AMINA's activities. Although AMINA cannot control these factors, it can select its countries so that its activities will be more likely to have sustainable impact.

AMINA has already initiated activities in ten countries, and made commitments to partners in those countries. For now it is not feasible to change these target countries. Enough damage has been done to AMINA's credibility by its sporadic activities, and ceasing to implement in these countries would cause further loss of credibility. Neither should AMINA take on additional countries at this point in time. The Unit is already overburdened.

However, the Mid-Term Review is recommending, as part of AMINA's Microfinance Country Strategy, that an exit strategy be included. In other words, once AMINA has achieved its expected results in the allotted timeframe, it will cease activities in that country and move to a new country. This will serve several purposes: it will create the incentive for AMINA to design specific actions that will lead to concrete results within a limited time period, and it will permit other countries to benefit from AMINA's activities.

With this in mind, it is reasonable to discuss country selection for the future. AMINA target countries will continue to be the ADF A and B countries. Within this parameter, future countries should be selected on the basis of several factors:

i. Poverty level, measured by annual GDP per capita;
ii. Stability, measured by years without involvement in internal or external violent conflict;
iii. Regulatory framework, measured by the presence or absence of restrictive interest rate ceilings;
iv. Population;

v. ADB activity, measured by presence or absence of ADB projects with microfinance components.

These are factors which either justify (e.g. poverty level, population) or facilitate (e.g. stability, framework, ADB projects) AMINA's activities.

Other factors can be included after consultation with major stakeholders, especially ADB country departments.

AMINA should develop a ranking tool, which awards points in each category. The sum of the points will dictate the choice of the country in which to work. This will create an objective measurement tool for choosing AMINA target countries.

C. Contribution to the Development Objectives of the ADF

Guidelines and Procedures for the Utilization of the Technical Assistance Fund (TAF) state the following:

i. TAF programs should enhance the capacity to design and implement projects and programs;
ii. TAF programs will pay special attention to issues bearing on poverty reduction, environmental concerns and women in development;
iii. Priority for the use of the TAF will be linked to prospective loans, either for preparation of projects or through assistance for their implementation.

In this regard, the contribution of AMINA is weak:

i. AMINA did not significantly enhance the capacity to design and implement projects, nor did it establish any priority in linking to prospective loans. If it has brought a case per case support to some projects, there has been no overall impact on Bank's operations, as no consistent training program has been devised for Bank staff and as AMINA has not systematically entered in co-operation with ADB microfinance components projects in the ten pilot countries. However, where a case by case support has been given to the Bank, it has often been felt as useful by Bank staff, and field research has shown that in some cases it has had a decisive positive impact on implementation. It means that the AMINA Unit could play a major role to attain this ADF objective;

ii. AMINA has not paid a specific attention on poverty reduction and on women in development. For instance where a MFI includes only 20% of women amongst its clientele, the AMINA support to the MFI did not translate into an increase of women. In cases where a majority of AMINA partners are targeting the well-off poor, the AMINA intervention did not translate into a deepening outreach of its partners MFIs. As AMINA activities have not focused on poverty reduction neither on women in development, no results in terms of poverty reduction, employment generation, or women in development can be directly and immediately linked to the AMINA input.

This weak result might be linked to the conjunction of three factors:

i. AMINA has concentrated its activities on the sustainability issue, which does not produce immediate results in terms of poverty reduction or women in development;

ii. AMINA's activities would not have been able to achieve the goal of employment generation. Microfinance does not contribute significantly to this goal.

iii. AMINA has undertaken its activities while losing sight of the objectives of its action and of the expected results it was supposed to reach. Therefore activities have been conducted in a vacuum.

IV. KEY ISSUES

A. Confusion With the Role Assigned to AMINA

What were the expected results AMINA was supposed to attain within a two-year period and with a budget of UA 15 million?

This has never been clarified, and cannot be clarified as basic institutional documents include built-in contradictions. In particular:

i. ADF Plenipotentiaries had decided that "Resources should be channeled through grassroot NGOs for the purpose of on-lending to microentrepreneurs"[21], but Operational Guidelines later on formally excluded lending instruments from AMINA's activities.

ii. ADF Plenipotentiaries and Policy Guidelines had stated that "The ultimate objective of this scheme is therefore to increase the access of microentrepreneurs (especially women) to more formal credit delivery mechanisms, including those of commercial banks and other formal institutions", while Operational Guidelines later on excluded the issuance of financial guaranties by AMINA, although it should have been a major tool to attain the objective.

iii. ADF Plenipotentiaries and Policy Guidelines had stated that the initiative "should especially be used as an instrument to generate income for the poorest groups in society", while the same Policy Guidelines focused the AMINA intervention on increasing sustainability for MFIs, which does not directly lead to an increase of income for the poorest.

As a result, the AMINA Unit undertook activities that, two years after, appear as *ad hoc* activities, as they are not linked to the attainment of any stated objective.

B. No Clear Operational Framework

Operational Guidelines have clearly indicated that AMINA should follow ADF rules and Bank procedures, in particular in matters such as procurement and purchasing procedures.

However, AMINA did benefit from some exceptions. While ADF revolving funds are usually given for a four-month period, AMINA was allocated a one-year period. AMINA was also authorized to hire its experts for a two-year term, while usual rules limit to 6 months the hiring of a given consultant.

These exceptions were not clearly outlined and led to confusion. While the AMINA revolving fund was opened in April 1998, up to May 2000 the Oversight Committee was still debating on the

[21] Draft Report on the Consultative Meetings on the Seventh General Replenishment of the Resources of the African Development Fund, May 1996.

period authorized for the revolving fund. And while two-year contracts are said to be authorized, some AMINA staff are still hired on one month (repeat) contract.

AMINA was supposed to be different from other regular Bank Departments. But how much different? It has never been clarified, and led to confusion with the handling of the AMINA Unit.

C. Poor Management Capacity

Poor management capacity in terms of:

i. Human resources management (understaffing of the Unit, and frequent turnover between staff responsibilities)
ii. Financial management (non compliance with Bank rules led the program to stop activities for several months)
iii. Program management (no criteria for selecting partner institutions
iv. No contracts with partners
v. Standard program for all countries
vi. No program for Bank staff
vii. Poor communication with partners, a majority of programmed activities not implemented
viii. No implementation of training courses in three pilot countries)
ix. Technical management (a documentation in disarray; no follow up on expenditure), translated into lack of continuity in activity implementation and gave the program the image of pursuing *ad hoc* activities.

D. Still, A Great Need for Support on Microfinance

Although the program has been hampered by lack of continuity, AMINA has produced valuable impacts, and quite a few of its partners are on the path of building success stories. Field visits in the ten pilot countries have proved that, in many cases, the approach had often changed the MFI perspective towards sustainability, and had resulted into tangible changes within partner organizations. In some cases:

i. The delivery system has been changed (Tanzania);
ii. The repayment rate has increased (Malawi);
iii. The drop out rate has decreased (Ethiopia);
iv. The effective interest rate has been raised (Cameroon);
v. A new financial management system has been set up (Tanzania);
vi. Relationship between MFIs Board and Management has improved, increasing the institutional sustainability of the organization (Malawi).

AMINA partners state that the AMINA program should be developed and extended, after it draws lessons from the past. Bank staff points out they lack the capacity in microfinance project design, while there is an increasing number of projects, mainly in agriculture and in the social sector, with microfinance components. Commercial banks and MFIs suggest that, although there is a limited number of success stories, microfinance is still a nascent industry in Africa, and that they need a strong institutional support to efficiently meet the challenge of poverty reduction.

E. Options

In the Bank, microfinance can be characterized by the following:

i. The AMINA intervention did not result in a significant change in the overall microfinance sector in the ten pilot countries. Nor did it drive the Bank to be in a position to draft a proper microfinance strategy;

ii. The ADB projects with microfinance components visited by the mission are not usually designed along the lines of microfinance Best Practices.

These features might lead to the following options, based on the assumption that the Bank does not have currently the capacity to design a proper strategy on microfinance:

i. As the Bank has to intervene in the microfinance field to meet the poverty reduction objective set up by ADF, it should limit its intervention to finance public and private organizations with a proven efficient implementation capacity. Within that option, the role of ADB would be to set up objectives, to identify proper implementing agencies, to finance those agencies, and to monitor their intervention. This option is relevant with ADB's structure as Bank Departments do not implement themselves their program. Instead, they design a program, identify proper implementing agencies, and monitor their intervention. The limit of that option is that ADB will not significantly influence the development of the microfinance sector in Africa, while other specialized donors (and CGAP in particular) have expressed their shortcomings in this field[22];

ii. The second option would directly address the current lack of knowledge of microfinance best practices within the Bank. It would extend AMINA for a new Pilot Phase, in order to generate the appropriate information to design a Bank strategy. While the AMINA Unit would keep its focus on the ten pilot countries, the AMINA program would include a strong component aiming at disseminating the microfinance approach into Bank Departments.

Both options should be carefully assessed. However, the Mid-Term Review Team believes that, as there is no proper institutional entity in Africa to support the development of microfinance (an African counterpart to the Inter-American Development Bank in Latin America, for example), there is a need to deepen the understanding of the microfinance sector in Africa. The Bank might have a comparative advantage, where other donors admit their limitations.

[22] CGAP, Status of CGAP Investments in Phase I: A Report for the CGAP Investment Committee, November 1998.

V. CONCLUSIONS AND RECOMMENDATIONS

Table 7 – Main Conclusions and Recommendations

Conclusions	Recommendations
1. The setting up of the AMINA Unit	
▪ It took two and a half years for AMINA to start activities.	✓ The AMINA Unit phase II should be established within a six month period (full staffing and all appropriate rules and procedures). ✓ Board should actively follow up the process.
2. Objective of AMINA	
▪ Uncertainty remains	✓ Design a Bank microfinance strategy through the implementation of a three year pilot program.
3. Target Group	
▪ The AMINA target group has consisted of non-banking MFIs, with no consideration given to actual end-borrowers.	✓ AMINA will support financial systems effectively reaching: i. Poor women ii. the poorest groups in society
4. Activities	
▪ Not linked to the attainment of a given objective	✓ AMINA design a strategy for each pilot country. Activities are selected as components of a Country Strategy.
▪ Sporadic	✓ Activities are planned and negotiated with stakeholders through long term programs. Appropriate rules and procedures are issued. Appropriate staff is hired.
▪ Dispersed	✓ Activities are focused on the attainment of the core objectives delineated in the Country Strategy.
▪ No support to formal financial institutions	✓ Appropriate tools (technical assistance, financial guarantees, loans) are made available to AMINA.
▪ No support to innovation	✓ Appropriate tools (technical assistance, grants for on-lending, grants covering operating

Table 7 – Main Conclusions and Recommendations	
Conclusions	**Recommendations**
▪ Insufficient support to Country Departments	costs) are made available to AMINA. ✓ A training program is established with CADI. One permanent microfinance position is open in each Department. AMINA reviews all microfinance projects in pilot countries.
5. Position within the Bank structure	
▪ A Unit with no clear supervising authority	✓ AMINA is headed by a Manager and attached to a Director. The Oversight Committee becomes obsolete.
▪ Uncertainty with rules and procedures	✓ A limited set of specific rules, appropriate to an implementing pilot unit, is issued.
6. Duration of the Program	
▪ A Unit set up for 2 years	✓ AMINA is set up for 3 years and a half, with 6 months to design Country Strategies, and 3 years for implementation.
▪ The appointment of a Coordinator marks the commencement date of the Unit.	✓ The official starting date of the Unit is set up after full staffing of the Unit and issuance of appropriate rules and procedures.
7. M&E	
▪ No performance indicators	✓ A limited series of specific indicators is selected for each stakeholder depending on the AMINA strategic objective. ✓ AMINA reports to Management and to the Board on progress made on the attainment of its objectives.

A. Policy Issues

1. The AMINA Objective

a. Conclusion

As outlined by the Policy Guidelines, the AMINA program was conceived the following way:

i. AMINA was set up with a clear ultimate objective: to link the poorest, especially women, to more formal financial institutions, including commercial banks.

ii. The main results expected of the AMINA intervention were described as an increase in income and employment for the poorest.

iii. Activities to be undertaken by AMINA were to focus on strengthening the technical and managerial capacity of microfinance institutions to deliver appropriate financial services on a sustainable basis.

This framework included built-in contradictions ("design flaws"):

i. Activities focused on the sustainability issue could not result in increase of income for end-clients during the short time (two years) of the pilot phase. During this time frame an immediate impact could have been produced on partner financial institutions (such as improved delivery systems, improved financial management, and increased institutional sustainability). It could not have translated into an increase of income of end-clients before a few years.

ii. Microfinance can lead to an increase of income for end-clients. It does not lead to increase of employment. Approaches other than microfinance should have been designed if this expected result was really to be attained.

iii. Linking the poorest to formal financial institutions was a possible objective that has been disregarded by AMINA. However, to attain this objective on a large scale, AMINA would have needed to use financial guarantees. As this instrument, although permitted by the Policy Guidelines, had been later on excluded by the Operational Guidelines from AMINA's activities, AMINA could not attain the stated ADF objective on a large scale. However AMINA could have supported a few commercial banks willing to enter microfinance, while instead it excluded them from its support. It could also have initiated a clear dialogue with banks on that matter instead of only undertaking sporadic activities with no subsequent follow-up (such as the participation to a workshop, or the participation of AMINA staff to one meeting of the Club of French-Speaking Bankers).

b. Implementation during the Pilot Phase

AMINA had designed for each pilot country a long list of activities, only a few of which have actually been implemented (and none of them for three pilot countries). The list of activities does not take into account the state of development of the microfinance sector in the countries, nor other donor programs, nor ADB programs. Therefore activities appear as *ad hoc* activities as they are not linked to the attainment of strategic objectives.

c. Recommendation

Strategic Objectives

The Policy Guidelines for AMINA's second pilot phase should be re-written to clarify AMINA's strategic objectives aimed at designing a Bank microfinance strategy. They would limit the specific objectives to those that are possible for the pilot phase, those being:

i. strengthening institutions that lend to the poor, especially women;
ii. fostering innovative approaches for meeting the financial needs of the poorest;
iii. promoting "best practice" microfinance within the Bank.

Both "income generation" and "employment generation" should be removed as objectives for the pilot phase. Once the pilot phase is over, if the Unit is mainstreamed into the Bank operations, "income generation" can be reinstated as an objective.

2. Country Strategy

To avoid *ad hoc* activities, AMINA should design an AMINA Microfinance Country Strategy for each pilot country. Such strategies would be a formal part of the Bank strategy for that country, and put forward for Board approval. They should carefully take into account:

i. The end-objectives of the AMINA program, in particular the linkage of the poor to formal financial institutions, and an emphasis on increasing access of the poorest, especially women, to financial services;
ii. The state of development of the microfinance sector;
iii. The national microfinance policy;
iv. On-going and planned ADB projects;
v. Other donors' programs, with clear strategies on complementarity, additionality, substitution and strategic alliances;
vi. AMINA's comparative advantage in implementing the strategy;
vii. AMINA's strengths and weaknesses for implementing the strategy;
viii. The potential replicability of the results in other countries.

Microfinance CSPs should clearly focus the AMINA program on a few core issues, where the AMINA intervention can have a strategic impact on the microfinance sector. For instance, field visits have shown that AMINA Policy Dialogue activities could be of strategic importance in some countries, while they were meaningful in other countries, where several donors are already acting in a co-ordinating way to set up an appropriate policy and legal framework for the microfinance sector.

Country Strategies should then be converted into long term programs, with a consistent logframe linking objectives, results, activities and performance indicators.

From the long term program, annual programs would be designed, with specific attention paid to the linkage of proposed activities to expected results. Support to bank and non-bank microfinance institutions[23] would be linked to the attainment of specific results, designed institution per institution, and outlined in the contract between AMINA and the institution. AMINA's activities timetable would take into account Bank rules and procedures in order to produce a realistic agenda.

Results of the implementation of microfinance country strategies should be analyzed in order to establish precisely:

i. the Bank comparative advantage on microfinance in Africa;
ii. the strategy the Bank should follow to develop microfinance in Africa;
iii. appropriate policies needed to operationalize the strategy.

3. Formal Financial Institutions

The ADF objective of linking the poor to formal financial institutions was an innovative one, especially in 1996, and pursuing it would have definitely given the Bank a comparative advantage as compared to other multilateral and bilateral donors working at that time on spreading "Best Practices" to NGO microfinance institutions.

It is still a sound objective as it is a means to greatly increase the outreach, and reduce poverty through increasing income of the poor. For instance in one pilot country (Tanzania), a bank with over 1 million poor clients (with an average savings amount of USD 50) is willing to initiate microfinance activities and requests AMINA assistance. Such assistance would clearly contribute to the attainment of AMINA's end-objective.

However, international experience (in particular in Indonesia) shows that if commercial banks may serve the poor, they do not cater to the poorest. This is linked to the microfinance technology which is mostly focused on the "active" poor. Meeting the poorest needs through microfinance is still a challenge.

Therefore in countries where microfinance outreach can be greatly increased through supporting commercial banks, AMINA should also support innovative MFIs and innovative products appropriate to the poorest. In Tanzania, where AMINA could greatly increase the quantitative outreach through formal financial intermediation, some MFIs are successfully targeting the poorest. Indeed, where a commercial bank would issue loans for an average amount equal to 60 per cent of the GDP per capita, a few MFIs deliver loans amounting 7 per cent of the GDP per capita, with a very significant impact outlined by external evaluation, not only on increase of income, but also on women empowerment..

With a support given to these two categories of institutions, AMINA would be in a position to draw lessons contributing to the design of a microfinance strategy for ADB indicating:

i. How to greatly increase the number of poor people accessing financial services;

[23] The evaluation team does not propose a single set of criteria to select appropriate partners, as criteria selection will depend on each Country Strategy specific objectives. Therefore depending on the Strategy, AMINA could select start-ups, promising, or performing MFIs as well as networks or apexes, or a mixture of all.

ii. How to reach the poorest, which are not clients of the usual microfinance schemes.

4. Operational Means

a. Conclusion

The AMINA Unit has been set up as a unique structure, and in particular it was set up as an implementing agency while Bank Departments do not themselves implement operations.

Yet, AMINA was supposed to operate under all Bank's rules and procedures: there has been no move to take into consideration AMINA's uniqueness and give it the means to operate in a "agile and unbureaucratic fashion" as was wished by the Policy Guidelines.

As a consequence, AMINA was not able to implement its program in a consistent way.

b. Recommendation

Bank rules and procedures should apply to the management of AMINA's activities. However, drawing upon the lessons of the pilot phase, Deputies, Board and Management might wish to introduce a limited set of specific rules and procedures appropriate to a pilot Unit directly taking in charge program implementation.

5. Monitoring and Evaluation

a. Conclusion

During the pilot phase AMINA did not set up the requested monitoring instruments.

b. Recommendation

AMINA should design appropriate tools to monitor its intervention.

For each partner (banks and non-banking financial institutions; donors; TSPs; government agencies), AMINA should establish a limited set of specific indicators linked to the objective of its support to this partner. These indicators would have to be negotiated with each stakeholder for the duration of the program. For instance, for a commercial bank entering the microfinance field, appropriate indicators could include, if they were linked to the AMINA objective in supporting such an institution, for each year:

i. the average loan amount;
ii. the percentage of women clients;
iii. the percentage of female managers in the bank microfinance scheme.

Through such indicators, AMINA, Management, and the Board would be in a position to assess whether or not a commercial bank supported by AMINA is able: to reach the poor (through the average loan amount as compared to the GDP per capita figure); to reach poor women (through the percentage of women clients); and to foster women's empowerment (through the percentage of female managers within the bank microfinance scheme).

In addition AMINA will produce indicators giving an overview on the impact of the whole AMINA program (see Annex 1C, Proposed logical framework)

These indicators will be useful to ensure a follow-up of AMINA activities. However, these activities are only tools to attain the AMINA end-objective, that is the design of a Bank microfinance strategy. Therefore, in addition to this monitoring, AMINA will have to analyze the results of its intervention in terms of this end-objective. Why a commercial bank is able to reach poor women in a given country and not in another one? Why a MFI successfully operated a leasing scheme with the poorest in a country, while it failed in another one? Why collaboration with on-going ADB projects has been possible in one country, but did not occur in another one?

Therefore, in addition to a status report, AMINA will have also to regularly elaborate an issues paper for Management and the Board which analyzes results in the light of the design of a Bank microfinance strategy.

B. Management Issues

1. Position of the AMINA Unit within the Bank

a. Conclusion

AMINA has been set up as a Pilot Unit directly linked to the Office of the Vice President. It was foreseen that the Mid-Term Review would review the position of the AMINA Unit within the Bank.

b. Recommendation

AMINA's activities have not attained a sufficient scale and sufficient results to have the Unit be fully mainstreamed into the Bank. It might be more advisable to extend its mandate as a pilot Unit, for three and one-half years, in order to design and implement relevant country strategies, leading to the design of a Bank microfinance strategy.

The implementation period would start after the setting up of the Unit (full staffing completed; all appropriate rules and procedures issued), and after the Board approval of Country Strategies.

In order to tighten up the supervision of day-to-day management issues, the Unit should be headed by a Manager placed under the authority of a Director.

The relevant Directorate could be one of the following:

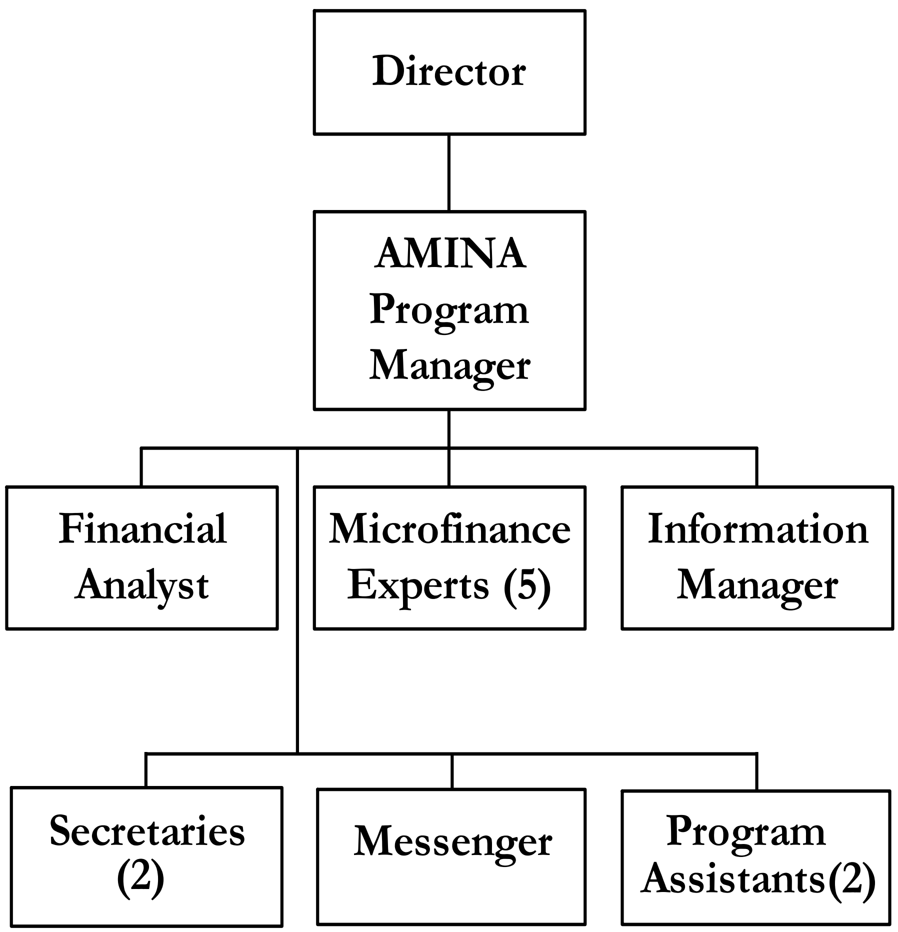
i. The Private Sector, as AMINA will primarily deal with MFIs and commercial banks;
ii. A new Directorate heading "transversal" Units (such as OESU and AMINA);
iii. OCOD, as the main output of the AMINA Pilot II Phase will be in terms of policy.

All three positions would be suitable. A final choice should take in consideration the on-going organizational study of the Bank, the results of which are expected before the end of this year. However, taking into account the end-objectives of the AMINA program, OCOD might appear to be the most suitable location for AMINA, as it will have to deal with strategies, policies, and operational procedures, while mainstreaming microfinance into Country Departments.

2. Staffing

The AMINA core team would include five senior microfinance experts (each expert taking charge of two pilot countries), with the support of a financial analyst (to establish and monitor financial instruments) and an information expert (to establish and maintain relevant data bases, and collection and dissemination of documents)[24]. Support staff will include a program assistant with accounting experience and a strong knowledge of Bank rules and procedures. [See below Figure 1—Draft Organizational Chart]

Figure 1—DRAFT ORGANIZATIONAL CHART, AMINA



[24] Job Description and Profiles are developed in Annexes.

3. Mainstreaming Microfinance into Bank Operations

a. Bank Staff Training

With CADI support, AMINA should undertake a needs assessment of Bank staff, with special attention paid to agriculture and social projects staff. From this assessment, AMINA should design with CADI a long term and an annual training program. Both programs will be reviewed with Bank staff through a stakeholder meeting. CADI should be the implementing agency of the Bank microfinance training program.

b. Support to Country Departments

A new permanent microfinance position per Country Department should be opened, additional to current Department staffing. The microfinance staff will follow up the project cycle of all projects with a microfinance component initiated by the Department.

The AMINA Unit will review all projects in the 10 pilot countries going to the Board with microfinance components and be responsible for the quality at entry.

4. Managerial Issues

a. Contracts with partners (MFIs, TSPs, other donors)

Conclusion

Currently, no contracts are linking AMINA to partner MFIs. Standard contracts drafted by AMINA (but not signed by the Bank) did not include any performance target.

Recommendation

Contracts and conventions will include a limited number of performance indicators linked to the specific objective of the AMINA intervention. For instance, for a MFI with 20 per cent female clients, specific indicators of increase of female participation could be negotiated for each year. For a parastatal with a microfinance component, specific indicators linked to the privatization of the component might be designed. For another MFI selected indicators might include the drop-out rate or the default-rate.

b. Financial Reporting

Conclusion

Budgets presented for approval by AMINA are designed country per country. For each country, a breakdown is operated activity per activity. However, financial information on AMINA actual expenditure is only available on an activity basis, all countries being mixed together. Available data does not allow to identify how much was spent, neither for a given country, nor for a given activity in a given country, and the current financial reporting does not allow appropriate control over expenditures.

Recommendation

FACT has indicated that, if requested, it could design a financial reporting form allowing a follow-up of expenditures country per country, and activity per activity. AMINA should request FACT to design such a form.

c. Relationship with Governments

Conclusion

Currently, AMINA has no official link with governments. This situation is not appropriate for a Bank Unit.

Recommendation

AMINA should establish structural links with Government in pilot countries through the Ministry of Finance, where an ADB desk officer is located.

d. Focal Points

Conclusion

AMINA does not have resident staff in pilot countries. This limits its capacity to implement activities and to inform local stakeholders.

Recommendation

AMINA should prospect existing local institutions to set up a permanent focal point within the country. Through a contractual agreement, the focal point will organize AMINA activities, and will take charge of the communication of AMINA within the country.

e. Information

Conclusion

Although AMINA staff states that it has presented its program to major stakeholders, field missions have revealed that most partners are not aware of the AMINA program, not to speak of the results of AMINA intervention.

Recommendation

Through newsletters, AMINA should disseminate to partners (including Bank staff), not only its program, but also major results achieved through its intervention

C. The Way Forward and Follow Up Actions

Management, the Board and Deputies are scheduled to take these Mid-Term Review findings into consideration and to take decisions on the future of AMINA.

If decisions were taken along the broad lines of this proposal, they would require:

i. the hiring of appropriate personnel;
ii. the issuance of appropriate rules and procedures.

The following decisions might be taken:

1. Operational Tools

AMINA will not open a new window to meet MFIs' financial needs, but it will have at its disposal appropriate tools to conduct experiments where lessons learned can produce a major input to the drafting of a Bank microfinance strategy.

a. AMINA allowed to grant funds for on-lending

i. This tool was already approved by the Policy Guidelines (§2.2.6). It has not been excluded by the Operational Guidelines. Yet, it has never been used by AMINA.

ii. This tool would be used to support innovative MFIs or innovative products, where the target group of the institution is clearly focused on the poorest.

iii. It would give selected institutions the opportunity to experiment with new delivery processes or new financial products, which would not be possible if they did not have the appropriate resources for on-lending.

iv. It would, later, give AMINA a chance to draw the lessons, and design microfinance strategies appropriate to the poorest.

b. AMINA allowed to loan funds for on-lending

i. This tool was approved by the Policy Guidelines, but later on excluded by the Operational Guidelines.

ii. This tool would be appropriate to support second-tier institutions financing retail MFIs. It would be a step to link MFIs to formal financial institutions acting as wholesale lenders.

iii. A specific condition should be that wholesalers would on-lend to retail organizations, only if they reach the AMINA target group.

iv. For instance, many savings and credit co-operatives (local credit unions, often called SACCOs) are requesting funds for on-lending to their members. However, most SACCOs are issuing loan amounts well over the level microfinance operates (for instance, in a given pilot country, SACCOs issue average loan amounts equal to three times the GDP per capita).

v. Therefore, AMINA will offer its financial facility only if retail MFIs target the poor. It will mean, in most cases, that relevant SACCOs will have to open microfinance branches operated with rules different from their core methodology (based on share capital and preliminary savings). International experience (in particular in the Philippines) has shown that such microfinance branches may be more profitable for a SACCO than its regular operations.

c. AMINA allowed to set up guarantee funds

i. This tool was authorized by the Policy Guidelines, but has been later on excluded by the Operational Guidelines.

ii. The function of guarantee funds is to be an incentive for commercial banks to support microfinance either directly (through lending to end-clients) or indirectly (through lending to MFIs).

iii. The ultimate objective is to replace donor's funds by local savings, and allow a sustainable increase in outreach.

iv. Such guarantee funds would be appropriate to introduce banks to the microfinance market, where commercial banks do not have the proper information and guarantees (either from MFIs or from end-clients).

v. Experimenting with the use of such a tool would give AMINA a deepened understanding on the linkage of commercial banks to microfinance.

d. AMINA allowed to finance Technical Assistance

i. This tool was authorized by the Policy Guidelines (§3.2.12), but has not been used by AMINA, although clear requests from commercial banks or MFIs have been sent to AMINA.

ii. Technical assistance might be a powerful tool to implement an efficient microfinance scheme. It is also a costly one.

iii. Such a tool might be used by AMINA, where it will have a significant impact on the microfinance sector either through greatly expanding the outreach (it would be the case for commercial banks requesting such an assistance) or for deepening the outreach (in the case of a MFI targeting the core poor).

e. AMINA allowed to finance Operating Costs

Operating cost are usually covered through donor's support to a MFI, and AMINA should not usually take charge of this cost. Yet, where a MFI is experimenting new financial products for the poorest, AMINA should be allowed to finance operating costs, on a decreasing basis, in order to facilitate the experiment.

2. Rules and Procedures

a. Duration of AMINA Staff Contracts

In order to allow for a proper staffing, contracts should be issued for the duration of the pilot phase for all AMINA staff, with a possibility of reviewing contracts on a yearly basis.

b. Long term Contracts with TSPs, Partners and Other Donors

Where AMINA has decided to support a program through a partner (bank, second-tier organization, or MFI), through a donor (as is envisaged with UNDP MicroStart), or through the use of an experienced technical service provider (as is the case with K-REP and with MEDA), AMINA should be able to sign a contract covering the entire period of implementation. Such contracts should include performance indicators. Tranches of disbursements would be linked to the attainment of such indicators.

c. Hiring Short Term Consultants

AMINA would be authorized to include individual consultants in a pool of accredited consultants. Consultants listed in the pool could be hired without going through the whole biding process. Consultant accreditation would be made with FPRU control[25].

d. Transport Authorizations (TAs)

TAs will be approved on a quarterly mission schedule (as is currently the case). Additional TAs would be possible, but would request to follow all the usual Bank rules and procedures for approval.

e. Revolving Fund Duration

As already implemented, the duration of the AMINA Revolving Fund should be set up for one year.

3. Implementation

Taking into account Bank's functioning, implementation of the proposal would require a 6 month period, before the Unit could be properly set up. A timeline for a proposed Action Plan follows (see Table 8 below).

[25] However FPRU has expressed its dissent with this proposal, stating that all rules and procedures should apply for procurement.

Table 8 – Action Plan	
Time (Months)	**Actions**
T0	✓ Decision to launch the AMINA Pilot Phase II ✓ Decision to set up the Unit under the authority of a Director
T0-T6	✓ Hiring of personnel ✓ Issuance of rules and procedures
T6-T12	✓ Drafting of Country Strategies ✓ Presentation to the Board
T12-T48	✓ Implementation of Country Strategies
T42	✓ External evaluation
T42-T48	✓ Drafting of a Bank microfinance strategy

4. The Transitional Period

In order to facilitate the transition from the current situation to the setting up of a new Unit, an interim committee might be appointed to undertake the following tasks:

i. Investigate the organizational structure of IDB, CGAP, etc., in more depth;
ii. Review Bank procedures and suggest revisions for AMINA's operations with a complete, thorough, and comprehensive set of operational guidelines;
iii. Undertake a more in-depth analysis of where AMINA should be located, taking into account findings of the current Organizational Evaluation;
iv. Do a more thorough analysis of the exact staffing composition that would meet AMINA's needs.

ANNEXES

ANNEX 1a—POLICY GUIDELINES LOGICAL FRAMEWORK

Target Group	Assumption	Verifiable Indicators	MEANS OF VERIFICATION
Goal Reduced poverty in the lowest income African countries		General indicators on poverty reduction	Country and Regional Statistics
Purpose Women and the poorest have access to and utilize financial services for microenterprises	Additional income (after business expenses and loan repayments) is used to improve family welfare	50% of MFI clients are composed of poor women with a 95% loan repayment by Q8 Business expansion and capitalization Loan repayment	Audited MFI records Surveys
Outputs 1. Operational capacity of MFI partners strengthened, lending programs are expanded 2. Provide priority access for women to credit 3. Links between MFIs and formal financial sector are established 4. MFIs understand and apply results of analysis of microfinance issues and improve quality of service to clients 5. Bank staff understand MF issues AMINA's links to their work and utilize the services of AMINA	Credit is needed to operate enterprises successfully Credit can be repaid and incomes also grow Businesses can be capitalized MFIs effectively reach the target population and educate tehm as to the utility of credit Dialogue with governments will eventually lead to better MF and microenterprise policies	1.1 Standard financial indicators beginning in the third quarter of operation 1.2 25% increase in customers served beginning Q4 1.3 Size of portfolio is increased by 25% by Q8 1.4 90% of operational costs recovered by Q8 2.1 All MFIs either loan to women exclusively or provide women priority access to credit 3.1 MFIs obtain loans from Comm. Banks with help from AMINA guarantees 3.2 95% of MFIs granted from CBs are repaid on time beginning in the third quarter of operation 3.3 No. of MFIs obtaining CB loans increases by 50% starting by the sixth quarter of operation 3.4 The risk assumed by the CB incrases from 25% to 30% by the eight quarter 4.1 Loan service to client is 35% faster 4.2 Savings services are available for clients in 50% of programs 5.1 90% of all credit components in Bank Group-financed projects are effectively designed beginning in Q4 5.2 80% of all credit components effectively implemented throughout Africa beg. Q8	1.1 Audited MFI records 1.2 MFI records 1.3 MFI records 1.5 MFI records 2.1 Audited statements 4.1 Appraisal report review 4.2 OPEV review

Activities		Inputs	
1.1 Develop financial & information systems within MFIs 1.2 Conduct training for MFIs 1.3 Equip MFIs with necessary computers, office equipment, and transport 1.4 Provide loan capital to support expanded lending and larger customer base 1.5 Undertake policy dialogue with governments 2.1 Guidelines and agreements between AMINA and MFIs provide for lending programmes exclusively for women or priority access of women to credit 3.1 Establish stronger links between MFIs and Commercial Banks by use of guarantees 3.2 Increase understanding of importance of MFIs by Comm. Banks by workshops & seminars 4.1 Establish system for data collection and analysis 4.2 Collect data on MF issues throughout Africa 4.3 Analyze data on MF issues 4.4 Recommend action 4.5 Disseminate info'n as needed 4.6 Prepare reports on microfinance issues and institutions 4.7 Produce and issue newsletters and other publications 5.1 Conduct Bank staff training 5.2 Provide in-house technical backstopping 5.3 Participate in missions with operations divisions in support of MF components of projects	Capacity building needed & wanted by MFIs (resources provided in budget) Training & system development improves capacity (resources provided in budget) Associated equipment is utilized CBs can be encouraged to accept some risk and work with MFIs through guarantees provided by AMINA Analysis is helpful to AMINA, ADB, and MFIs and ultimately to borrowers Bureaucratic impediments to program launching and operations are minimized Activities can be carried out during 2-year pilot; activities are linked to goals, purposes, and outputs Properly equipped MFIs can carry out tasks Commercial banks can become interested in lending to MFIs through guarantees and seminars MFIs are interested in analysis of MF issues Staff is interested in learning about MF Operations staff interested in improving quality of the MF components of their projects AMINA is able to backstop projects	Capacity building: UA 12 million	1.1 AMINA reports 1.2 AMINA reports 1.3 AMINA reports 1.4 MFI Audited Accounts 1.5 Records of meetings and consultations 2.1 AMINA reports 3.1 MFI audited accounts 3.2 AMINA reports 4.1 AMINA reports 4.2 AMINA reports 4.3 Consultant reports 4.4 Consultant reports 4.5 Newsletters and correspondence with MFIs 4.6 Report Review 4.7 Newsletter Review 5.1 Training records 5.2 AMINA records 5.3 BTORs and Mission Reports

ANNEX 1b—CURRENT LOGICAL FRAMEWORK

TARGET GROUP	ASSUMPTION	VERIFIABLE INDICATORS	MEANS OF VERIFICATION
Goal Reduced poverty in the lowest income African countries	The AMINA program will translate into increased outreach	Country statistics, MFI data	Mid-Term Review Findings Poverty reduction has not been a goal of the AMINA program, and their has been no poverty reduction result that can been linked to the implementation of the pilot phase
Purpose Women and the poorest have access to and utilize financial services for microenterprises	Additional income (after business expenses and loan repayments) is used to improve family welfare	Impossible to assess – no AMINA data base, no quarterly reports from MFIs	Access of women and poorest has not been the purpose of the program, and their has been no impact on this target group
Outputs 1. Operational capacity of MFI partners strengthened, lending programs are expanded 2. Provide priority access for women to credit 3. Links between MFIs and formal financial sector are established 4. MFIs understand and apply results of analysis of microfinance issues and improve quality of service to clients 5. Bank staff understand MF issues AMINA's links to their work and utilize the services of AMINA	Credit is needed to operate enterprises successfully Credit can be repaid and incomes also grow Businesses can be capitalized MFIs effectively reach the target population and educate them as to the utility of credit Dialogue with governments will eventually lead to better MF and microenterprise policies	1. Impossible to assess – There is no AMINA database, and there are no quarterly reports from MFIs. 2. No change – There were no activities targeting women clients 3. No change – There were no activities to link MFIs with Comm. Banks; there was no use of AMINA guarantees. 4. Impossible to assess – There is no AMINA data base, and there are no quarterly reports from MFIs 5. No appreciable impact on Bank projects due to limited involvement of AMINA	1. In some specific cases, there is a clear improvement in operational capacity (increase in the recovery rate; decrease of the drop out rate), but an overall assessment is impossible due to lack of documentation and lack of target performances. 2. No change – There were no activities targeting women clients 3. Commercial banks' request for assistance have been rejected by AMINA 4. No change in financial services. In some cases, positive changes with delivery mechanisms 5. No systematic change, but better awareness of Bank staff on the need to strengthen their capacity on microfinance
Activities 1.1 Develop financial and information systems within MFIs 1.2 Conduct training for MFIs 1.3 Equip MFIs with necessary computers, office equipment, and transport 1.4 Provide loan capital to support expanded lending and larger customer base	Capacity building is needed and wanted by MFIs (resources provided in budget) Training and system development improves capacity (resources provided in budget) Associated equipment is utilized	**Inputs** No. of MFIs assessed: 119 No. of MFIs selected for AMINA support: 72 No. of MFIs participating in training courses: 39 No. of staff trained: 437 No. of training courses: 20 No. of seminars: 5 No. of exchange visits: 8	1.1 Not done 1.2 Done in 7 out of 10 pilot countries, and with lack of continuity 1.3 2 to 3 computers provide to MFIs in some of the pilot countries 1.4 Not done 1.5 Done sporadically

1.5 Undertake policy dialogue with governments 2.1 Guidelines and agreements between AMINA and MFIs provide for lending programmes exclusively for women or priority access of women to credit 3.1 Establish stronger links between MFIs and Commercial Banks by use of guarantees 3.2 Increase understanding of importance of MFIs by Comm. Banks by workshops and seminars 4.1 Establish system for data collection and analysis 4.2 Collect data on MF issues throughout Africa 4.3 Analyze data on MF issues 4.4 Recommend action 4.5 Disseminate information as needed 4.6 Prepare reports on microfinance issues and institutions 4.7 Produce and issue newsletters and other publications 5.1 Conduct Bank staff training 5.2 Provide in-house technical backstopping 5.3 Participate in missions with operations divisions in support of microfinance components of projects	CBs can be encouraged to accept some risk and work with MFIs through guarantees provided by AMINA Analysis is helpful to AMINA, ADB, and MFIs and ultimately to borrowers Bureaucratic impediments to program launching and operations are minimized Activities can be carried out during 2-year pilot; activities are linked to goals, purposes, and outputs Properly equipped MFIs can carry out tasks Commercial banks can become interested in lending to MFIs through guarantees and seminars MFIs are interested in analysis of MF issues Staff is interested in learning about MF Operations staff is interested in improving the quality of the MF components of their projects; AMINA is able to backstop projects	No. of computers provided: 40 No. of apexes and networks selected for AMINA support: 9 No. of local service providers receiving AMINA support: 1 No. of systematic document disseminations: 0 No. of studies on microfinance issues commissioned and received: 0 No. of workshops: 4 No. of participants: 101 No. of exchange visits: 2 No. of Policy Statement issued: 2 No. of legislation issued on MFI regulation: 0 No. of lectures: 4 No. of workshops: 1 No. of participants: 67 + No. of CSPs and projects designed with AMINA support: 10 No. of on-going projects having received AMINA support: 4	2.1 No mention of women in agreements with MFIs Some lending programs have only 20% of women in their protfolio 3.1 Not done 3.2 Done in a very limited way (4 workshops and 2 exchange visits) not focused on the linkage issue, and with no follow-up 4.1 Not done 4.2 Not done 4.3 Not done 4.4 Not done 4.5 Not done 4.6 Not done 4.7 Not done 5.1 Sporadically done 5.2 Done on *ad hoc* basis 5.3 Done on *ad hoc* basis

The purpose of this document is to compare the Logical Framework designed in the Policy Guidelines with the Logical Framework of the AMINA program as it is currently being implemented. This comparison highlights the following conclusions:

i. There were no activities implemented that would achieve increasing financial services for women.
ii. There were no activities implemented that would achieve increasing financial services for the poorest in society
iii. There were no activities that would have achieved linking MFIs and commercial banks.
iv. There were a number of assumptions that proved to be incorrect. Perhaps the most important of these is "Bureaucratic impediments to program launching and operations are minimized". Since bureaucratic procedures were not minimized, AMINA's implementation of activities was severely reduced.
v. Another assumption that proved to be incorrect was "AMINA is able to backstop projects". In fact, AMINA was not able to backstop projects to the extent needed, due to inadequate number of staff.
vi. A third incorrect assumption is "Activities can be carried out during 2-year pilot". The activities were too ambitious for a two-year pilot program.
vii. This framework shows the difficulty of internally evaluating the AMINA impact. There are no MFI reports, as designed in the Policy Guidelines, no collection of information, no audited MFI statements, and no data base established by AMINA for tracking this information. The only confirmation of AMINA impact has been through the results of the Mid-Term Review.
viii. The types of activities were not designed to have an effect on the strategic goal of the program, that of reducing poverty. The activities would have only had an impact at the level of the MFIs themselves, such as sustainability.
ix. Many of the activities that were planned for the AMINA Unit were not implemented. Reasons for this are explained in the body of the text.

ANNEX 1c—PROPOSED LOGICAL FRAMEWORK, WITH RECOMMENDATIONS

TARGET GROUP	ASSUMPTION	RECOMMENDATIONS	MEANS OF VERIFICATION
Goal Issue a Bank microfinance strategy, aiming at reducing poverty in the lowest income African countries	The AMINA program will generate appropriate information to properly design a Bank strategy	Extend AMINA into pilot phase II, for an additional three and one-half years from the date of being fully operational.	A baseline for each country will be established prior to implementing the MF Country Strategy. A mid-term (after two-years) assessment would be done, as well as an end-of-pilot phase evaluation. At the end of the pilot phase, AMINA will have drafted a Bank microfinance strategy.
Operational Objectives 1. To strengthen institutions, including commercial banks, that lend or express a willingness to lend to the poor, especially women; 2. To foster innovative and replicable approaches for meeting the financial needs of the poorest, with a priority on remote rural areas where appropriate; 3. To strengthen "best practice" microfinance within the Bank.	These operational objectives generate lessons on appropriate strategies to achieve the ADB goal of reducing poverty in the lowest income African countries.	1. AMINA will develop a national microfinance strategy for each of its ten pilot countries. The strategy will be linked to the operational objectives. 2. AMINA will establish targets for a limited number of specific indicators when partnering with MFIs. These will include numbers of women, average initial loan size, % rural borrowers, and number of savings accounts, among others. Targets will form the basis of partnership agreements with MFIs. Noncompliance will result in termination of AMINA support. 3. Each country department will be assigned a permanent microfinance staff to provide technical assistance to ADB projects. 4. AMINA will work with CADI to design and implement best practice training activities for Bank staff	AMINA data base, using the following proxy performance indicators: 1. Increase in total number of female clients for AMINA MFI partners in each target country 2. Decrease in the average initial loan size for AMINA MFI partners in each target country 3. Increase in the total number of savings accounts for AMINA MFI partners in each target country Progress indicators would include: 1. Number of partnership agreements with MFIs focused on an increased outreach 2. Number of partnership agreements with MFIs focused on a deepened outreach 3. Number of ADB projects receiving technical assistance from country department microfinance staff. 4. Number of ADB staff trained, number of microfinance training courses offered.

Outputs 1. At operational level The AMINA intervention produces a leverage effect on partner MFIs 2. At strategic level, results allow AMINA to ascertain: - the Bank comparative advantage on microfinance in Africa; - the strategy the Bank should follow to develop microfinance in Africa; - appropriate policies needed to operationalize the strategy	- Credit is needed to operate micro enterprises successfully - Credit can be repaid and incomes also grow - Businesses can be capitalized - MFIs effectively reach the target population and educate them as to the utility of credit - Dialogue with governments, donors, and financial institutions will eventually lead to better MF and microenterprise policies	1. AMINA will not try to maximize the impact of its intervention in terms of number of clients reached. Instead, in coordination with ADB projects, it will aim to produce significant results that can be an input for the design of a Bank strategy	AMINA data base Mid-term evaluation of Pilot Program Phase II AMINA quarterly reports - Female clients increased - Total clients increased - Number of savings accounts increased - Number of financial products increased - Dropout rate of clients reduced - Managerial staff trained - MFIs able to calculate their Portfolio at Risk Rate accurately - MFIs with computer-generated financial statements - Formal financial institutions with a microcredit line - MFI/Commercial Bank partnerships - ADB projects with microfinance components designed using "best practice"
Activities 1. Draft Country Strategies for each of the ten pilot countries 2. Select activities meeting the goals of Country Strategies 3. Select appropriate partners and design with them relevant performance indicators 4. Conduct Bank staff training 5. Provide in-house technical backstopping 6. Produce and issue newsletters and other publications	- AMINA staff has the capacity to conduct activities - Appropriate operational tools are available - Bank rules and procedures are adapted to a pilot unit implementing activities - Operations staff is interested in improving the quality of the MF components of their projects; - AMINA is able to backstop projects	- Selection of high level AMINA Manager and staff - Revised operational guidelines - One MF expert in each Country Department - AMINA reviews all Bank projects with microfinance components in Country Departments - CADI implements a training program for Bank staff	- Number of Country Strategy Papers - Percentage of disbursed funds as compared to approved budget lines - Number of Bank staff training - Bank staff attendance to training - Number of Bank microfinance projects supported by MF Country Department experts - Number of Bank microfinance projects designed with AMINA support in pilot countries - Number of on-going Bank microfinance projects receiving assistance from AMINA in pilot countries

ANNEX 2—AMINA CALENDAR OF EVENTS

May 1996	ADF decision to launch the AMINA program:
August 12, 1997	Draft of the Policy Guidelines
September 4, 1997	ADF Board approval of the Policy Guidelines
September 1997	Loan agreement between ADB/ADF/NTF and AMINA
November 1997	Appointment of a consultant as Acting Co-ordinator
March 1998	CODE approval of the Operational Guidelines
April 1998	AMINA revolving fund opened (with the amount of UA 1,999,000)
August 1998	Co-ordinator appointed as Bank staff
June 1998	AMINA Annual Program approved by the Board

AMINA activities in pilot countries approved by OC

December 1998	Burkina Faso, Cape Verde, Mauritania, Ghana, Tanzania, Malawi
May 1999	Chad, Ethiopia
November 1999	Cameroon, Mozambique
January 2000	Directive of the President requesting an audit of AMINA
February 2000	Resignation of the Co-ordinator
March 2000	Appointment of an Acting Co-ordinator

ANNEX 3—PROGRESS INDICATORS

	INDICATOR	Burkina Faso	Camer	Cape Verde	Chad	Ethiop	Ghana	Malawi	Maurit	Mozam	Tanz	TOTAL
Partner MFIs	# MFIs Assessed	16	12	6	15	10	15	10	13	9	13	113
	# MFIs Selected as Partners	10	8	3	10	10	6 a	4	6	9 b	6	72
	of which: # Apexes	1	1	0	1	0	2	1	1	1	1	9
	# Networks	1	0	1	1	0	1	0	1	0	0	6
	# MFIs Actual Benefit from Training Activities	9	0	3	10	7	0	4	6	0	5	44
	# Training Courses	4	0	4	3	2	0	4	4	0	4	25
	# Trainees	56	0	46	55	60	0	63	57	0	100	437
	# Study Tours	0	0	1 (Mali)	1 (Benin)	1 (Kenya)	0	2 (Kenya)	1 (Mali)	0	2 (Ken.)	8
	# Participants-St Tours	0	0	6	5	11	0	12	8	0	12	54
	# Seminars	1 (France)	0	1 (CapV)	0	0	2 c	0	0	0	1 (Gha.)	5
	# Participants-Seminars	2	0	1	0	0	1+200 d	0	0	0	1	205
	# Computers	14	0	3	0	0	0	12	0	0	11	40
RF	# TSPs Receiving AMINA Support	0	0	0	0	0 e	1 (Boulder)	0	0	0	0	1
Policy dialogue	# Workshops	0	0	1	0	2 f	2 f	2 f	1	0	2 f	10
	# Partic.-Workshops	0	0	8	0	6	6	5	70	0	6	101
	# Study Tours	0	0	0	0	0	0	1 (Mali)	1	0	0	2
	# Participants-St Tours	0	0	0	0	0	0	8	1	0	0	9
	# Other Events	0	0	1 g	0	1 h	0	0	0	0	1 i	3
	# Participants-Other Ev.	0	0	200	0	100	0	0	0	0	90	390
CF	# Discrete Events	0	0	1	0	0	1 (SEEP)	0	0	0	0	2
	# Structural Cofinancing	0	0	0	0	0	0 j	0	0	0 k	0	0

RF=Reinforcement of Local TSPs; CF=Cofinancing with Other Donors;
NOTES: a=# of MFIs selected as partners in Ghana has changed with MicroStart; b=# of MFIs selected as partners in Mozambique may change with MicroStart activities commencing; c=West Africa Network SEEP Conference and Sinapi Aba Client Forum; d=Ghana seminars: 1 for SEEP Conference, 200 for Client Forum; e=MFI in Ethiopia paid for training course but not for reinforcement; f=Abidjan and Addis Ababa; g=Symposium in Cape Verde; h=Bahir Dar Conference: AMINA participated and funded the publication of the Bulletin; i=National Stakeholder Meeting in Tanzania; j=MicroStart in Ghana; k=MicroStart and Upstream in Mozambique.

	Number of Training Events		Number of Trainees	
Deepening MF Understanding Within the Bank	4 Lectures	1 Workshop	67 for the Seminars	Attendance to WS not known
# Participation in Bank Projects (CSPs, proj design, implem'n)	14 Countries: Burkina Faso, Cameroon, Chad, Ghana, Ivory Coast, Lesotho, Mauritania, Mozambique, Nigeria, Sao-Tome, Senegal, Tanzania, Uganda, Zambia.			

ANNEX 4—ABSTRACTS OF COUNTRY REPORTS

What follows are abstracts of Country Reports submitted, as secondary documents, by the Mid-Term Review team to the Bank. These Country Reports will be made available as Working Papers through the Operations Evaluation Department of the Bank. Given the limited time available for in-country field work, the number of stakeholders to be interviewed, and the lack of availability and general disorganization of AMINA's documentation, the consultant makes no claim as to the accuracy of the details in Country Reports on program implementation. However, the overall conclusions are valid and justifiable.

I. BURKINA FASO

Main Findings

The AMINA pilot program was welcomed in Burkina Faso as officials there were looking for ways and means of poverty reduction. The ADF microfinance initiative for Africa (AMINA) is an initiative for poverty reduction and it was well placed to address the goals of the Burkina Faso government (poverty reduction) and the goals of ADB (Increasing access to financial services for the poorest, mainly women). High expectations were created around the program, but MFIs, banks and government representatives have been a bit disappointed because of the limited results. Some people interviewed felt that despite difficulties met, AMINA remains a very important program for economic growth and poverty reduction in Burkina Faso.

Two AMINA experts have been involved in the implementation of the AMINA program, but unfortunately this did not work out as expected because there were not enough guidelines to be followed by the second expert. Consequently, the implementation of the program was inconsistent and lacked continuity. This lack of vision reduced the program's efficiency and damaged the productivity of the program. Other weaknesses of the program are a lack of planning (partners are not informed within sufficient time before the implementation of certain programs) and what they call *chantiers inachevés*, were started. The experts have frequent contact with many people and institutions, they discuss and agree on projects, but few concrete actions are executed. This may be due to time constraints since experts are involved in so many countries.

The microfinance sector has about 18 operational institutions (systémes financiers décentralisés). The ILO and the Central Bank of West Africa (BCEAO) are helping to assess and to support MFIs, mainly credit unions. They have published a document indicating various data on the MFIs.

Instead of dealing with all types of MFIs or even selected NGOs with credit components, AMINA should access the microfinance sector in order to initiate the organization of an apex organization or network for MFI strategy design and better MFI management.

Four capacity building training activities (Business planning, Financial and accounting management, Marketing and committees members roles and responsabilities and computer training) took place for the MFI partners in 1999 and 2000. The training activities have created some problems (the marketing training caused the bulk of the program's problems) for both the trainees and the trainers.

The selection of AMINA partners is based on financial criteria leading to sustainability. AMINA's main objective is to facilitate financial services access to micro-entrepreneurs, especially women, for poverty reduction in member countries. However, banks targeting sustainability as their major objective may not sufficiently address the problems of the poorest (interest rates may be too high, loan sizes may be too small and adequate risks may not be taken). In choosing partners, the direction of AMINA should continue to accord importance to sustainability of MFIs, but should also keep in mind the final beneficiary and the time needed to become sustainable. Concerning interest rates, as far as the poorest are concerned, the issue should be explored in view of reducing some of the transaction costs.

The computers promised to the beneficiaries were held up by customs problems before reaching the supplier, and waited 8 months in storage when received by the supplier. They were incomplete when delivered to the MFIs and the supplier still awaits payment.

Co-ordination of policies between the government, the banks, the private sector and donors has been lacking. There is no follow-up for AMINA policy meetings because consultants have a high rate of turnover.

Despite these problems, hopes for a high contribution by AMINA remain high. AMINA's ability to efficiently work in Burkina Faso in the future is a question of strategy and vision.

II. CAMEROON

Main Findings

A pre-appraisal of the Cameroon microfinance environment was done in May 1998 to investigate possibilities for AMINA involvement. No activities resulted from this pre-appraisal.

In August 1999, at the request of OCDC, an AMINA Microfinance Expert was sent on a mission to provide technical assistance to two ADB integrated rural development projects (SOWEDA and MIDENO) in the anglophone zone of Cameroon. One project had a credit component in progress, and the second project had a credit component that was in the design stage. The Expert was also instructed by the AMINA Co-ordinator to identify potential MFIs for direct AMINA assistance. The mission lasted 15 days.

The technical assistance had good impact on both the ADB projects. Impact included resolution of a credit disbursement issue, an increase in interest rate to a more sustainable level, and an improved consciousness on the part of credit component managers about long term sustainability (higher interest rate, controlling costs, and maintaining high repayment rate). One MFI changed its organizational structure, wrote job descriptions and hired specialized credit staff to better implement the credit component. The MIDENO credit co-ordinator designed and implemented a bonus system that rewards MFI partners for outreach and repayment. He also learned how to select MFI partners for MIDENO that had more potential for success.

During the mission, eight MFI partners were selected as a result of the AMINA appraisal process. Two of these are the two ADB project implementation units, five are the project partners, and one is an NGO independent of ADB project activities. Although they conform to AMINA guidelines for MFI selection, it is not clear what the selection strategy is.

Capacity building, policy dialogue, and information dissemination were the activities AMINA chose as interventions. Equipment was to be provided as part of the information dissemination activity. These are the activities that AMINA proposes for all countries. It is questionable whether they are appropriate to the diversity of the partners chosen by AMINA.

Activities that were planned by AMINA for assisting its selected partners in Cameroon have not occurred due to understaffing of the AMINA unit, ADB procedures, and contracting problems.

There are no activities targeted at improving women's access to financial services, one of AMINA's goals.

Recommendations

A long term country strategy is needed, which would include continued assistance to ADB projects, both as part of AMINA direct activities (already contemplated) and also to other ADB projects that have not received technical assistance missions. This should include short term progress indicators, long term impact indicators, and an exit strategy.

MFI selection criteria should be decided as part of a country strategy. This is also true for activities.

The technical service provider should be hired as soon as possible, and capacity building should commence. AMINA should improve its communications drastically. The capacity building plan should be modified according to the current situation of the MFIs and in consultation with them. Partnership contracts should be signed which delineate each partners' responsibilities of compliance.

Activities in the francophone zone should be put on hold until activities in the anglophone zone, promised since last year, are well underway.

Activities for increasing women's access to financial services should be designed and implemented.

III. CAPE VERDE

Main Findings

AMINA has made progress in its support to the microfinance sector in Cape Verde, working with three main MFIs, and through the use of ACDI/VOCA as a technical service provider. The main activity completed so far is training done by ACDI/VOCA. MFIs have appreciated this training, and it was done in a participatory manner. All three selected MFIs can now produce financial statements. Two MFIs are clearly able to analyze them.

Two MFIs received computers, which are now being used. With the number of operations performed each day, these computers are very useful. The third MFI is also now requesting computers.

African Development Fund, GTZ, ADB, and French Co-operation came together to organize an international symposium on microfinance in Cape Verde conducted in June 2000. It was sucessful in bringing together policy makers, and key people are now thinking more about how to organize microfinance activities in the country. Donor agencies and the government, along with the MFIs, want to follow up with an action plan for the profitability and sustainability of MFIs.

ACDI/VOCA is still operating on a 90-day task order. This is not good for continuity, because there are interruptions in service and the signing procedures are too lengthy. They would prefer a longer contract in order to give them time to prepare future activities. Payment procedures should also be accelerated.

MFIs in general are asking for specific technical assistance and on the job training. They also want international training courses and more involvement of local consultants.

The three MFIs have a majority of women credit officers. Two MFIs work mainly with women clients. AMINA involvement does not seem to have had an impact on the number of women clients. However, MORABI and OMCV are two MFIs run by powerful women as presidents of the board of directors and this contributed to women's promotion and a kind of solidarity for women's success.

Clients report that the MFIs staffs now respond better to their needs. One MFI (ASDIS) supported by ACDI/VOCA was not as aware that the training courses were sponsored by AMINA.

The fact that there were a limited number of MFIs available and selected may have increased the AMINA impact because more time and effort was spent on each, though the cost effectiveness of this approach is affected.

Main Recommendations

AMINA should continue to work with donors and MFIs in order to provide more co-ordinated assistance.

AMINA should begin to plan for how to leverage the successful work with the current MFIs into greater outreach and further capacity building in the microfinance sector. It should formalize its Country Strategy for Cape Verde.

The issue of replication and expansion of outreach to outlaying islands in the country should be examined.

Since the relationship with ACDI/VODA as technical service provider has been successful in building capacity in the targetted MFIs, it should be reinforced with a view toward building on the success. The length of the contract with ACDI should be extended.

As training for capacity development has had such a beneficial impact, efforts in this area should continue to be the focus.

More practical training and one-the-job technical assistance are needed. Credit officers in particular need training in filling out monitoring forms. Accountants also need further training. More computers and technical assistance with their MIS would also be useful.

AMINA should implement a clear plan for data collection and dissemination in the sector.

The effort to engage key actors in policy dialogue at the national level should continue, but in a more focussed manner which allows stakeholders an opportunity to discuss in detail national policy.

IV. CHAD

Main Findings

AMINA has made important inputs to the microfinance sector in Chad, one of the poorest countries in Africa. While it's strategic approach is unclear, the selection of MFIs has been done well, with a balance between urban and rural organizations.

AMINA has focused on training and technical assistance, including three training courses and an exchange visit. Training has been well appreciated by recipients, and the choice of IRAM as the training provider saved trainees from going to N'Djamena which is very far away.

IRAM has delivered needed training. It also sent training modules to AMINA headquarters to be approved by AMINA experts before running the training courses. This improved the quality of the training, and some good impact to date. The MFIs could show the results of the training, such as higher quality financial statements. Accounting systems and financial management has improved. MFI staff members have a better understanding of their roles and responsibilities in the MFIs.

There was an exchange visit to Benin. The MFIs expressed an interest in another, and they would like to send their internal audits to Benin and look at internal controls. During the exchange visit they learned about the role and function of credit committees and board of directors. Now the board knows what to ask for and how to supervise the managers' work and also the committee members.

Contacts have been made with ILO, ACORD and VITA and donor co-ordination is in process.

Computers were promised but not delivered, and the MFIs still want them.

Regarding MFI selection, one MFI chosen had a very involved leader who later died. And since she was so much identified in the structure of the MFI, the clients felt that they didn't have to pay back the loans. The repayment rate dropped to 45%. This underlines the importance of continuing and reinforcing training.

MFIs want training in more areas. They are requesting technical assistance to improve the monitoring of credit groups of the mutuals.

AMINA provided technical assistance to an ADB project with a credit program for farmers. It recommended that the project look at improving (not replacing) the existing structure, and that a consultant conduct studies in advance of start-up. This input was much appreciated by partners to the project.

Main Recommendations

The AMINA intervention in the microfinance sector of Chad is needed and should continue. Better organization and planning of activities would improve the program, along with a more realistic (longer) time frame for implementation of planned activities.

AMINA should put more effort into identifying and training local expertise in microfinance since INADES formation (local training institute) declines the offer.

Since technical assistance has proven beneficial, AMINA should continue to capitalize on the opportunity to involve itself more in Bank projects.

Communications with donor agencies should be increased to coordinate efforts to build capacity in the sector.

AMINA should not forget its responsibility to monitor the implementation of the training program even when the training provider is very good. AMINA experts follow the training program implementation but some changes during the training in the field should be known and appreciated.

Clear indicators for the measurement of the results of AMINA interventions should be implemented. In addition, AMINA should implement a clear plan for data collection and dissemination in the sector.

V. ETHIOPIA

Main Findings

Ethiopia was selected as an AMINA target country by making sure that it conformed to the guidelines established in the Annual Indicative Plan and then through discussion with country departments. There is no country microfinance strategy.

Capacity building, policy dialogue, and information dissemination were the activities AMINA chose as interventions. Equipment was to be provided as part of the information dissemination activity. These are the activities that AMINA proposes for all countries. It is questionable whether they were appropriate to the diversity of the partners chosen by AMINA, which includes very large rural parastatals and new, small urban MFIs. This selection should have led to a differentiated assistance program.

Activities and a plan for implementation have been selected in a participatory manner with MFIs for the year 2000. This is an improvement over prior activity plans.

A local TSP was chosen to provide the capacity building courses to the MFI partners. This institute was very experienced in training, had good facilities for training, and was well known. However, it has no experience in microfinance, and so participants were not completely satisfied with the first course they received. A second training by an experienced microfinance institution from outside the country had better impact.

Discussion about a possible collaboration with UNDP on a MicroStart program is on-going, but has not been implemented due to lack of government interest.

There is little donor co-ordination partly because few donors have been supporting microfinance activities, or any other activities, due to the political situation. However, there are donors and INGOs who are targeting AMINA partners with capacity building activities but AMINA has had no contact with them.

Activities which have been implemented are two policy reform workshops, two training courses, a study tour, an international training course, and support to the network for a conference.

Implementation was slow and sporadic. The AMINA staff member assigned to the country has changed once, leading to erratic implementation. Inadequate number of staff in the AMINA unit has contributed to this problem.

Impact is difficult to measure due to limited number of activities and overlap with other donor activities. However, MFIs have made improvements in operations and management in line with best practices.

The timeline for activities presented to the Oversight Committee (for six months) was too short to be able to achieve the results anticipated.

Indicators for measuring impact and progress were not clearly defined and lacked targets.

There are no activities targeted at improving women's access to financial services, one of AMINA's goals.

Recommendations

AMINA should develop a comprehensive country strategy in consultation with other donors. It should include indicators of progress and impact, and should cover a timeline of three years.

Activities should be appropriate to the needs and characteristics of the MFIs.

The TSP needs reinforcing. This should be part of AMINA's strategy and activities.

AMINA should co-ordinate activities with other donors and should take into account their activities in its country strategy.

The rotation of staff should be decreased and the number of staff should be increased in AMINA so that MFIs' needs can be responded to in a timely manner.

Activities should be implemented in a timely manner and if this is not possible, partners should be informed.

Activities for improving women's access to financial services should be designed and implemented.

Support for the network of MFIs should be supported by AMINA.

Discussions with UNDP on MicroStart should continue, and should form part of a strategy.

Information dissemination is a key activity and this should be addressed as quickly as possible.

AMINA can not meet all the computer needs of all its partners. An alternative strategy should be developed.

VI. GHANA

Main Findings

Ghana was chosen using the same process as the other nine countries which are AMINA's target group. The process included establishment of guidelines and then discussions with country departments to arrive at a consensus decision. There are no measurable criteria.

There is no long term, integrated country strategy.

MFI partners were selected by an initial appraisal and without a strategy. The selection was changed mid-stream due to a change in the action plan.

No assistance has been provided to ADB projects with microfinance components. There has been AMINA participation in the development of the Country Strategy Paper.

Collaboration with UNDP on a MicroStart program is occurring. An MOU has been signed but no funds have been disbursed due to a discrepancy with the amount committed. This is due to a lack of clarity in the approval hierarchy for AMINA activities.

The collaboration with UNDP has provided AMINA with some advantages: an in-country presence for better monitoring, access to "lessons learned" from previous MicroStart experience, and the chance to co-ordinate with other stakeholders, who are involved in the MicroStart Advisory Board.

The collaboration has also proved advantageous to UNDP, through access to AMINA's technical expertise and ADB's funding (committed although not released).

There have been a variety of *ad hoc* activities with no strategy and no follow up.

AMINA activities have had a good impact. The microfinance industry as a whole has benefited. The network has been reinforced, a technical service provider now offers better services, and MFIs have improved methodologies and portfolio qualities due to AMINA involvement.

There have been no activities targeted at improving women's access to financial services, one of AMINA's goals.

Main Recommendations

A country strategy is needed, after an exhaustive study of other donors' efforts and consultations with them. This would be a long term strategy, with progress and impact indicators. It would include a strategy for MFI selection, which may be those of MicroStart.

Establishing a mechanism for donor communications would be useful. The MicroStart Advisory Board partially fulfills this function, but more is needed.

AMINA's staff should be reinforced in number so that AMINA can provide technical assistance to ADB projects with microfinance components in the country.

Funds for MicroStart should be disbursed as soon as possible. Future MOUs should provide funds for the length of the project cycle.

AMINA should integrate its activities and provide more continuity in order to avoid an *ad hoc* approach.

Since improving women's access to financial services is one of AMINA's goals, this focus should be incorporated into AMINA's strategies and activities.

Support to the network should be continued.

AMINA should incorporate into its strategies the reinforcement of the local service providers.

AMINA should find a way to fund the Susu Collectors Association proposal. This is an innovative approach utilizing indigenous technologies.

VII. MALAWI

Main Findings

In Malawi, the microfinance industry is at a nascent stage, with ten institutions currently in operation. AMINA has selected as partners four MFIs, one being an apex institution, and the other three being microfinance components of multipurpose institutions.

The selection of AMINA partners has not been made through criteria consistent with the end-objectives of the AMINA program. As a matter of fact, it does not seem that any proper set of criteria has really been used.

Activities in support of MFIs have been focused on microfinance basics. This appears to have been a sound decision, appropriate to the state of development of the industry in Malawi.

The impact of the capacity building program (training and study tours) seems high for concerned MFIs, in terms of increased efficiency and sustainability.

Training activities have been delivered by experienced professionals. Training materials and methods (case studies, exchanges of experience, on-site visits) were of high quality

AMINA has had a significant impact on the institutional development of partner MFIs. AMINA's input has been instrumental in changing the overall structure of the institutions, the delivery process, and the governance structure. AMINA's input is translating into increased efficiency of partner institutions, leading microfinance schemes to financial sustainability.

AMINA's input has been very appropriate and timely for partner MFIs, as the three concerned MFIs are engaged in the institutional process of developing an autonomous Department or institution within their organizations.

As it is focused on MFIs, AMINA's input is marginal for second tier institutions engaged in wholesale lending to MFIs.

The provision of computers did not produce a major impact on partner MFIs, as the equipment was either not really needed by the institution, or was not delivered in numbers large enough to allow the institutions to change their operation methodology.

AMINA has had no immediate impact on the outreach issue (increasing the number of poor, especially women, accessing financial services), nor on the linkage of the poor to formal financial institutions, as no activities have been undertaken to meet these objectives.

Training activities have been performed by non-Malawian institutions. Yet, long term sustainability of the program will require the strengthening of a local institution.

There is no relationship with ADB projects with microfinance components implemented in Malawi (although some desk reviews have been made with Bank Staff in Abidjan). Indeed, the AMINA program for Malawi did not even mention ADB projects in the list of planned activities.

Policy Dialogue activities (workshops and study tour) have had a positive impact and have contributed to the drafting of appropriate Policy Papers and the setting up of a MFI network. This impact could have been higher if implementation of the AMINA program had not been disturbed by financial management issues.

Donor co-ordination has not been strengthened, although the arrival of AMINA had raised expectations amongst the donor community. Yet, as it is the only donor working on the microfinance sector as a whole, AMINA might have a unique role to play in Malawi.

No activity has been undertaken on information collection and dissemination.

Cost effectiveness of AMINA's activities cannot be assessed, as no data is available on the cost of the Malawi program.

As a whole, the efficiency of the program has been affected by poor management. Non implementation of its own commitments, insufficient communication with partners, frequent changes with personnel in charge of the country, and a general failure with financial management gave the program the image of a stop and go exercise rather than one of a planned program using specific means to reach specific objectives within a specified timetable.

However, the overall assessment of AMINA partners (MFIs, government, donors) is that the AMINA program is sound, and could have a major impact on the development of the microfinance industry in Malawi if managed in a consistent way.

Recent Trends

A new one year program has been developed by AMINA in partnership with stakeholders. This is a positive change from the previous period, where AMINA came with a package, not taking into account proposals made by its partners.

Standard training workshops will be followed by individual follow up with each partner. That will increase the efficiency of the program, in terms of MFIs institutional development.

A real focal point is appearing with the constitution of a MFI Network. Although nascent, the Network could become a major partner of AMINA in Malawi and improve communication with the various stakeholders.

AMINA is moving from a full subsidy to a cost-sharing approach, which is consistent with microfinance as a business oriented industry.

AMINA appears to be ready to extend its support to other Malawian MFIs, through Network screening. It will increase the impact of AMINA on the development of the sector in Malawi.

Recommendations

Management of the program:

i. Appoint an officer, clearly in charge of Malawi, for the duration of the program;
ii. Establish a three year country program, negotiated with relevant stakeholders (Government, Donors, MFIs, ADB Projects);
iii. Publish this program, disseminate it to all interested stakeholders, even if they are not direct AMINA partners, and edit an activity report or a newsletter on a regular basis;
iv. Identify intermediary indicators, allowing for a close follow-up of i) activities to be undertaken; ii) expected results in terms of performance achievements;
v. Once the program is approved by the Bank, take the necessary steps to ensure a timely implementation, taking into account Bank procedures requirements;
vi. Review implementation with stakeholders on a regular basis.

Activities:

i. Support the establishment of the MFI Network, in collaboration with other donors;
ii. Support the strengthening of a local training institution, in collaboration with the Network;
iii. Continue the capacity building activities for MFIs, and address the needs for a strong MIS support;

iv. Design a specific program (probably at regional level) for second-tier institutions (such as MUSSCO or commercial banks);
v. Edit a manual on basic microfinance concepts, including a definition of all terms employed;
vi. Use the Network to collect and disseminate data;
vii. Strengthen the co-operation with on-going and future ADB projects in Malawi.

VIII. MAURITANIA

Main Findings

Based on perceptions from interviewees, the selection of Mauritania was good and there is a great need for a microfinance supportive environment created by the government and the Central Bank for microfinance to exist. The government set up a special unit within a national Commission called AMINA to co-operate with AMINA/ADB. But they have no support from AMINA.

There was no clear strategy developed by AMINA for meeting the demand in Mauritania. However, the contracted training institute (COGEFI) is doing a lot for MFIs training and technical assistance.

Activities Selection:

i. AMINA did not do enough with regards to policy reform.
ii. Donor co-ordination related to structural contact and activities of cofinancement was insufficient.
iii. AMINA sponsored four training courses. Training in capacity building directly with MFIs using the national training institute COGEFI was appropriate and had very good impact.

On Policy Dialogue:

i. A study tour organized to Mali was effective and created demand for more study tours from the way they have seen board and committees members in their positions.
ii. The provision of equipment did not occur according to what was promised to MFIs by AMINA (computers, etc).
iii. There was no information collection and dissemination.

There was no change in AMINA personnel assigned to the country and this meant that there was more continuity in policy.

AMINA had no impact on improving women's access to financial services because there were no activities related to this.

MFI Selection: Selection was good. This selection put together Project with credit components and some classic savings and credit structures like Mutuals, and savings and credit.

APROMI is the first network and the MFIs national body with the objective to support the microfinance Professionals to be technically competent and competitive. APROMI is not operational and is not playing its role.

The local training institute does not have enough experience in microfinance and needs capacity building.

Main Recommendations

AMINA should train the local training institute in microfinance in order to improve their performance.

AMINA should help to develop the MFI association.

More efforts should be given to policy dialogue.

Stability of AMINA staff should be maintained for the improvement of the microfinance sector.

Some MFIs need capacity building in governance in order to understand the difference between the chairman and the manager.

IX. MOZAMBIQUE

Main Findings

Mozambique was selected as an AMINA target country by making sure that it conformed to the guidelines established in the Policy Guidelines and then through discussion with country departments. There is no country microfinance strategy.

AMINA has committed to supporting two projects in Mozambique, the first a collaboration with UNDP on a MicroStart program and the second a collaboration with UNDP and ILO on a policy dialogue project. These activities are appropriate for the microfinance environment.

No activities have been funded to date. Signing the MOU has taken longer than anticipated.

An international TSP has been chosen to implement MicroStart activities. A local TSP will be involved.

AMINA has only committed to funding the first year of activities with MicroStart, which is a three-year program. Indicators need to be established which will guide the second year commitment.

There are no activities targeted at improving women's access to financial services, one of AMINA's goals.

AMINA staff have rotated too frequently, with the Co-ordinator, a Program Assistant, and a Microfinance Expert having been involved in Mozambique.

There are ADB projects with credit components in the country, but due to limited staffing, AMINA has not provided any technical assistance.

Recommendations

AMINA should develop a comprehensive country strategy in consultation with other donors. It should include indicators of progress and impact, and should cover a timeline of three years.

The rotation of staff should be decreased and the number of staff should be increased in AMINA so that MFIs' needs can be responded to in a timely manner. Program Assistants should not be assigned the responsibilities of a Microfinance Expert.

Activities should be implemented in a timely manner and if this is not possible, partners should be informed. Possible delays, such as in the signing of an MOU, should be anticipated.

AMINA should elaborate a strategy and activities for improving women's access to financial services.

AMINA should provide technical asssistance to ADB projects with microfinance components.

AMINA should open communication channels to other donors operating in Mozambique as part of its country strategy.

X. TANZANIA

Main Findings

Although quite recent, the microfinance sector is quite diversified in Tanzania, with:

i. Hundreds of community based NGOs with microfinance activities;
ii. 750 savings and credit co-operatives established throughout Tanzania;
iii. Forty institutions aiming at becoming MFIs;
iv. Five MFIs with a sound institutional basis;
v. Two commercial banks active in microfinance, and three or four others in the process of entering the field;
vi. Several wholesale lenders financing local MFIs.

AMINA has selected as partners three emerging MFIs, two well performing MFIs and one Apex institution. Commercial banks planning to engage in microfinance activities have been excluded from AMINA support, although no justification for such an exclusion appears in the file.

Most AMINA partners focus their activities on urban areas. They do not cater for the core poor: the average amount of their loans (usually three times the GDP per capita figure) clearly indicates that they are servicing a population well above the poverty level. MFIs targeting very poor women in rural areas, with an average loan amount representing from 10 to 20% of the GDP per capita have never been considered by AMINA, and did not get any support.

Activities in support of MFIs have focused on microfinance basics. This appears to have been a sound decision, for emerging MFIs. Training courses and study tours appear to have had a strong impact on them. One institution has undertaken a complete change in its financial organization, designing a new accounting manual, and installing new software in all twenty Tanzanian regions. In another case, the delivery system has been changed, new policies and new lending procedures implemented.

The impact appears to be weak on the most advanced MFIs (in terms of Best Practices) amongst AMINA partners. It suggests that training courses have been appropriate to help non-MFIs become sustainable, and less effective to support already performing MFIs (this would be consistent with the fact that a selected partner, did not take part in any AMINA activity). These results are consistent with the design of the training program, as it consisted of a standard approach introducing institutions to microfinance Best Principles. More advanced MFIs are requesting specialized training courses (such as training on loan tracking).

Two to three computers were delivered to each partner. In most cases, provision of computers has had a strong impact. Some MFIs had no computer at all, while for others the new equipment allowed them to run new software for their financial management.

In all cases, partners complain about the lack of transparency. Computers were given without any contract. MFIs do not know how many computers they were supposed to be allocated. They don't know either what software was supposed to be included. They still don't know the value of this equipment and cannot properly record it in their accounts. In one case, it led the MFI not even to open the package: computers are in the office of the Director, still in their original packages.

Several activities (workshops in Abidjan and Addis-Ababa and, financing of a stakeholder meeting organized by the Bank of Tanzania in Dar Es Salaam) have supported the policy dialogue. However, the formulation of a National Microfinance Policy Statement has benefited from the input of several donors. AMINA has contributed to the process.

As AMINA is not present in Tanzania, its staff was not in a position to attend the donor working group meetings on microfinance. Yet, donors complain that they never were informed of the AMINA program.

Talks have been held with ILO, the World Bank, CIDA and the Bank of Tanzania, to establish a databank on microfinance. The excessive amount requested (nearly $600,000) and procedural issues have delayed the implementation of the project. The Bank of Tanzania is in the process of reviewing the project. A forthcoming IFAD project could finance the project.

Nothing has been done on information dissemination.

Collaboration has initially occurred with other Bank Departments, in particular for the design of the SELF Project (poverty reduction project) and for the design of the Tanzania Country Strategy Paper.

Collaboration with the SELF Project, implemented since November 1999, is weak, apparently from both sides. SELF will act as a wholesale lender, targeting MFIs working in selected SELF districts. AMINA has proposed to take charge of the SELF capacity-building program, and to finance it. But, the AMINA program, designed and implemented before SELF was operating, is mainly focused on the adoption of Best Practices by a few partners. These partners do not necessarily operate in SELF districts, and SELF is presently considering financing MFIs that did not get the AMINA support (while AMINA partners request accessing the SELF funding, without success up to now).

No information is available on the cost of the AMINA program in Tanzania.

Lack of continuity (no visit to Tanzania from April to November 1999, and no visit between November 1999 and July 2000) does not allow AMINA to properly monitor and develop its program.

In addition, although MFIs were supposed to send quarterly reports to AMINA, no standard form has been issued, and no quarterly report could be found in the file.

The relevance of the AMINA input is questionable:

i. Excluding commercial banks from AMINA support is difficult to understand, when the ADF Board had precisely listed the linkage of the poor to formal financial institutions as a major objective of the AMINA program;
ii. No emphasis has been made on rural microfinance, although this is where AMINA could have focused its support, if its end-objectives of reaching the poorest had to be attained;
iii. Mixing emerging MFIs, better performing MFIs, and second-tier institutions to deliver a standard capacity building package does not appear to be the best way to support the sector;
iv. Insufficient co-ordination with the Bank of Tanzania and major donors undermines the chances of the program to have a significant impact on the industry;
v. Although efforts have been made by Bank staff as well as by AMINA staff to co-ordinate, there is still a general lack of co-operation in implementing both ADB and AMINA programs.

Main Recommendations

AMINA cannot seriously work on microfinance with six-month programs. AMINA should have a long-term perspective, from 5 years (as the DFID program) to 10 years (as the IFAD program), if some impact on the microfinance sector is to be attained. Such a program should be negotiated with major stakeholders, through the formulation of an AMINA Country Strategy Paper.

Taking into account AMINA's end-objectives, and the present state of the microfinance sector in Tanzania, AMINA's strategy in Tanzania could be drawn along the following lines:

i. Support to commercial banks willing to enter the microfinance field. An intermediary objective could be to support the Tanzania Postal Bank, with 1.1 million clients, an average deposit of $50 per client, and an outreach in rural areas through the Post Office outlet. The Postal Bank has already undertaken in-depth study tours and staff training to various performing MFIs in Asia and in Africa. Support could be given, on a cost-sharing basis, through technical assistance for the launching of the micro-credit scheme;

ii. Support to apex organizations, namely SCCULT (taking charge of SACCOs) and TAMFI (grouping MFIs), through training of trainers, equipment and covering operational costs on a cost-sharing basis;

iii. Support to innovative MFIs working in rural areas to develop appropriate products (such as cereal banks, leasing, etc.) for the poorest, especially women. WAWATA, a women organization with 12,000 clients throughout Tanzania, could be a starting point for such innovative programs. Innovations could be later disseminated through the forthcoming IFAD program.

iv. Support to wholesale lenders, whether government (NIGP, SELF) or private (Gatsby Foundation, SCCULT, Commercial Banks) to develop the refinancing of MFIs.

ANNEX 5—JOB DESCRIPTIONS AND PROFILES

I. AMINA Program Manager

Reports to: Director

Tasks and Responsibilities:

1. Supervises all AMINA staff
2. Provides strategic direction of AMINA activities.
3. Co-ordinates requests for assistance from other ADB departments.
4. Oversees procurements and contracts in accordance with AMINA regulations.
5. Co-ordinates interactions and activities between and among AMINA staff.
6. Designs and monitors ADB staff microfinance training activities, with CADI as the implementing agency.
7. Develops regional donor co-ordination strategies; liaises with other donors in microfinance support activities.

Profile:

1. Strategic long term thinker.
2. Experience in management.
3. Experience with multilateral donor bureaucracies.
4. Detail-oriented.
5. Team leader.
6. Knowledge of microfinance.
7. Problem-solver.
8. Skilled at negotiation and creating alliances.
9. Experience in evaluation of multifaceted programs.
10. Creative and innovative.

II. Microfinance Expert ("Principal Expert" Level)

Reports to: AMINA Program Manager.

Tasks and Responsibilities:

1. Investigates microfinance environment in target countries (2).
2. In co-ordination with other Experts and under the supervision of the Program Manager, develops a strategic plan for each country with objectives, timeline, activities and budgets for achieving the objectives.
3. Establishes monitoring and evaluation activities for each country.
4. Implements the country strategy plan activities.
5. Assists AMINA Manager in design, implementation, and monitoring of regional activities.
6. Assists in providing technical assistance support to ADB projects.

Profile[26]:

1. Seven years of experience in the implementation of microfinance projects.
2. Excellent knowledge of best practice in microfinance.
3. Familiarity with other donor activities in microfinance.
4. Team worker; good interpersonal skills.
5. Good negotiator, detail-oriented.

III. Microfinance Expert II ("Senior Expert" Level)

Reports to: Departmental Country Directors

Tasks and Responsibilities:

1. Provides country departments with expertise in microfinance in all phases of ADB projects.
2. Provides microfinance input in the preparation of Country Strategy Papers for non-AMINA target countries.
3. Assists in linking AMINA microfinance Country Strategies for AMINA target countries with Departmental Country Strategies.
4. Provides microfinance capacity building expertise to the Bank's local microfinance project implementation partners when these institutions are not AMINA partners.
5. Assists AMINA in the dissemination of microfinance materials and publications to country departments.
6. Assists in the implementation of CADI microfinance training activities to country departments.

Profile:

1. Five years of experience in the implementation of microfinance projects.
2. Excellent knowledge of best practice in microfinance.
3. Familiarity with other donor activities in microfinance.
4. Team worker; good interpersonal skills.
5. Good negotiator, detail-oriented.

IV. Information Manager

Reports to: AMINA Program Manager.

Tasks and Responsibilities:

1. Establishes and maintains data base with indicators for monitoring AMINA activities according to monitoring and evaluation plan established for each target country.
2. Establishes and maintains a data base of AMINA assistance to non-AMINA target countries, with monitoring and impact indicators.

[26] Sectoral specialization is not necessary, since the strategy designed for target countries may not be the same as the sectoral speciality of the Expert assigned to that country.

3. Establishes and maintains a data base of AMINA training activities to ADB staff, with monitoring and impact indicators.
4. Establishes a library of best practice materials in microfinance and other publications related to microfinance.
5. In co-ordination with Microfinance Experts, establishes a plan of dissemination of materials to AMINA target country partners.

Profile:

1. Ability to design and maintain data bases.
2. Knowledge of monitoring and evaluation methodologies.
3. Basic knowledge of microfinance.
4. Systematic thinker. Organized.

V. Financial Analyst

Reports to: AMINA Program Manager

Tasks and Responsibilities:

1. Maintain data on AMINA finances.
2. Analyze data on AMINA finances.

Profile:

1. Experience in financial analysis.
2. Basic knowledge of microfinance.
3. Experience in ADB financial systems and procedures.
4. Organized, detail-oriented.

VI. Program Assistant

Reports to: AMINA Program Manager

Tasks and Responsibilities:

1. Supports Microfinance Experts (Principal level) in the execution of their duties.
2. Supports Microfinance Experts (Senior level) as a secondary priority.
3. When time permits, supports other AMINA staff.

Profile:

1. Organized, detail-oriented.
2. Ability to prioritize.

VII. Secretary

Reports to: AMINA Program Manager

Tasks and Responsibilities:

See ADB job description and profile.

VIII. Messenger

Reports to: AMINA Program Manager

Tasks and Responsibilities:

See ADB job description and profile.

ANNEX 6—SAMPLE MICROFINANCE COUNTRY STRATEGY: ELEMENTS FOR A TANZANIA STRATEGY

Foreword

The consultant in mission to Tanzania was not commissioned to draft a country strategy, and the consultant did not perform the work that would have allowed him to present such a paper. The consultant just tried to assess AMINA's activities and its possible future development in Tanzania.

However, through this specific work, some general views emerged on the way AMINA could position itself in the microfinance sector, taking into account the end-objectives and the expected results outlined by the AMINA Policy Guidelines.

The following paper is therefore submitted as an example of elements that could be (not should be) included in an AMINA country microfinance strategy.

I. Background

A. Poverty Level

Nearly 50 percent of the population is estimated to live below the international poverty level of 1 USD per day. Almost 30 percent of the poor live in extreme poverty. While poverty in Tanzania is largely a rural phenomenon, urban poverty has in recent years worsened due to rising unemployment.

B. Microfinance sector regulation and supervision

No specific regulations are governing the microfinance sector. However, the National Microfinance Policy approved by Government, but not yet published, has laid down basic principles.

Regulation of MFIs will aim at protecting depositors and the financial system. The Microfinance policy states that NGOs will not be subject to financial regulation as long as they do not accept voluntary deposits. Those accepting deposits will have to become licensed regulated institutions.

Regulations applying to banking institutions entering microfinance, might be reviewed to take into account the prevalence of loans that are not secured in a conventional manner. Specialized regulations will focus on overall portfolio risk rather than on legal security for each loan.

C. The Microfinance Sector in Tanzania

Although quite recent, the microfinance sector is quite diversified in Tanzania, with:

i. Hundreds of community based NGOs with microfinance activities;
ii. 750 savings and credit co-operatives established throughout Tanzania;
iii. Forty institutions aiming at becoming MFIs;
iv. Five MFIs with a sound institutional basis;
v. Two commercial banks active in microfinance, and three or four others in the process of entering the field;

vi. Several wholesale lenders, public and private, financing local MFIs.

MFIs are mainly active in urban areas. To address the poverty issue (current supply sources are only able to meet 2.3% of the current demand for loans in rural areas), there is a need to support MFIs in adopting delivery systems appropriate to rural areas.

As their average loan amount is usually three times the GDP per capita, most MFIs are not servicing the core poor, but an intermediary class, well above the poverty level.

Commercial banks are entering the microfinance market. Two have just started operations. One is supported by the World Bank, and the other by several donors (including DANIDA). A few other commercial banks are considering entering the microfinance market.

Several institutions act as wholesale lenders to MFIs. Some are government institutions, and offer concessional loans (NIGP, SELF). Others are private (Gatsby), or Apex institutions (SCCULT) offering loans on commercial terms. In addition, with DANIDA support, CRDB might enter the market and finance SACCOs in four regions.

D. ADB microfinance projects

SELF (Small Entrepreneurs Loan Facility) is a USD 12.10 million project with:

i. A budget for credit fund of USD 8.18 million;
ii. A budget for capacity building of USD 0.86 million;
iii. A project duration of 5 years;
iv. An estimated number of beneficiaries of 23,000;
v. An effective implementation date of November 99

The SELF project will lend funds to MFIs operating in selected districts.

E. Donor Co-ordination

A Donor Working Group on Microfinance meets on a regular basis.

Donors co-finance activities, and in particular:

i. Research: such as the 1997 study on rural finance, and the 2000 study on SACCOs;
ii. Workshops: it has been the case for the drafting of the Microfinance Policy Paper and for the setting up of a legal and regulatory framework;
iii. MFIs (SELFINA: 7 donors; AKIBA: 6 donors; SEDA: 7 donors; FINCA: 5 donors, etc.).

Donors also co-ordinate their support. For instance DANIDA is supporting SACCOs in four regions, while CIDA is finalizing its support to SACCOs in another region, and DFID is setting up a Financial Services to the Poor program which will be able to assist other SACCOs.

Donor programs are established on a long term basis (5 years for DFID; 9 to 10 years for IFAD).

II. Elements for an AMINA Strategy in Tanzania

A. Objectives

AMINA will focus on outreach, both quantitative outreach (increase in the number of poor accessing financial services) and qualitative outreach, or deepening (focus on the poorest groups). It will allow AMINA to meet the ADF poverty reduction objective as poverty is widespread in Tanzania (50 per cent of the population below the poverty level), while addressing the specific situation of extreme poverty (the ADB Country Strategy Paper on Tanzania stated that "30 per cent of the poor live in abject poverty").

B. Activities

1. Link the poor with formal financial institutions and increase in the number of poor accessing financial services

AMINA will help the Tanzania Postal Bank to deliver microfinance services.

The Tanzania Postal Bank has currently 1.1 million poor clients with an average savings deposit of USD 50 (less than 1/3 the GDP per capita).

The bank is profitable: in 99 it generated a net profit of USD 1.16 million (out of a paid up capital of USD 1.25 million).

The bank has available resources for lending: while Bank of Tanzania regulations authorize the bank to lend up to 80 per cent of its deposits, its outstanding portfolio amounts only to 3 per cent.

The bank has clearly stated its will to enter microfinance activities. For instance its 1998 Annual Report states that: "In an endeavor to diversify the range of its investment portfolio, the bank decided to enter into microfinance area by introducing credit facilities to rural and micro-enterprises".

Bank staff have participated in a number of microfinance workshops (with UNDP Microsave, and with German and French Savings banks). In addition, selected officers have participated in study tours to Bangladesh, Uganda, South Africa, and Indonesia.

The Postal Bank is requesting support, on a cost-sharing basis, to recruit an experienced technical assistant, in order to properly design an appropriate lending scheme, draft relevant manuals and procedures, and monitor the launching of the scheme. A feasibility study should be undertaken with AMINA support.

If results of the feasibility study were positive, AMINA would fund the bank request, for a three year period. Disbursement of annual tranches would be linked to the attainment of performance targets (to be negotiated with the bank). Appropriate indicators could be the following:

i. The average loan amount will be below USD 100 (60 per cent of the GDP per capita);
ii. Women will account for 75 per cent of the borrowers;

iii. The Postal Bank will experiment decentralized lending activities through the Post Office outlet, with a focus on rural areas. For this scheme, the average loan amount will be set below USD 50 (30 per cent of the GDP per capita);
iv. Increasing percentage of female staff managers in the Postal Bank management of the microfinance scheme.

Although the overall objective of the AMINA support to the bank is focused on a quantitative outreach, the three year program does not include quantitative indicators, as it is focused on the establishment of appropriate and efficient schemes for both the Postal Bank as such and the Postal Bank in collaboration with rural Post Offices in the other hand. After evaluating its first years of operation, it is expected that the bank will strongly expand its intervention, through its own branches as well as through Post Offices.

AMINA would try to draw general lessons from the Tanzania case through regular meetings held with other commercial banks (such as FINADEV in Benin) operating in the microfinance field.

Expected strategic lessons to be drawn by AMINA after three years of implementation would be the following:

i. Can commercial banks reach poor people?
ii. Can commercial banks reach poor women?
iii. As Post Office outlets exist in all African countries, is it possible from the Tanzanian experience to design an African strategy using these facilities to service the poor, especially in rural areas?

2. Address the Issue of Extreme Poverty

Microfinance standard methodologies are not appropriate to the very poor, and financial institutions working with the core poor have to design specific devices to reach their target population.

Such MFIs exist in Tanzania. WAWATA, a women organization, is currently serving 12,000 women clients throughout Tanzania, but mainly in rural areas. The average loan amount is USD 36, equivalent to 20 per cent of the GDP per capita (and is as low as USD 12 or 7 per cent of the GDP per capita in some regions). External evaluations of this MFI have shown that loans of USD 12 to very poor women in remote rural areas had a clear impact on income generation, and on women empowerment (the social statute of the concerned women within the village being completely changed).

AMINA could support WAWATA through improving their range of financial services to the poorest in order to maximize the impact on income generation.

In particular, support could be given to experiment the launching of two financial products that do not exist in Tanzania (for this target group): cereal banks and leasing.

Cereal banks allow households to play with the price trend of cereals (low level at harvest time and high level at lean season). It strongly increases the income generated by the farming activity (mainly done by women) without changing the production methods.

A leasing approach allows a MFI to deliver equipment to very poor people, and therefore to strongly increase their income, as the leasing approach does not require any collateral.

Depending on negotiations held with the relevant MFI, the AMINA input could consist in the following:

i. Study tours for WAWATA Executives, focusing on cereal banks (very performing schemes with a very efficient marketing approach can be found in Ethiopia and Madagascar);
ii. Study tours focused on leasing (the Madagascar institution undertaking cereal banks has also developed a very efficient leasing scheme);
iii. Support to the undertaking of a feasibility study;
iv. A credit line given on a grant basis to finance the credit component of cereal banks and of leasing;
v. Physical inputs (safes for village organizations, and brick and mortar for cereal banks);
vi. Support of operating cost on a digressive basis (for instance: 100%; 75%; 50%).

For AMINA, the output could be the following:

i. Develop an internal knowledge of the way to work with very poor people, through taking advantage of WAWATA's past experience. Appropriate lessons would be disseminated to the ten pilot countries, to Bank Staff working on poverty reduction projects in all Country Departments, and to interested donors;
ii. Test the appropriateness and the relevance of new financial products for the poorest. Dissemination can be done to the fore-mentioned stakeholders, with a particular concern to ADB Tanzania projects (such as SELF) and other donor projects focused on rural areas in Tanzania (such as the forthcoming IFAD project).

Both outputs would make it possible for AMINA to later on increase its quantitative outreach towards the poorest without getting itself into operation. This would be fully in line with AMINA's approach: get into activities with a strategic view (and not to directly cover all the needs of potential partners).

3. Extend the quantitative outreach through supporting second tier commercial institutions

At least two private institutions with a lending experience to retail MFIs on commercial terms are operating in Tanzania, the Gatsby Fund, and SCCULT (an apex of SACCOs).

Through support to these institutions, AMINA could significantly meet its end-objectives through an important increase of the quantitative outreach.

The Gatsby Fund manager was not met by the mission as she was participating to a training session outside Tanzania, and therefore no conclusion can be drawn on the possible links between AMINA and Gastby.

However, SCCULT was met by the mission. SCCULT has credit demands from partner institutions exceeding two times its financing capacity. Currently SCCULT has no support from any donor, and its membership is made of 435 SACCOs spread over Tanzania.

SACCOs are usually delivering loans to the "well-off poor", as their average loan amount is over two times the GDP per capita. This responds to a demand, and is very useful. However it does not meet the AMINA target group made of the poorest.

AMINA could then propose a co-operation with SCCULT, if some SACCOs were considering to cater to a lower income target group than its usual clients.

In that case, AMINA could propose to relevant SCCULT and SACCOs managers to visit SACCOs having opened microfinance branches for very poor clients not able to meet SACCO's requirements (in particular, share capital and accumulated savings). It is for instance the case in the Philippines where several credit and savings co-operatives[27] have initiated microfinance schemes where rules and procedures are completely different from their regular operations, and, in several cases, these microfinance branches appear to be more profitable than the SACCOs' usual operations with their regular membership.

If SCCULT could identify SACCOs willing to operate with the AMINA target group, then AMINA could bring appropriate support (credit line, equipment, a part of operating expenses) to SCCULT to enter into operations.

The output of this intervention could have the following strategic impacts:

i. Once a successful scheme is established by SCCULT with a few SACCOs, it could be extended all over Tanzania, through SCCULT membership;
ii. SCCULT and SACCOs could then become major partners of the ADB SELF project focused on poverty reduction;
iii. Other donors, and in particular IFAD with a 10 year program, are in need to identify relevant implementing agencies to develop their program, and the AMINA input would find there a relay;
iv. As SACCOs (local savings and credit co-operatives)can be found in most African countries, through the SCCULT experiment, AMINA would test a way for ADB to efficiently channel its funds to the poorest.

4. Support to non-commercial wholesale lenders

Two organizations, SELF funded by ADB, and NIGP supported by UNDP, are offering concessional loans to selected MFIs. Although the mission has had meetings with their managers, it is not in a position to exactly clarify the relationship that could be established between AMINA and each of these organizations, if the AMINA end-objectives have to be taken into account. Further research and consultation would be necessary.

[27] IPIL Consumers Multi-Purpose Co-operative in Ipil, Zamboanga del Sur; Cebu People's Multi-Purpose Co-operative in Cebu City; and PCCI (formerly PICOP MPC) in Bislig, Surigao del Sur, have been listed as Co-operatives dealing with micro finance. The Cebu Micro Finance Branch of the Co-op is said to be more profitable than the Co-op's regular operations.

5. Support to the MFI network

A MFI network (TAMFIN) has very recently been established. Although the mission has meetings with members of the network, it is not in a position to propose a specific AMINA support. Further research would also be necessary.

6. Activities not included

As compared to AMINA's previous program for Tanzania, the following activities would be deleted:

i. Support to policy dialogue (as several donors have been working for several years on that issue, and are committed to pursue their support);

ii. Support to the establishment of a database on MFIs (as current projects amount to USD 600,000 to 800,000 for no clear impact, and as other donors have indicated their will to finance this activity);

Support to current AMINA partners would be pursued only if they meet the strategic objectives of the AMINA program, and in particular if they reach the AMINA target group, which is presently not the case for at least three out of five AMINA partners.

III. Output

Three years after implementation, AMINA's activities in Tanzania might contribute to the design of an ADB microfinance strategy, at least through the following inputs:

i. How commercial banks can engage into microfinance activities?
ii. How Post Office outlets can offer microfinance services to poor rural households?
iii. How the poorest in remote rural areas can access financial services and cross the poverty level line?
iv. How outreach extension can be attained through commercial second tier organizations?
v. How existing financial institutions spread all over the country, such as local savings and credit co-operatives, can extend financial services to poor people who cannot meet their membership requirements?

A combination of the Tanzanian findings, and those coming from the other nine pilot countries, would significantly contribute to assess the ADB comparative advantage in the microfinance sector, and would allow the Bank to design a relevant microfinance strategy, with a particular concern on:

i. Replicability of efficient approaches in other countries;
ii. Bank's strengths and weaknesses for supporting microfinance;
iii. Lessons learned from innovation.

ANNEX 7—MEETINGS: INDIVIDUALS CONSULTED

Abidjan

ADF Board

Mr. Taisto Huimasalo, Executive Director
Mr. Michael Bauer, Executive Director
Mr. Paul Williams, Advisor to Executive Director
Mr. Daniel Vychnev, Counselor, Swiss Embassy
Ms. Linda Cloutier, Advisor for the Executive Director for Canada
Mr. Malachy Nugent, Assistant to the US Executive Director

AMINA Unit

Mr. Abdirahman D. Beileh, Chief Operations, Policy and Procedures, Department of Strategic Planning and Operations Policy (OCOD), Acting Co-ordinator of AMINA
Mr. Moussa Bangre, Expert
Ms. Nana Touré, Expert
Mr. Babacar Sambe, Technical Assistant
Ms. Grace Wolo, Program Assistant
Mr. Moses Basalirwa, Program Assistant
Ms. Vivian Ayena, Administrative Assistant
Ms. Hortense Kouadio, Secretary
Ms. Mary Owusu, Secretary
Ms. Anna Rytky, Intern

ADB Staff

Mr. Mohamed Manaï, Chief Evaluation Officer, Operations Evaluation Department (OPEV)
Mr. I. Mah'moud, Advisor, Office of the Vice President (Operations), OPVP
Mr. Adesegun A. Akin-Olugbade, General Counsel and Director, Legal Services Department (CLEG)
Mr. Kalidou Gadio, Division manager, Public and Private Sector Operations,(CLEG)
Ms. Cecilia Akintomide, (CLEG 1)
Mr. Mohamed Bouaabdalli, Director, Loan Administration Department (FLAD)
Mr. L.B.S. Chakroun, Director, Country Department Central Region (OCDC)
Mr. Zondo Sakala, Division Manager, Human Resources Development, Country Department East Region (OCDE)
Mr. Abdullahi Yahie, Principal Economist, Country Department East Region (OCDE)
Ms. Z. B. El Bakri, Manager, Human Resources Division, Country Department North (OCDN)
Mr. Justin Rushemeza, Acting Division Manager, Agriculture Division, (OCDN)
Ms. Alice Hamer, Division Manager, Human Resources Division, Country Department South Region (OCDS)
Ms. H. Mashinkila, Task Manager, Country Department South Region (OCDS)
Mr. Sami Zaki Moussa, Chief Agricultural Economist, (OCDS)
Mr. J.R. Mwaikinda, Chief Economist, Country Department West Region (OCDW)
Mr. S. K. Nnama, Manager, Operations Support Division, (OCOD)

Mr. Rwelamira, Investment Economist, Private Sector (OPSD)
Mr. Anthony O. Odukomaiya, Division Manager, Accounts and Special Funding, Department of Accounting (FACT)
Mr. Ousmane Kane, Manager, Procurement Monitoring Consulting Service Unit (FPRU)
Mr. Yogesh K. Vyas, Chief Environmentalist, Environment and Sustainable Development Unit (OESU)
Ms. Laetitia Mukurasi, Senior Gender Specialist (OESU)
Mr. Diallo Djibril, Senior Co-operation Officer, Co-operation Unit
Mr. M. H. Tani, Principal Training Officer, African Development Institute (FADI)
Mr. Salif Sow, CIMM (Corporate Information Management and Methods)
Ms. D. Buzingo, Officer, Secretary General

Non-ADB Staff

Mr. James MacDade, former AMINA Co-ordinator

Burkina Faso

M. Mamadou Ouedraogo, Director PRODIA and Representative APIDEC
M. Ibrahim Ouattara, Counselor of Economic Affairs, Chief of service of microfinance for the direction of the public treasury
M. Kibora Ada Souleymane, Director of ICA regional office for West Africa
Mme. Kl Cécile, Director of MUFED
M. Sanou Guy Martial, Accountant MUFED
Mr. Athias Cora Batabe, Director IPD/AOS
Mr. Dennis Bruno Koffi, Development Microfinance expert IPD/AOS
M. Kone Oumar, Director Co-operative SONGRE-NOUMA
M. Wandora Francois, Director credit at BCEAO, National office
M. Coulibaly Abou, Director ATN/NOUNA
M. Joseph Iboudou, President ATN
M. Boorkoungou Sylvia, COMRN
Mme. Guebre, Director of training FAARF
M. Bonéi Tini, Director of internal controls FAARF
Jean Marie Maforikan, Director of youth co-operatives for the promotion of employment
Dabéré Issiaka, Client MUFED

Cameroon

Sammy Nkem , Chief of Services for Credit, Planning, Evaluation and Monitoring Unit, MIDENO
Mary Ngeh, Women's Office, PEM, MIDENO
Gregory Muluh, Chief of Services, Planning, Evaluation and Monitoring Unit, MIDENO
Mary Nyuyinki, Branch Manager, SAILD
Patricia Kouma Nee Akma, Director, CIPCRE
Two staff, SIRDEP (director was travelling)
John Ndeh, Director, MIDENO
Two borrowers, CIPCRE
Mr. Wamucho, General Manager, USA Credit
Dr. Eneme Andrew Ngome, Director, SOWEDA

Philip Nkwetta, Co-ordinator, Rural Credit, SOWEDA
Magdaline Agbor and Mary Epanti, WICOF Credit Supervisor and Vice Chairperson
Tanyi Robinson and Amin Simon, General Manager and Accountant, NISCAM

Cape Verde

Dr P. Shodjai, Representative Resident, GTZ
Lucia dos Passo, Gerente de Credit, MORABI
Carlos Albert Goncalves, President, ASDI
Ms. Madelena Tavares, Presidente, OMCV
Clarinundo Goncalves, Director General, National Co-operative Institute
Julio Fortes, Representative, ADF
Iven Ose, Director, ACDI/VOCA
Maria Celestina Pereira, Gerente, ADF
Elisabeth Ramos, Credit Officer, OMCV

Chad

Baldal Yanko, Director, INADES
Talansanti Djogoye, ADB Project Co-ordinator, Njdamena
Dingamlo Djininga, Director, Board of ASDEC
Mbalasdem Mianodji Pierre, Manager AFTEC
Bedingao Leiba Claude, Animateur AFTEC
Haround Sow, Chef de Bureau, VITA
Behom Cab Laokas, Agroeconomist, PCVZS
Sihack, Mamaloude, Chargé de l' approvisionment des Services Generaux SECADEV
Bernard Andre, Technical Advisor, ILO
Akemakou Kosoni, Microfinance Expert

Ethiopia

Dr. Woldai Amha, AEMFI Executive Director, recipient of AMINA funding
Ms. Tsahay Tsagaye, Managing Director, SFPI, AMINA partner MFI
Mr. Hiwet Merkorewos, AMINA in-country consultant, training participant
Mr. Lakew Lemma, Supervisor, MFI regulation dept, National Bank of Ethiopia
Mr. Asrat Kelemework, Finance and Monetary Advisor, Ministry of Finance
Mr. Getachew Abebe, Ethiopia Management Institute (TSP)
Mr. Gemechu Dujiso, and General Manager, Oromia MFI, AMINA partner
Two admin. Staff, Oromia
Mr. Yabowerke Haile, General Manager, Gasha MFI (partner)
Mr. Mengitsu Desalegn, Credit and Savings Officer, Gasha MFI (Boulder participant)
Mr. Zereai Fekede Vuondimu Deputy Manager, Gasha
Mr. Kederalah Idris, Program Manager, and Mr. Chernet Tsegaye, Co-Director, PACT (noncollaborating donor)
Mr. Dennis Panther, Ag. Dept. USAID (non-collaborating donor)
Mr. Solomon Yalemzwed, CRS Ethiopia, Credit Program Manager
Mr. Hailu Leta, Branch Manager, Wisdom (partner MFI)

Mr. Mekonnen Yelewem Wessen, General Manager, Amhara Savings and Credit Institution (partner MFI)
Mr. Teshome Yohannes, General Manager, Busu Gonofa MFI (MFI)

Ghana

Franklin Asamoah Mensah, UNDP MicroStart Co-ordinator
Mrs. Magdalene Abrokwa, Executive Director, ENOWID
Nana Juaben-Boaten Siriboe, Interim Co-ordinator, GHAMFIN
Hipolyt Pul, CRS Deputy Country Director
Ms. Aba Amissah Quainoo, MEL Consulting
Mr. Ken Appenteng-Mensah, Executive Director, Sinapi Aba Trust (and two staff)
Mr. Kwasi Owusu Appiah, Ghana Commercial Bank
Opoku Agyemeng, Executive Director, Ghana Poverty Reduction Program/Social Investment Fund (ADB project)
Mumuadu Rural Bank, (two staff)
One Sinapi Aba client

Malawi

AMINA Partners

DEMAT
- D.J.A. Katopola-Phiri, General Manager
- Boniface Madungu, Field Services Manager
- Stanzio Kachala, Assistant Credit Manager

SEDOM
- Stewart Kondowe, Operations Manager

MUSCCO
- Sylvester Kadzola, General Manager, MUSCCO
- Funbami Nuiangulou, Financial Services Manager, MUSCCO
- Don Chidzanja, SACCO Services Officer, MUSSCO
- Kring Dremakian, SACCO Services Officer, MUSSCO

World Vision
- James Chifungo, General Manager
- Innocent Mayamiko, Small Enterprise Co-ordinator

Buster W. Nampuntha, Special Assistant to the Vice President (Economic Affairs)
George B. Partridge, Head of Finance and Treasury, National Bank of Malawi
Munday S. Makoko, Program Officer, Food Security and Enterprise Development, UNDP
Joke van der Ven, Associate Expert on Microfinance, Ministry of Commerce and Industry

Participation to the Microfinance Advanced Credit Management Training Workshop. Individual and focus meetings with the following:

i. the three women officers attending the course (from SEDOM, World Vision and MUSSCO);
ii. four MUSSCO officers;

iii. two SEDOM officers;
iv. one World Vision officer;
v. two DEMAT officers;
vi. Judith Chirwa, Assistant General Manager, DEMAT, co-facilitator
vii. Trudi Schwartz, Facilitator, MEDA

Attendance to the Microfinance Task Force meeting (Office of the Vice President, the Reserve Bank, the AMINA Expert, UNDP, Ministry of Commerce and Industry, DEMAT, MUSCCO, SEDOM, FINCA)

Non-AMINA Partners

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Robert J. Njewa, Project Manager, Women in Development (ADB) Project
Mary Frances Malunga, Executive Director, NABW (National Association of Business Women)
Larry Hastings, Country Director, FINCA
Silas M. Murotho, Deputy General Manager, MRFC (Malawi Rural Finance Company)

Mauritania

M. Mohammed El Mokara Ould and M. Abdellahi, Chef Service BCM
M. Ahmed Ould Radhi, Chef Service BCM
Ahmedou Ould Ely, Directeur de l'Insertion au Commissariat aux Droits de l'Homme et la Lutte Contre la Pauvreté
Saad Bouk Ould Brahim, Responsalbe Antenne AMINA
Mme. Sokhnaly Ba, Presidente AFEC
Mme. Diagana, Habibata Koita, Experte in microfinance
Miriam Sido, Expert, Microfinance
Diagana, F., Expert, Microfinance, CEP

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Marco vander Ree (by phone), MicroStart Co-ordinator, UNDP/UNCDF
Beth Rhyne, Consultant, ECI
Gabriel Tembe, MADER, GOM
Kathryn Larcombe, TCHUMA
Richard Schumann, ACDI-VOCA
Norman Buckham, World Relief
Fion de Vletter, ECI (MicroStart)/MEDA
Gabriel Dawa, CIDA
Sidney Bliss, USAID
Antonio Siba Siba, Dept. of Regulation, Bank of Mozambique
Estela Gil Alberdi and Henriquetta Hunguana, ICC (Consultancy firm, MicroStart regional advisor)
Judy, World Vision

Tanzania

AMINA Partners

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- Ruth Dueck Mbeba, Training Director

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- Daniel Simon Mwaipungu, Finance and Administrative Manager
- Mr. Mashinga, Research and Development Manager

CREW
- Godfrey Mandari, Executive Director
- Ms Mariana Maziku, Credit Officer, Dar Es Salaam

SIDO
- E.B. Toroka, Director General
- Ms. Janet, Director of Marketing and Advocacy
- Mr. Wenga, Director of Training
- Buriro Mafwimbo, Chief Accountant
- E. O. Ng'Oge, Regional Manager, Dar Es Salaam
- Ms. Shoma Kibende, Credit Officer, Coastal Region

Poverty Africa
- Amb. Jafari Msolomi, Chief Program Co-ordinator
- Yusufu Makuri, Training Co-ordinator
- Mursal A. Mursal, Manager, Dar Es Salaam Credit Shop
- Margareth Kipako, Accountant, Dar Es Salaam Credit Shop

Presidential Trust Fund for Self Reliance
- Ms. Joyce R. B. Hamisi, Executive Director
- The Chief Accountant
- Ms. Veronica, Assistant Accountant
- Mr. Dickson, Credit Officer

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- Nkinda L. Mayenga, Loan Officer, SELF Project
- Grace C. Rubambey, Director Microfinance, Bank of Tanzania

Non-AMINA Partners

Alphonse R. Kihwele, Managing Director, Tanzania Postal Bank
Rished Bade, Credit Manager, Akiba Commercial Bank
Abiah N. Kaaya, Agricultural Economist, National Microfinance Bank
Ms. Nicola, Managing Director, and 2 Board members (Treasurer, Secretary) of the WAWATA Credit Scheme
A Director, The Executive Director, The Operations Manager, TAPSE
Brian Proskurniak, First Secretary, Canadian High Commission
Ms. Inyang Ebong- Harstrup, Deputy Representant Resident, UNDP
Ms. Susanne Dam Hauser, Program Analyst, UNDP
Stafford Baker, Assistant Director, USAID

Ms. Mavis Owusu-Gyamfi, Enterprise Development Adviser, DFID
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Fred Henry Maeda, Assistant Program Officer, Royal Danish Embassy
Erik Beemsterboer, Program Officer, ILO
Mike Laiser, Executive Director, NIGP

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ANNEX 9—TERMS OF REFERENCE FOR MID-TERM REVIEW OF AMINA

MID-TERM REVIEW OF MICROFINANCE INITIATIVE FOR AFRICA (AMINA) OF THE AFRICAN DEVELOPMENT FUND (ADF)

TERMS OF REFERENCE FOR CONSULTANCY SERVICES

1. INTRODUCTION AND BACKGROUND

1.1 In recognition of the importance of the microfinance sector, the African Development Fund (ADF), in its seventh replenishment, allocated UA 15 million for a pilot program denominated «ADF Microfinance Initiative for Africa – AMINA», with the aim to generating income and employment for the poorest groups of the society, with special attention paid to women entrepreneurs. The ultimate objective of this initiative is to increase the access of microentrepreneurs (especially women) to more formal credit delivery mechanism, including those of commercial banks and other formal financial institutions. To achieve the objective for its establishment, AMINA was expected to realize the following outputs:

- **Strengthen the operational and managerial capacity of selected microfinance institutions** to improve outreach and provide services (such as small loan delivery and deposit facilities) to their clientele on a sustainable basis.

- **Enhance economic empowerment of women** who are the majority of microentrepreneurs throughout the world and especially in Africa by giving them equitable access to necessary financial services to capitalize and/or improve their businesses.

- **Encourage links between microfinance institutions and the formal financial sector** in mutually advantageous areas and encourage the adoption of formal structures (chartered bank, credit union, etc.) by the stronger MFIs or their APEX organizations, provided that this change does not involve their abandoning the agenda of continued service to the poor.

- **Foster increased understanding of microfinance issues** by supporting data collection and analysis for the purpose of improving access to financial services by women microfinance institutions in Africa.

- **Improve and deepen understanding of microfinance within the Bank through training, consultation and collaboration (including AMINA staff serving as resource persons and participating in project development process) with other Divisions** and acting as a catalyst for mainstreaming microfinance within the Bank.

1.2 In order to effectively attain the above objectives, the AMINA program was designed to use coordinated instruments within a range of strategy components that include:

- **MFI Capacity-Building Grants**: Strengthening of micro-finance institutions that cater to financial needs of micro-entrepreneurs is an important activity of the AMINA Program.

- **Policy Dialogue**: Seeking to engage donors, relevant government authorities, central banks, Micro-finance practitioners, and banks and other financial institutions in a continuing policy dialogue.

- **Donor Coordination**: Working closely with other donors active in the area of micro-finance, including CGAP, the World Bank, IFAD, UNDP and bilateral donors. Also seeking to foster the adoption and dissemination of a set of prudent organizational and operational standards known collectively as “Best Practices”.

- **Bank Group Sensitization and Capacity-Building**: An important component of the AMINA Program was to sensitize ADB professional staff to micro-finance issues and train them in the design and implementation of micro-finance components and projects. This sensitization was to cover key issues for micro-finance: poverty reduction, micro-enterprise development, gender and the environment. Training was also to cover the design and implementation of micro-finance components of Fund-financed projects including the special management and supervision requirements of credit-oriented projects. ADB staff in country and support departments were to be given high priority in this training. Project management issues and supervision methodologies for micro-finance projects were also to be stressed. Among the main results expected from the AMINA Program was to deepen the understanding by ADB professional staff members of micro-finance issues, by upgrading their skills in the area, and acquainting them fully with the range of services and expertise AMINA can offer them. Training was to be accomplished in close collaboration with the ADB African Development Institute (CADI).

- **Collection of Micro-finance Data**: AMINA was to support the collection of data on micro-finance issues of importance to Africa and through analysis of these data, improve the quality of its services to MFIs and those which MFIs provide to their own customers.

- **Information Dissemination**: AMINA was supposed to disseminate, as broadly as possible with the region, knowledge it acquired on Micro-finance. In this regard, it was to create horizontal linkage among its partner micro-finance institutions at national, regional and international levels. A publication program was to assure access to knowledge developed by AMINA’s program of action and analysis. New technologies such as the internet was to be used but AMINA was to continue to make use of print media to reach the many in Africa who do not have access to these technologies.

1.3 AMINA program policy guidelines were approved by the Board on September 4, 1997 and in accordance with the Board directive, Operational Guidelines to supplement the AMINA policy guidelines were prepared and discussed by the Board Committee of Operations and Development Effectiveness on 3 March 1998. The AMINA Operational Guidelines were approved by the Board on a lapse-of-time basis on April 22, 1998.

1.4 AMINA was designed to work through existing APEX organizations, umbrella groups or associations of microfinance institutions, where they exist, and to help form such organizations where national MFIs are convinced that to do so would be useful. The Unit is expected to work directly with individual microfinance institutions where it makes sense to do so and to support national and international NGOs oriented towards microfinance. AMINA’s support for APEX organizations or associations would consist of capacity-building to strengthen the selected partners’ ability to participate in policy dialogue. The aim is to assist these institutions to communicate their needs clearly and concisely to the donor community and to identify needs among their member microfinance institutions as well as find the resources required (and information on best practices) and channel them to member organizations.

1.5 It is recognized that, APEX organizations exist at present in only a few countries and in even fewer would they be viable conduits for AMINA funding to member institutions as currently constituted. Where strong APEX organizations do not exist, AMINA would work with one or more of the microfinance institutions directly. On the other hand, because credit unions and savings and credit societies are governed by different rules and philosophies from other types of MFIs, more than one APEX organization may evolve in some countries; AMINA will then determine which of these organizations would be appropriate to work with.

1.6 The primary focus of the AMINA program during its pilot phase is to strengthen the technical and managerial capacity of microfinance institutions to deliver appropriate financial services at the local level to the rural and urban poor in Africa on a sustainable basis. In this regard, Microfinance institutions would be appraised by AMINA before it takes its decision on grant requests; taking into consideration information obtained from other institutions including CGAP. During the pilot phase, AMINA's support is to take the form of grants for capacity building for microfinance institutions, including necessary computers, and other equipment.

1.7 To date, the activities undertaken by the Coordination Unit and the Oversight Committee (OC) were concentrated on the following:

- In-depth diagnosis of MFIs in six out of the 10 countries selected for the pilot program. These countries were Burkina Faso, Cape Verde, Chad, Malawi, Mauritania and Tanzania.
- Seventeen (17) specific training programs in the areas of financial management and accounting, organization and functions of MFIs, credit management and marketing were organized in eight of the ten selected countries. Two countries have also benefited from exchange of visits and study tour and three others have been provided with computers and softwares.
- Organization of two Micro-finance Policy Reform workshops in Abidjan (February 1999) and Addis Ababa (March 1999). The two workshops were organized for the same group of 25 high-level representatives of stakeholders (from government ministries, Central Banks, the formal financial sector, and partner MFIs) drawn from Ghana, Ethiopia, Malawi and Tanzania.
- Development of a Country Diagnostic Tool to help countries in formulating national microfinance policies.
- Support the establishment of a Microfinance Unit (Antenne de Microfinance - AMI).
- Support in the process of developing policy framework and laws and regulations governing microfinance, and the national microfinance strategy to several countries including Ghana, Ethiopia, Malawi, Tanzania and Mauritania.
- Participation in meetings with the Francophone African Banker's Club.
- Capacity-building workshop in Mauritania which resulted in a study tour to Mali (capacity-building exercise) for two institutions.
- Collaboration with the UNDP as a co-financing partner of its MicroStart Program in Ghana, Ethiopia and Mozambique.
- Participation in the CGAP Annual Meeting, hosted by the Bank in June, 1999 and assistance provided to the Microcredit Summit meeting held in Abidjan immediately after the CGAP meetings.
- Collaboration with the U.S. Overseas Private Investment Corporation (OPIC) to coordinate efforts in support of the People's Investment Fund (development of a brochure that was distributed at the African - African American Summit held during the week of May 17, 1999 in Accra, Ghana.
- Support to set up databanks for collection and dissemination of information on microfinance activities and institutions in Tanzania.
- Organization of four lectures and one training workshop for the operations complex of the Bank during the span of the last four quarters. The Unit has sponsored one regular Bank staff, the AMINA Coordinator, for external training. The other staff members sent for external training are on temporary (fixed-term) contracts.

- Presentations of AMINA programs to Bank staff and other partners and participation in project document review meetings.
- Organization of field missions to Cape Verde and Cameroon on behalf of the Country Operations and participation in joint missions to Uganda and Chad.

1.8 According to the AMINA Policy Guidelines document, six months from the date of appointment of the Coordinator the Unit was supposed to have completed the recruitment of 4 Microfinance Experts, 2 project assistants, 1 data-base computer expert and 3 support staff. In contrast, the Unit recruited 2 Microfinance Officers and 6 Operations Assistants and Support staff.

1.9 Since inception of its operations, AMINA has undertaken various procurement activities for both administrative and operational purposes. Procurement under the administrative activities were limited to the recruitment of individual consultants and consulting firms to undertake services in capacity building, training and pre-appraisal missions. Operations-related procurement activities covered the recruitment of consultants, NGOs and the purchase of equipment and the development of computer software for microfinance information management.

1.10 The AMINA policy document stated that after one and half years of operations, a Mid-Term Review of AMINA Program should be carried out by Independent Consultants versed in microfinance, microfinance support, poverty alleviation and women-in-development projects.

2. PURPOSE OF THE ASSIGNMENT

The main objectives of the Mid-Term Review according to the Policy Guidelines, is four-fold:

(i) Assess the implementation of the AMINA Program and its impact on the performance of partner MFIs;

(ii) Identify any problems encountered during the pilot program implementation phase and propose corrective actions;

(iii) Recommend on whether microfinance activities should be mainstreamed into Bank operations;

(iv) If so, recommend any necessary changes in AMINA's strategy, policies and procedures with the objective of transforming its pilot activities during a one-year transition period into an integral permanent part of Bank's operations.

3. Proposed Review Approach and Methodology

3.1 Based on the above, the Mid-Term Review should mainly address the following questions:

- Is the design of the program of strategic relevance to the ADF policy and the re-invigorated vision of the Bank to alleviating poverty?
- Are the policy guidelines and operational practices put in place coherent with the set goals and objectives of the program?
- Do the program activities conducted so far achieve most of the intended goals and objectives of the pilot phase and contribute to strengthening the institutional capacity of the selected MFIs,

enhancing the empowerment of women, mainstreaming the microfinance within the Bank activities?

- Can the changes in the selected countries environment and in the Bank, and the improvement of the operational and managerial capacity of the selected MFIs be attributed to program activities (capacity building, policy dialogue, coordination with CGAP and other donors, sensitization of Bank staff and information and dissemination of knowledge) or are they the result of some other intervening factors or processes occurring simultaneously?
- Do program impacts vary across the selected MFIs and countries? If so, what are the cultural, economic and political factors that limit the full participation of the intended beneficiaries and stakeholders?
- while most MFIs would like to be operationally sustainable, few are able to do so. What are the limitation factors (managerial capacity, unfavorable financial and legal environment, and others) that the AMINA program has been able to influence the most**?**
- Are there any unintended effects of the program, either positive or negative?
- How effective is the pilot program organization and operational and management processes, including the selection process of partners in the selected countries in comparison with alternative interventions?
- Has the program introduced innovative approaches and instruments to microfinance and MFIs capacity strengthening with regards to issues of sustainability and outreach?
- Is the program worth the resources it costs?
- Can the program be pursued at a larger scale and under what conditions?

3.2 As the first step of the Mid-Term Review, a prior understanding of the nature of the benefits/results (outcomes) that AMINA program is expected to generate should be carried out. As mentioned above, AMINA interventions have set multiple objectives for which clearly defined outcome indicators need to be identified together with short-term (intermediate) indicators in order to form a judgment on the direction and speed of realization of the pilot program outputs and objectives. For this reason, it will be necessary to review the logical framework matrix as set in the policy guidelines document and the program monitoring and evaluation system as set out in AMINA documents.

3.3 The Review approach to be followed which will also guide the data collection method will be based on «before and after» approach. Both quantitative and qualitative data will be used in the review, which will be conducted for the ten selected countries. For example, the in-depth analysis conducted in the six countries and data collected from the selected MFIs will constitute the baseline data for quantitative analysis. The actual data should be gathered in the field by using participatory approach and beneficiary assessments. Rapid appraisal techniques such as focus groups discussions and key informant interviews will be used for the selected countries to complement the quantitative assessment.

3.4 The dissemination of the Mid-Term Review findings and conclusions should also be considered in the Review.

4. <u>Specific tasks to be carried out by the Consultants</u>

4.1 Specific tasks to be carried out for the Mid-Term Review would be to:

Microfinance Institutions (MFIs) Capacity Building

- Examine MFIs selection criteria as stipulated in AMINA's policy paper and assess their relevance, appropriateness to the region and intended target clients, in particular as it relates to indigenous institutions, and consideration of sustainability and outreach.

- Review the diagnostic studies on training requirements and other needs of target MFIs and assess approaches and methodologies employed and their relevance as well as the usefulness of the results.

- Assess the extent and degree of participation of stakeholders in program design and its implementation. Specifically, conduct Focus Groups discussions and Key Informant interviews with partner MFIs, Government Officials, NGOs and other beneficiaries and stakeholders.

- Assess the status of AMINA partner institutions and evaluate their capacity while focusing on changes and/or enhanced capacities as a result of AMINA's interventions.

- Assess the relevance and the content of the training material to target partners (both MFIs and their clients) and the appropriateness of the delivery approach employed by training institutions.

- Assess AMINA contribution to the research and development of the Microfinance industry with emphasis on product and service development as well as providing instruments suited to target MFIs and the growth of the industry.

- Assess AMINA role in the development and support of networking and linkages among partner institutions.

- Assess the services delivered by consultants particularly their delivery approach, effectiveness, quality of service delivery, timeliness, etc.

Partner Co-ordination/Collaboration and Policy Dialogue

- Assess AMINA's relationship/collaboration with other development partners and provide analysis of areas where synergies were forged and collaboration pursued in policy dialogue, joint financing and undertaking of activities.

- Assess AMINA's relationship and collaboration with other partners and Regional Member Countries, Central Banks, commercial banks and other financial institutions in particular where focal points in pilot countries, if so what was their role and to what extent did they contribute to program implementation.

Collection of Microfinance Data and Information Dissemination

- Evaluate the quantity and quality of information collected and compiled by AMINA and assess its usefulness for the purpose of the project and degree of relevance to stakeholders.

- Evaluate the type and effectiveness of data maintenance, instruments and systems instituted by AMINA and assess their relevance, usefulness and sustainability.

- Assess the dissemination of the information, best practices and experiences to partner MFIs and other stakeholders and examine the type of instruments employed to disseminate the information and to develop the knowledge on Microfinance and their relevance in the region.

- Review AMINA system of Monitoring and Evaluation for Partner MFIs and its usefulness and recommend possible changes.

<u>Bank Staff Sensitization and Capacity Building</u>

- Review and assess AMINA's effectiveness in sensitizing and raising the awareness of the Bank Group staff, particularly in the Operations Complex on microfinance concepts and best practices.

- Evaluate the volume and substance of AMINA's training targeted to the Bank staff, the relevance of its content, suitability of delivery approaches, and usefulness to the tasks expected from these staff.

- Assess AMINA's impact in the design of Bank financed projects, particularly those in the area of poverty reduction and microfinance.

- Assess AMINA's interaction and collaboration with the Operations Complex organizational units and Task Managers of respective Poverty Reduction projects.

Management and organizational Issues and Constraints

- Examine the institutional capacity and constraints of AMINA especially with regards the following:

    - Staff strength and skills mix;
    - Program design, including criteria for selection of MFIs;
    - Policy Guidelines and Operational Procedures;
    - Any other relevant factors.

4.2 The Review will be based on the following proposed steps :

- Review of the background documentation and policy documents, pre-appraisal reports, country microfinance profiles, quarterly activity reports, disbursements and procurement documents, audit report, minutes of the oversight committee and data collected from the selected MFIs, including the Monitoring and Evaluation system and databases put in place;

- Submission of an inception report. The report shall outline the consultant's organization and program of work, methodology, approach and the schedule of field visits and interviews, all revised to reflect the result of contract negotiations and consultant's initial findings. The report shall also present detailed description of the data collection method and use of both quantitative and qualitative assessments. This will also include the interviews' profile or guiding questionnaire to be used for key informant interviews or focus groups discussions with partner MFIs, donors, stakeholders and other beneficiaries and Bank staff;

- Preparation and conduct field missions in the ten selected countries. For better results of the review study and in order to cover all the evaluation questions and tasks set in paragraph 3.1 above, it would be desirable to cover the ten countries with a good representation of partner MFIs in each country[28];

- Conduct the quantitative and qualitative assessments and review factors impacting on the results and outcomes of AMINA activities and operations undertaken so far;

- Review studies and other works on microfinance industry and current views of partner MFIs/NGOs, donors, and other stakeholders on the program approach and strategy for capacity building activities, policy dialogue, donor coordination, and mainstreaming microfinance in development institutions;

[28] As of February 2000, 74 Partner MFIs were listed in AMINA records.

- Submission of the Draft Final Report. The Report shall contain draft findings, conclusions and draw lessons and recommendations for the future, particularly the future role and prospects of AMINA program for mainstreaming microfinance in Bank operations in the light of recent development in the microfinance industry towards poverty alleviation and gender mainstreaming;

- Submission of a Final Report after inclusion of the Bank's comments and observations. The Final Report shall indicate the major findings of the Mid-Term Review and include the future role of AMINA in Bank Group operations as well as changes in strategy, policies and procedures to enhance the effectiveness of the program.

5 OBLIGATIONS

a) Obligation of the Consulting Firm

5.1 The selected consulting firm shall take all the necessary steps to ensure that the entrusted task is executed properly and on schedule in accordance with the established terms of reference. The selected firm shall:

- submit for the approval of ADB the list and CVs of the experts who will participate in the study, and maintain them for the duration of the study;

- undertake to perform the task in accordance with the terms of reference and according to internationally accepted standards;

- work under the supervision of the Operations Evaluation Department (OPEV) of the African Development Bank, particularly to discuss matters relating to the study; and

- Maintain a complete list of sources of information used, and surrender all documents to the Bank at the end of the study.

b) Obligation of the ADB Group

5.2 The ADB shall provide the consultant with suitable office space and shall provide the study team with available documents and reports needed to carry out the study. The Bank shall facilitate the contacts as well as access to information essential to the proper implementation of the study.

5.3 The Operations Evaluation Department (OPEV) is responsible for the coordination and the implementation of the Mid-Term Review Study. Specifically OPEV will assign a Task Manager to organize and monitor the implementation of the study, facilitate the work of the experts, and co-ordinate their activities. The AMINA Coordination Unit will provide assistance as and whenever needed particularly in the collection of data and arrangement of field visits.