

Annual Report 2001

Consultative Group to Assist the Poorest



Hundreds of millions of poor people in developing countries need access to financial services. They need these services for the same reasons as everyone else—to save small amounts of money in a safe place, to cover sudden expenditures, to invest in their tiny businesses or their home, or to insure against risk. Microfinance institutions throughout the world have demonstrated that poor people are committed and valuable clients of specially designed financial services—and that serving this niche can be financially viable. Still, microfinance practitioners face many challenges and the gap between the supply of microfinance services and demand remains extremely wide: together, all of the thousands of microfinance institutions in the world serve less than two percent of the poor and even fewer of the very poor. There is much work to be done to reach a vastly greater scale and to do so without leaving the very poor behind.

Building microfinance institutional capacity and financial strength remain the key challenges to expanding the scale of microfinance operations. Funds far more abundant than the limited pool available from donors will be required and only sound and well-managed institutions will be able to tap commercial sources or should be entrusted with poor people's savings. Shifting gears to scale up the microfinance industry to its full potential will require microfinance institutions, donors, banks, investors, and governments to step back and think big, to think in terms of building an industry that is catering to the needs of the poor and very poor and doing so on a sustainable basis as a permanent part of our financial system.

CGAP's mission is to help build a microfinance industry that is providing poor households throughout the world with flexible and high-quality financial services on a sustainable basis and an ever increasing scale. CGAP was created by the major bilateral and multilateral donors and microfinance institutions to act as a standard setter, convener, and catalyst in this rapidly evolving field. CGAP has been charged by its 29 member donors with: developing microfinance institution institutional capacity, improving member donor practices in supporting microfinance, deepening the poverty outreach of microfinance, improving the legal and regulatory framework for microfinance, and facilitating the commercialization of the industry.

CGAP serves microfinance institutions, donors and the microfinance industry through the development of technical tools and services, the delivery of training, strategic advice and technical assistance, and action research on innovations. CGAP also has a small grant facility in support of these activities and for strategic investments in microfinance institutions.

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Over the past 12 months, the “new economy” has startled us with its fragility—the result of spectacular growth built on root systems that have proven far too tenuous. The microfinance community should be proud that much of the attention in the past year has been below the surface, on building the foundations that microfinance institutions and the microfinance industry will require to support major growth and reach significant numbers of poor households in the years to come.

CGAP too has invested much of its energy this year on building the infrastructure and equipment for a robust, sustainable, and rapidly growing global microfinance industry: high-quality, locally available management training, relevant management information systems, financial reports, ratings and evaluations on microfinance institutions that are public and comparable, external auditors equipped to assess microfinance institutions, appropriate regulatory frameworks, and trained supervisors.

We in microfinance also need to stretch ourselves to develop fresh products and methodologies that meet the needs of people further and further below the poverty line. Over the past year, CGAP’s efforts to explore ways for microfinance to reach poorer people have been woven into all aspects of our work. This focus on deepening the poverty outreach of microfinance is now found in our training courses and technical tools, our research agenda, our publications, and in the type of institutions we support with grant funds.

Donor services was a third area where CGAP placed a lot of its energy this year. Donors continue to play a critical role in microfinance and improving the ways that donors support microfinance is an area where we, as a donor consortium organization, have made less progress than we would like. To address this, the CGAP team has focused much more energy this year on ways to improve donor practices and on improving donor coordination both in the field and at headquarters. The knowledge, tools, and mechanisms are in place. CGAP now needs to work on its effectiveness in applying them.

This year was marked by CGAP’s opening to new connections and partnerships beyond the immediate circle of our constituency in the microfinance community. We have

sought out a connection with the many individuals and institutions that are involved in providing financial services to the poor through their work on HIV/AIDS, post-conflict situations or community development work, but who are not part of the microfinance “community.” In most of CGAP’s new ventures, we have looked to join forces with other service providers and donor agencies in carrying out our work, such as offering appraisals and co-funding microfinance institutions with member donors to better serve both the microfinance institutions and the donors. This year the CGAP team also created links to support front-line donor field staff and their national coordinating bodies in a dozen countries. Finally, the Microfinance Gateway, with over 10,000 users a month, is offered as a resource and a platform for the industry—a place where diverse views are expressed and debated.

For CGAP and many of its partners, this has been an exciting year in microfinance with real progress on a number of fronts. The industry appears to have moved beyond the stale and polarized poverty-sustainability debate, recognizing that trade-offs are not simple and that there is much crucial work to be done in pushing *both* frontiers at once. The importance of transparency about microfinance institutions’ performance—both financial performance and performance in reaching poorer clients—is spurring initiatives that will significantly ratchet up microfinance’s potential for growth. The crucial need to listen and learn from poor clients and to develop flexible new products that most suit their needs is gathering momentum. Finally, commitment among microfinance institutions and donors to principles and standards of good practices is spreading and now seems unstoppable. These are all exhilarating developments, but there is much to be done to put these principles into practice. As long as there are countries where 98% of the poor lack a safe place to keep the little money they can put aside from their earnings and where a sickness in the family can push it over the edge from poverty into destitution, we have no time to lose.

I would like to thank all of the many partners with whom we have worked this year for their spirit and teamwork, our member donors for their commitment and their support, and the CGAP staff for their energy and their dedication to CGAP and to the poor people we seek to serve.

Elizabeth Littlefield
CEO and Director

INTRODUCTION

This report presents CGAP’s activities for fiscal year 2001 (July 2000–June 2001). Following a brief update on CGAP’s three main institutional bodies, this report is structured according to the activities and services the CGAP Secretariat provided in fiscal year 2001 to its three principal clients: Microfinance Institutions and Practitioners, CGAP’s Member Donors, and the Microfinance Industry as a whole, including those activities that serve to build the “infrastructure” of a microfinance industry. The Secretariat seeks to work with each stakeholder group or client to achieve our common goal of improving the capacity of microfinance institutions to provide quality financial services to the poor, especially the very poor, and to do so on a sustainable basis and ever-increasing scale.

CGAP TEAM AND GOVERNANCE

The CGAP Secretariat

The CGAP Secretariat is a small team of microfinance professionals responsible for implementing CGAP’s mandate. It

is housed in the World Bank. This year, the Secretariat solidified its approach as a service and resource center to the microfinance industry by focusing its services—technical advice and exchange, training, technical tools, and funding—towards its three client groups: microfinance institutions, donors, and the microfinance industry.

The Secretariat has also been reorganized into teams. Management includes Elizabeth Littlefield as Director, Ousa Sananikone, and Evelyne Fraigneau. Richard Rosenberg and Robert Christen are Senior Advisors. The Microfinance Industry team led by Xavier Reille includes Patricia Mwangi, Alfonso Vega Acosta, and Natasa Goronja. The Microfinance Institution team is led by Jennifer Isern and includes Leslie Barcus and Tamara Cook. The Microfinance Institution End-Client team is led by Syed Hashemi and includes Doug Pearce. The External Relations, Communications, and Funding team is led by Ousa Sananikone and includes Tiphaine Crenn. Brigit Helms is a Senior Microfinance Specialist working on corporate/regional issues. The Budget team is led by Carmencita Clay and supported by Sarah Manapol-Brown. The Poverty agenda has been thoroughly integrated into all of CGAP’s work and is no longer a discrete activity. Similarly, work on donor services is integrated throughout CGAP’s work and is the responsibility of all staff. Regional point people and donor relationship managers remain in place.

Several new staff joined the Secretariat in different capacities this year. Doug Pearce joined as a microfinance specialist. Alfonso Vega Acosta joined CGAP as a microfinance analyst and Natasa Goronja joined for a one-year internship as a microfinance analyst. Leslie Barcus joined as the Capacity Building Manager.

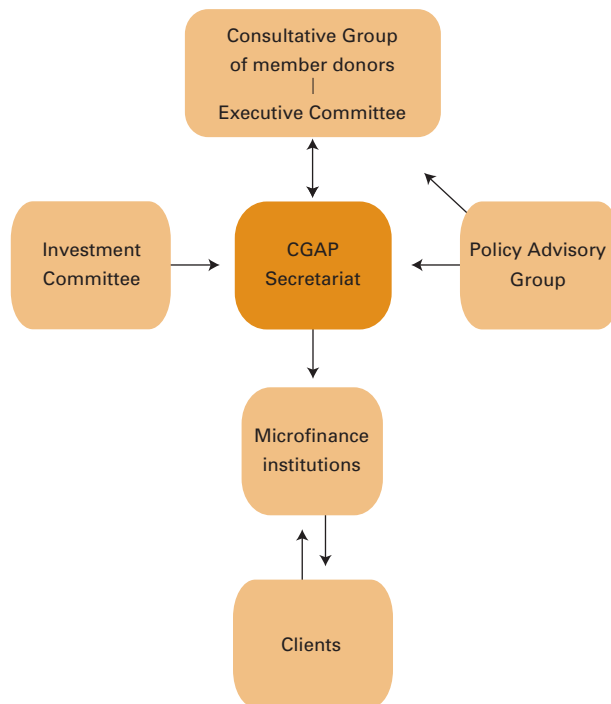
The Consultative Group (CG) and Executive Committee (Excom)

CGAP’s Consultative Group (CG) is effectively its Board of Directors. Membership of the CG is comprised of 29 bilateral and multilateral development agencies and private development organizations. Nemat Shafik, Vice President for Private Sector Development and Infrastructure at the World Bank, is serving her second year as the Chair of the CG.

The Annual CG Meeting in May 2001 was co-sponsored with the Inter-American Development Bank and was held in Alexandria, Virginia.

The Executive Committee (Excom) is a representative sub-set of CG members which facilitates communication among the CG, the Policy Advisory Group (PAG), and CGAP

Figure 1 CGAP’s structure



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staff. The Executive Committee is chaired by Kathryn Imboden. The Excom reviewed and endorsed the fiscal year 2001 workplan at the CG Meeting in Edinburgh in June 2000. The Executive Committee also provided valuable input on several initiatives and documents, and served as a conduit for communications between the Secretariat and the CG. All but one member of the Excom have rotated or will rotate off the Excom this year and new representatives have been elected from each of the CG constituencies effective May 2001. The new representatives will be Johan de Waard of the Netherlands, David Stanton of the United Kingdom, Heather Clark of UNCDF, Jean-Claude Lorin of Canada, and Nimal Fernando of the Asian Development Bank. In April, the Excom and Excom-elect representatives met with CGAP's CEO in Paris to review the Secretariat's activities in fiscal 2001, prepare for

the CG Meeting in May, and plan for the CGAP review beginning in fall 2001.

In the continuing effort to diversify CGAP's funding composition, several donors made new commitments and increased or extended previous commitments. The Asian Development Bank approved a contribution of US\$500,000, which marks the first time a regional development bank has provided funding to CGAP since the Inter-American Development Bank's US\$50,000 contribution in 1996. Japan and the United Kingdom both made their first commitments to CGAP. Switzerland and the Netherlands have increased their commitments and several donors have extended their original three-year commitments to the full five-year Phase 2 of CGAP. More information on donor funding commitments can be found in the Budget section.

Box 1 CGAP's Executive Committee

2001 Representatives

Kathryn Imboden, Chair (Switzerland)
Camilla Bengtsson (Sweden)
Guillaume Mounier (France)
Kate McKee (United States)
Abdirahman Beileh (African Development Bank)

Hans D. Seibel (International Fund for Agricultural Development)

Constituency

Germany, Italy, Switzerland, United Kingdom
Denmark, Finland, Norway, Sweden
Belgium, European Commission, France, Luxembourg, Netherlands
Australia, Canada, Japan, United States
African Development Bank, Asian Development Bank, European Bank for Reconstruction and Development, Inter-American Development Bank
International Fund for Agricultural Development, International Labour Organization, United Nations Capital Development Fund, United Nations Conference on Trade and Development, United Nations Development Programme

Box 2 CGAP's Policy Advisory Group

Current members

Pilar Ramirez (Chair), Centro de Fomento a Iniciativas Economicas
Fazle Hassan Abed, Bangladesh Rural Advancement Committee
Rosalind Copisarow, formerly of Fundusz Mikro*
Vijayalakshmi Das, Friends of Women's World Banking*
John de Wit, Small Enterprise Foundation
Nabil El Shami, Alexandria Business Association*
Alpha Ouedraogo, Réseau des Caisses Populaires*
Alex Silva, Profund International

Former members

Muhammed Yunus (former Chair), Grameen Bank
Kimanthi Mutua (former Chair), K-REP Bank
Kamardy Arief, formerly of Bank Rakyat Indonesia
Nancy Barry, Women's World Banking
Ela Bhatt, Self-Employed Women's Association
Renée Chao-Beroff, Centre International de Développement et de Recherche (CIDR)
Martin Connell, Calmeadow Foundation
Klaas Kuiper, Agency for Business Development
Maria Nowak, Association pour le Droit à l'Initiative Economique (ADIE)
Maria Otero, ACCION International
Sizwe Tati, Khula Finance Enterprise Limited
Lawrence Yanovitch, Foundation for International Community Assistance (FINCA)
Sukor Kasi, Centro de Fomento a Iniciativas Economicas
Kerfalla Yansane, Banque Centrale de la République de Guinée

*Rotated off in June 2001.

Numerous initiatives and interactions have taken place between the Secretariat and the CG and these are treated in the section on member donors.

Policy Advisory Group (PAG)

The PAG is composed of distinguished microfinance practitioners and experts. The PAG's primary role is to support and advise the CG and Secretariat on policies, procedures, and strategic direction, and to provide guidance on the overall direction of CGAP. Specifically, the PAG's roles are to: bring practitioner viewpoints and concerns to influence CGAP Secretariat and member donor policies, procedures, instruments, and knowledge; convey best practice messages to the microfinance practitioner community and to governments; serve as the first-tester and user of CGAP tools; and promote and encourage transparency in the industry through demonstration, e.g., disclosing financial and client poverty information on PAG member institutions.

Pilar Ramirez of Centro de Fomento a Iniciativas Economicas (FIE) served the first of a two-year term as Chair of the PAG in 2001. Nabil El Shami of Alexandria Business Association, Rosalind Copisarow, formerly of Fundusz Mikro, Vijayalakshmi Das of Friends of Women's World Banking, and Alpha Ouedraogo of Réseau des Caisses Populaires will rotate off the PAG in June 2001. CGAP gratefully acknowledges the leadership and contribution of these individuals. Four new members were selected from nominations received from the CG and PAG: Fouad Abdelmouni of Al Amana, Shafiq Choudhury of Association for Social Advancement, David Gibbons of Cashpor, and Carlos Labarthe of Compartamos.

The Investment Committee

The Investment Committee acts as custodian of the investment fund and ensures the adherence of the investments recommended by the CGAP Secretariat to the overall strategy established by the Consultative Group. Specifically, the

Committee evaluates and approves the Secretariat's recommendations on grants to be made from the CGAP investment fund. The Investment Committee is composed of senior World Bank Group staff with the experience and expertise to assume this fiduciary role. Executive Committee members may also attend investment committee meetings as observers.

Jean-François Rischard, Vice President of the World Bank for Europe, continues to serve as the Chair of the Investment Committee. Assaad Jabre, Vice President of Investment Operations for the IFC, was nominated as the alternate chair in cases when Mr. Rischard will be unable to attend in person. Christopher Scott, Lead Economist, was selected to replace Michael Walton, Regional Adviser, who relocated to Peru. This year, the Investment Committee met in August and January and plans to meet in June to review proposals for grants and projects being proposed by the Secretariat. As of May 2001, eight proposals were approved, including one non-objection proposal, totaling US\$5.525 million dollars. Five proposals are planned for June, potentially bringing the total to US\$7.2 million for this year. See funding tables for more information.

I. MICROFINANCE INSTITUTIONS AND PRACTITIONERS

Despite the enormous success of a few celebrated microfinance institutions, most remain small in terms of the numbers of poor clients served and weak in terms of financial performance. To address this challenge, CGAP's work with microfinance institutions centers on developing microfinance institutions' capacity to deliver financial services to the poor on a significant scale and with ever-increasing efficiency and financial performance.

CGAP provides microfinance institutions with technical tools and services, management training and capacity building, technical advice and exchange, and direct funding.

This year CGAP developed a series of interactive, web-based services to extend and build upon its hallmark series of technical tools in financial management for microfinance institutions. These in-depth handbooks and software are designed to help microfinance institutions strengthen their operations while still reaching the poorest possible clients. In the area of training, the focus this year was the coalescing of multiple regional capacity building programs into one global program. The program aims to establish sustainable *local* institutions that can provide

Box 3 CGAP's Investment Committee

Jean-François Rischard (Chair), Vice President for Europe, World Bank
 Assaad Jabre (Alt. Chair), Vice President of Investment Operations, IFC
 Carlos Cuevas, Principal Financial Specialist for Financial Sector Development, World Bank
 Claudia Morgenstern, Director for Financial Markets Advisory, IFC
 Christopher Scott, Lead Economist for Poverty Reduction and Economic Management Network, World Bank
 Douglas Webb, Legal Advisor of Private Sector Development and Legal Reform, World Bank

high-quality training and technical services to microfinance institutions into the future. In the area of technical assistance and advice to microfinance institutions, most of CGAP's work this year was in the context of appraising potential investments or monitoring current investments. CGAP also provided direct performance-based grants to microfinance institutions and networks, funding for technical assistance, and US\$50,000 awards to the 10 recipients of the Pro-Poor Innovation Challenge.

Technical tools for microfinance institutions

Over the years, CGAP has developed an acclaimed series of detailed operational tools for microfinance practitioners on topics such as Business Planning and Financial Modeling, External Audits, and Management Information Systems (MIS). With this full set developed, CGAP this year has focused on extending these tools through developing related services such as the on-line Audit Center and the on-line MIS Consumer Report Service, which are described in the Industry Services Section. CGAP also worked with external consultants on improvements to existing tools.

- *Business and Financial Planning tool enhancements:* CGAP originally developed this technical tool in 1998 as a resource for practitioners to develop sound business plans and financial projections. Based on an independent evaluation of the Business and Financial Planning Model (Microfin), CGAP commissioned major revisions to make the tool more user-friendly and easier to adapt. The new handbook and software will be available by mid-2001. CGAP has also designed a course based on this tool for its capacity building partners.
- *Microfinance Product Costing tool:* Microfinance institutions that cost their products, if they do it at all, often use a top-down approach. The costing tool under devel-

opment by CGAP is designed to be a practical tool to help institutions better understand costs of their products in order to make informed decisions about pricing, product design, mix, and delivery strategy. The tool applies activity-based costing (ABC) methods to determine the administrative cost structure of individual microfinance products. Once product costs are determined, the tool analyzes how and why costs are incurred for that product and how the product contributes (or not) to the overall financial viability of the microfinance institution.

Training and capacity building for microfinance institutions

CGAP's global capacity building program aims to develop local institutional capacity to provide training and technical services to microfinance institutions. As of this year, CGAP's *Skills for Microfinance Managers* series of seven courses and accompanying training of trainers is being delivered in 40 countries and six languages, through 14 local sustainable training institutions, with 74 CGAP-certified trainers.

Under the program, CGAP assumes responsibility for the design, development, and updating of the course materials, provides training of trainers for each course, monitors early course deliveries, certifies trainers, and provides limited marketing support to hubs and partners. CGAP's partners and their trainers then market and deliver the courses on a full-cost recovery basis. Until this year, all course materials were only available to CGAP's partners and hubs to allow them to develop their market position. To provide wider access, and in response to strong demand, CGAP will now make course materials available on-line, although by arrangement with its partners, the trainer's manuals will not be public until 2003.

This past year CGAP's series of regional capacity building programs became a truly global one as the team brought together the separate regional initiatives under a common strategy, branding, and marketing platform. The recruit-

Box 4 CGAP's Capacity Building Program

Hubs and partners

East, Central, and Southern Africa—AFCAP, Nairobi, Kenya
Francophone Africa—CAPAF, Dakar, Senegal
South Asia—EDA Rural Systems Private Limited, Gurgaon, India
Southeast Asia—Asian Institute of Management and Punla sa Tao Foundation, Manila, The Philippines
China—China Microfinance Training Center, Beijing, China
Central and Eastern Europe and the Newly Independent States—The Microfinance Centre, Warsaw, Poland

Skills for Microfinance Managers—course topics

Delinquency Management and Interest Rate Setting
Financial Analysis
Accounting for Microfinance Institutions
Business Planning with Microfin
New Product Development (in process)
Information Systems (in process)
Internal Control and External Audit (in process)

ment of a Capacity Building manager, Leslie Barcus, to manage the overall program, and to oversee new courses and new directions, will help CGAP maximize the synergies and learning among regions.

- *AFCAP update:* AFCAP is the Eastern/ Southern African hub for CGAP and DFID's joint capacity building program, located in Nairobi, Kenya. AFCAP has accelerated its focus on consulting services and has 35 affiliated associates, most of them individuals. This year, AFCAP has markedly increased its technical support assignments in the region and has certified a growing pool of trainers and consultants. AFCAP and its partners have offered three Training of Trainers courses, and three courses with participants from Uganda, Kenya, Ethiopia, Egypt, Zambia, and Zimbabwe. This year is also marked by the decision to co-locate with *MicroSave-Africa* to build on synergies between the two programs.
- *CAPAF update:* CAPAF is the Francophone Africa hub for CGAP's capacity building program located in Dakar, Senegal and is jointly financed by the French Ministry of Foreign Affairs (MAE) and CGAP. Since its launch, CAPAF has offered four Training of Trainers courses, certified 25 trainers, and organized nine courses in Senegal, Benin, Togo, Burkina Faso, and Madagascar. Staff from 129 different microfinance institutions have been trained. This year, CAPAF was successfully restructured and a director and new administrative company are now in place.
- *Asia Capacity Building update:* CGAP has partnerships with EDA Rural Systems in India, the Asian Center for Entrepreneurship at the Asian Institute of Management (AIM), and the Punla sa Tao Foundation in the Philippines to deliver courses in South and Southeast Asia. During fiscal 2001, these partners delivered six courses and one Training of Trainers. An external evaluation of this regional pilot program in November 2000 confirmed the positive impact of courses on microfinance institutions and provided useful insights and recommendations for the future. Results of the evaluation are available upon request.
- *China Microfinance Training Center (CMTC) update:* CMTC is CGAP's capacity building partner in China, established in late 1999 with the Rural Development Institute in Beijing. CMTC is building a group of local certified trainers, including experienced practitioners, leading researchers, and a small full-time staff. This year, CGAP facilitated three

Training of Trainers courses and CMTC delivered its first two courses to practitioners from 10 provinces in Mandarin. A third course was delivered in April for 25 UNICEF program staff. As the first training center of its kind in China, CMTC faces the challenge of convincing local microfinance institutions and donors that cost-recovery fees are necessary for the long-term sustainability of CMTC and are justified by the high quality and immediately applicable content.

- *Microfinance Centre update:* The Microfinance Centre for Central and Eastern Europe and the Newly Independent States (MFC), CGAP's capacity building partner in this region, is based in Warsaw, Poland. CGAP works with MFC both as a training center and as a network to promote microfinance in this region. During this year, MFC offered one Training of Trainers course and five CGAP courses in addition to its other training courses. An external evaluation supported MFC's decision to separate training and technical assistance from other activities this year.

Courses in development: The development of a *Skills for Microfinance Managers* course is an extensive process. First, CGAP and its capacity building partners brainstorm topics and concepts for new courses based on demand. Once a topic is selected, course materials are developed using adult learning techniques, often in consultation with key experts on the topic. Following the drafting of the course and an iterative review of materials, a test training of trainers is delivered. The course is then revised, piloted by a local training provider, and revised again. Based on feedback from CGAP's capacity building partners, the following topics were selected for development this year:

- *Information Systems course:* CGAP completed a draft of the Information Systems course, which includes a case study. Two Trainings of Trainers are scheduled for mid-2001.
- *New Product Development course:* The following experts contributed to course design at a four-day workshop in November: Janis Sabetta, Mike McCord, Kim Craig, Benedito Murambire, Niraj Verma, Elma Valenzuela, Javier Fernandez, Graham Wright, Dirk Steinwand, Monique Cohen, Monica Brand, Zan Northrip, Brigit Helms, Lorna Grace, and Imran Matin. The course materials were then developed by CGAP and will be test-piloted through several iterations throughout the spring, anticipating first course delivery in late 2001.
- *Business Planning with Microfin course:* Course materials were finalized following the November Training of

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Trainers in Nairobi. The latest version of the course was delivered by EDA Rural Systems in India in February and by AFCAP Associates in Uganda in May 2001.

- *Internal Control and External Audit course*: CGAP hosted a course design workshop in February 2001 that brought together experts on internal controls and audits to brainstorm on a framework and key messages for the CGAP course. They included Jennifer Isern, Andre Hue, Steven Kelly, Pamela Champagne, Howard Brady, Joyce Lehman, Mike McCord, Patricia Mwangi, Xavier Reille, Betty Sabana, Janis Sabetta, and Alex Silva. CGAP prepared course materials between March and May. Following an initial review of this draft course, AFCAP will run the first pilot of the course in late 2001.

Other Capacity Building Initiatives:

- *MicroSave-Africa*: *MicroSave-Africa* is a regional center that conducts action research, develops curricula, and provides technical assistance to selected microfinance institutions on market research and savings product development for poor customers. In August 2000, the Investment Committee approved US\$1.4 million for the second phase of *MicroSave-Africa* based on a proposal for joint funding from CGAP, DFID, and UNDP. *MicroSave-Africa* has published several high-quality papers and has developed a course on “Market Research for Microfinance” for practitioners in Kenya, Tanzania, Uganda, and South Africa. Two workshops to train trainers on this course attracted 35 participants from Africa, Asia, Europe, and North America.

Table 1 **Support to microfinance institutions and practitioners**
(U.S. dollars)

Type of investment	Region/Country	Amount
TECHNICAL ADVICE AND EXCHANGE		
Appraisals and Technical Assistance (e.g. Business Planning)	Global	294,358
Nirdhan (MIS Review)	Nepal	16,000
Funding the Poor Cooperative (operations manual)	China	23,000
Pro-Mujer (TA for business planning)	Bolivia	17,500
		357,851
TRAINING AND CAPACITY BUILDING		
<i>MicroSave-Africa</i>	Africa	1,400,000
New Course Development	Global	200,000
<i>Asia Capacity Building Extension</i>	Asia	96,500
		1,696,500
FUNDING FOR RETAIL MICROFINANCE INSTITUTIONS		
Nirdhan	Nepal	1,000,000
CGAP Pro-Poor Innovation Challenge	Global	900,000
WWB Affiliate Capitalization	Global	750,000
ACCION International	Africa	500,000
XAC	Mongolia	95,000
SafeSave	Bangladesh	70,000
MicroFinance Network	Global	50,000
<i>Joint FFH/WOCCU pilot</i>	<i>Ecuador</i>	<i>900,000</i>
<i>Kashf Foundation</i>	<i>Pakistan</i>	<i>300,000</i>
<i>Fondation Zakoura</i>	<i>Morocco</i>	<i>300,000</i>
<i>Développement International Desjardin</i>	<i>Global</i>	<i>175,000</i>
<i>Pro-Mujer</i>	<i>Bolivia</i>	<i>160,000</i>
		5,200,000
Total New Commitments as of May 2001		7,254,351

Italics denote grants expected to be proposed to the Investment Committee.

MicroSave-Africa is an active member of the CGAP-coordinated Product Development Task Force and has developed additional toolkits on pilot-testing products and costing/pricing financial services. *MicroSave-Africa* has co-located with AFCAP and is now based in Nairobi, Kenya.

- *Bank Rakyat Indonesia International Visitor Program (IVP)*: In 1999, CGAP and USAID made a joint investment in the BRI International Visitor's Program designed to disseminate lessons learned by BRI to practitioners all over the world. During this year, IVP offered 12 courses to international visitors, explored new ways to attract clients, and is on track to become sustainable after two or three years. However, IVP did not meet minimum performance thresholds on the number of courses offered and developed, and it still needs to reinforce its business planning and marketing strategies. CGAP visited IVP in April to discuss its performance against the partnership agreement and will make a decision with USAID on future disbursements.

Technical advice/exchange for microfinance institutions

CGAP offers appraisals, business planning support, general strategic advice, and specific technical assistance to selected

microfinance institutions and banks. In 2001, most technical advice occurred in the context of eight institutional appraisals—mainly of poverty-focused microfinance organizations—for grant funding. Several of these grants have been delayed as CGAP seeks to bring international donors or local apex organizations into a funding package. CGAP aims to have all of its investments contribute to, rather than compete with, the work of its member donors and thus leverage its scarce grant funds and technical staff resources. The CGAP Appraisal and Monitoring Service, described in the Donor Service section, was designed with this in mind. In addition, ongoing advice to a number of institutions, such as banks downscaling into microfinance, continues to be a feature of this area of CGAP's work with microfinance institutions.

- *XAC, Mongolia*: XAC was established in 1998 with the support of UNDP as a MicroStart project. It is the first financial institution focusing exclusively on microfinance in Mongolia. XAC reaches poor clients in both urban and rural areas with average outstanding loan size of 50 percent of per capita GDP. Since early 2000, CGAP, with the IFC, has been co-managing a technical assistance program to support XAC. CGAP conducted an appraisal of

Table 2 **Pro-Poor Innovation Challenge Awards**
(U.S. dollars)

Recipient	Country	Amount
ROUND 1		
GRET, Cambodia	Cambodia	50,000
Swayam Krishi Sangam (SKS)	India	50,000
Freedom from Hunger	Ghana	50,000
CBIDIBA	Benin	50,000
ROUND 2		
Association Mennonite de Développement Economique	Haiti	50,000
CASHPOR Financial & Technical Services	India	50,000
Padakhep Manabik Unnayan Kendra	Bangladesh	50,000
Uganda Microfinance Union	Uganda	50,000
Women's Association for Gain both Economic and Social	Togo	50,000
ROUND 3		
Alternativa Solidaria Chiapas	Mexico	50,000
Local Enterprise Assistance Program	Liberia	50,000
Constanta Foundation	Georgia	50,000
Women Economic Empowerment Consort	Kenya	50,000
Youth Self Employment Program	Tanzania	50,000

XAC in July 2000 and found that XAC had achieved impressive results in its first two years. Following the appraisal, CGAP continued to support XAC with technical assistance. XAC is testing CGAP products such as the Microfin update and the audit handbook. CGAP is leveraging its US\$95,000 in technical assistance support by coordinating with several donors that have expressed interest in supporting the planned conversion of XAC to a licensed bank. Triodos Bank and the IFC have approved loans to XAC of US\$400,000 and US\$200,000 respectively.

- *Funding the Poor Cooperative (FPC), China:* Funding the Poor Cooperative, the first microfinance institution in China, was launched as an action-research program by the Rural Development Institute of the Chinese Academy of Social Sciences in 1993. Using Grameen Bank solidarity group methodology, FPC serves poor rural households with an average outstanding loan size of 10 percent of per capita GDP. CGAP appraised FPC in September 2000 and worked with FPC headquarters and two county branches. FPC is at a pivotal time as it makes the transition from an action-research project to a professional microfinance institution capable of broad and deep outreach. CGAP is helping FPC develop an operations manual to standardize branch procedures and controls. Following the implementation of the manual, CGAP may provide additional support. CGAP has also discussed potential funding with other donors such as AusAID and the Ford Foundation.
- *Pro-Mujer, Bolivia:* Pro-Mujer, with an average outstanding loan size of about 5 percent of per capita GDP, serves a poorer clientele than most other Bolivian microfinance institutions. CGAP appraised Pro-Mujer in September 2000. Pro-Mujer is a solid program and operates substantially down-market from other microfinance institutions in Bolivia. Bolivia is one of the most advanced countries in terms of microfinance and is not a place where donors ought to be investing significant new grant money. Nevertheless, CGAP decided to appraise Pro-Mujer because of its commitment to staying with its very poor clientele, and moving further down-market if possible. In addition to technical assistance provided during the appraisal, CGAP made a small investment to provide some training and consultancy on business planning and organizational structure. CGAP is also considering a modest investment to support the testing of CGAP tools and follow Pro-Mujer's exploration of new systems and products.
- *Kashf Foundation, Pakistan:* Kashf is an NGO that began as an action-research program in 1996 and opened its first branch in January 1999. Kashf serves exclusively women from low-income households with an average outstanding loan size of 23 percent of per capita GDP. In October 2000, CGAP appraised Kashf and piloted the new CGAP Poverty Audit (See Donor Tools for more information on the Poverty Audit). A representative from AusAID also joined the appraisal team in consideration of possible funding. The appraisal team concluded that Kashf has a strong commitment to reaching very poor women and achieving profitability for the long-term stability of the institution. Given their solid credit delivery model and their ability to sustain strong growth in the coming years, CGAP is facilitating funding for Kashf. AusAID has already committed approximately US\$250,000. CGAP is also working with the Pakistan Poverty Alleviation Fund (PPAF), a World Bank-funded apex institution for microfinance and other activities, to streamline its procedures and pursue a joint investment in Kashf with CGAP.
- *Nirdhan Bank, Nepal:* In November, CGAP appraised Nirdhan, a microfinance bank for poor women in rural Nepal. Its average outstanding loan size is 25 percent of per capita GDP. This marks the first time that CGAP has re-appraised a microfinance institution. Nirdhan has evolved significantly since the first CGAP appraisal in 1996 in terms of both poverty outreach and profitability. To complement the CGAP appraisal, CGAP commissioned the Center for Microfinance in Nepal to determine the relative poverty of Nirdhan clients using the new CGAP Poverty Assessment Tool; the results corroborated Nirdhan's assertion that it targets the very poor. Following the appraisal, CGAP commissioned an external review of Nirdhan's computerized Management Information System before rolling out the system in all of the branches. Following this review, Nirdhan negotiated improvements with their local software designer. CGAP's Investment Committee approved an investment of US\$1,000,000 to strengthen internal capacity and systems, achieve profitability by July 2002, review current loan products, and pilot new products. CGAP is leveraging its funds by working with several donors and other investors who are considering loans, loan guarantees, and other types of funding for Nirdhan based on the CGAP appraisal.

- *Fondation Zakoura, Morocco:* In November, CGAP appraised Zakoura, an NGO that reaches poor women in rural and urban areas. Zakoura is the second largest microfinance institution in Morocco with 18,000 loans outstanding and a portfolio of US\$1.9 million. Zakoura combines an impressive commitment to very poor clients (average loan outstanding is 10 percent of per capita GDP) with excellent repayment performance and full financial sustainability only five years after its founding. While performance is strong, Zakoura needs to develop a new MIS, create regional branches and set up an internal control unit before starting another phase of expansion. Potential CGAP funding will be based on Zakoura's new business plan and an assessment of their need for technical assistance.
- *Women's World Banking:* The Women's World Banking Facility for Affiliate Capitalization offers equity funding to affiliates in Africa, Latin America, Asia, and Eastern Europe. Capital investments are conditioned on specific performance improvements on the part of the affiliates. In September/ October, CGAP evaluated the first phase of its investment in WWB's Affiliate Capitalization Facility in consideration of the anticipated second phase that would extend the fund to other eligible affiliates, as well as to existing recipients that are able to meet higher performance targets. A CGAP team visited three previously capitalized affiliates (KWFT in Kenya, WWB-Cali in Colombia, and ADOPEM in the Dominican Republic) and one candidate for capitalization (BOSPO in Bosnia and Herzegovina). The appraisal focused on the affiliates' relationship with the network and on the impact of capitalization on the affiliates' overall growth and financing strategy, including the ability to leverage commercial sources of funding. The Investment Committee approved a US\$750,000 grant for Phase II of the capitalization facility. CGAP's funds were leveraged by the IFC, which approved an additional US\$250,000 based on CGAP's appraisal.
- *ACCION International:* In December 2001, CGAP evaluated ACCION, including its Gateway Fund, prior to considering an investment in ACCION's Africa initiative. ACCION has an impressive track record in leading the process of commercialization of microfinance in Latin America over the past five years. Its expansion into Africa will bring ACCION's experience in building of financial NGOs and their transformation into regulated finance institutions to African microfinance. The Investment Committee approved a US\$500,000 CGAP grant for this initiative. On the basis of CGAP assessment, the IFC approved a US\$400,000 capacity building investment from the Small and Medium Enterprise Department and Capacity Building Facility.
- *Freedom from Hunger (FFH) and World Council of Credit Unions (WOCCU) joint project in Ecuador:* FFH has a credit-with-education village banking model that focuses on the rural poor, especially women. Rather than start up its own stand-alone operation in Ecuador, FFH has agreed with WOCCU on a pilot effort to graft FFH's product onto two strong WOCCU-affiliated credit unions. This would deepen the credit unions' outreach and extend savings services to the credit-with-education clients. A CGAP appraisal found that a similar FFH/WOCCU pilot in the Philippines was performing impressively.
- *CARD and Project Dunganon(PD), Philippines:* CARD and PD are two of the leading microfinance institutions in the Philippines. Both reach very poor clients. CGAP has made a financial investment in each institution and has also invested substantial staff time in ongoing monitoring and technical assistance. In particular, CGAP has conducted several business planning workshops with both institutions. This year, CARD and PD staff prepared business plans and financial projections without outside assistance. CGAP worked with the two institutions in December to review the plans and found them technically sound and realistic in their assumptions.
- *Banco do Nordeste, Brazil:* Banco do Nordeste, a state bank, launched its CrediAmigo Microfinance Program in December 1997 and has achieved impressive results. CrediAmigo is already reaching over 55,000 clients with an average outstanding loan size of less than 6 percent of per capita GDP. It expects to reach over 200,000 clients in the next few years in one of the poorest areas of Brazil. The CrediAmigo program shows that commercial banks can effectively reach poor clients. CGAP and the World Bank have worked together to provide ongoing technical assistance and a loan (respectively) to CrediAmigo over the past few years.
- *Swayam Krishi Sangam (SKS), India:* In July 2000, CGAP visited SKS, which was one of the four winners of the first Pro-Poor Innovation Challenge. SKS is a very small insti-

tution (less than 1,000 clients) working in one of the poorest regions of India. After time/efficiency analysis of their client caseloads, SKS is launching smartcards as a way to improve internal controls, increase loan officer efficiency, and expand outreach. A visit to SKS underscored the use for the Pro-Poor Innovation Challenge to find microfinance institutions that normally would not fit CGAP criteria, even though they have good potential for the future. CGAP has provided strategic advice and numerous referrals for SKS and will maintain this link with SKS to document lessons learned.

- *Développement International Desjardins (DID), Canada:* In October, CGAP worked with representatives from DID, OTIV/ Madagascar, and Pamecas/ Senegal to identify the lessons learned from the pilot audit project with DID and its three partners. Preliminary plans for the 2000 audits were also discussed. In November 2000, DID and CGAP agreed to cancel the current funding to DID, which is based on performance of three DID partners, after DID signaled that two partners would not meet the minimum performance thresholds. In early 2001, DID submitted a smaller proposal for technical assistance focused specifically on strengthening internal controls and external audit in the three networks, where the performance thresholds would be linked only to DID's delivery. This proposal will be submitted to the Investment Committee.
- *The MicroFinance Network (MFN):* MFN is a global association of leading microfinance practitioners committed to serving low-income people through profitable microfinance institutions. CGAP and MFN's other funders commissioned a review of MFN to determine how members value their association with the network and the services provided, and what services might be provided in the future. The review revealed that MFN's leading members value the network, particularly the opportunity to interact with other microfinance practitioners at the annual meeting. In order to cover some of MFN's interim costs until the review was completed, CGAP extended its previous investment in MFN with an increase of US\$50,000. CGAP is in discussions with MFN about the future structure of the network and potential funding.
- *Compartamos, Mexico:* CGAP visited Compartamos in January 2001 to review the status of their operation. In

July 1996, CGAP made a US\$2,000,000 grant to Compartamos, a microfinance institution doing rural village bank lending in poor regions of southern Mexico. The final disbursement was made in December 1998 to facilitate the formation of a licensed finance company. During the five-year project period, the clientele grew from 17,000 to 64,000, adjusted profitability moved from -26 percent to 45 percent, and the profits contributed to about US\$9 million in equity, allowing Compartamos to capitalize the licensed company in October 2000. Compartamos has successfully leveraged CGAP's investment while retaining its poverty focus. As a finance company, it can now raise funds for expansion in the commercial market. Its orientation and its success are having a major demonstration effect in Mexico. Throughout its partnership with Compartamos, CGAP has provided ongoing advice about its operations, products, systems, and external audits.

Financial support for microfinance institutions

As described above, several CGAP appraisals led to funding during this year. See Table 1 for details.

Pro-Poor Innovation Challenge: CGAP's Pro-Poor Innovation Challenge is designed for smaller, younger, or untested microfinance institutions that have difficulty raising capital from donor sources. Applications are extremely short, no on-site due diligence is undertaken, and turnaround time is less than a month. The selection criteria are depth of outreach, innovation, and commitment to sustainability. Following the success of the first Pro-Poor Innovation Challenge in Spring 2000, CGAP decided to extend this program and the Investment Committee approved US\$900,000 to extend the program over three more cycles and document the award recipients' experiences to maximize industry learning. Short write-ups on each award recipient are posted on the CGAP website.

- *Pro-Poor Innovation Challenge II:* CGAP received over 180 responses to the second Pro-Poor Innovation Challenge, most of them from young, small microfinance institutions. Five awards were made.
 - *Association Mennonite de Développement Economique, Haiti* is a community bank program working with very poor people in mountainous rural areas of Haiti. It is experimenting with new models of training in literacy and business skills.
 - *CASHPOR Financial & Technical Services Ltd., India* is developing a new loan product for landless agricul-

tural women workers in one of India's poorest districts in conjunction with training on very small-scale poultry rearing. These very small loans (average loan is US\$43) will allow destitute women, who are otherwise excluded from financial services, to eventually graduate to mainstream microfinance.

- *Padakhep Manabik Ummayan Kendra, Bangladesh* is serving street children, a vulnerable population outside the scope of conventional microfinance. In addition to providing them with financial services, Padakhep is also planning to improve STD and AIDS awareness.
- *Uganda Microfinance Union* is developing a transfer mechanism for rural-urban remittances. This will enable small traders who face high risks of armed robbery to trade in different markets free from the dangers of carrying cash.
- *Women's Association for Gain both Economic and Social, Togo* offers very low loan sizes (US\$51) with no preliminary savings to returning refugees around Lomé and very poor people in an environmentally vulnerable region of Togo.
- *Pro-Poor Innovation Challenge III*: CGAP received 130 applications for this round and five awards were made.
 - *Alternativa Solidaria Chiapas A.C. (AlSol), Mexico* uses a Grameen Bank peer lending methodology in rural communities in Chiapas, Mexico. The majority of AlSol's clients inhabit some of the poorest regions of Mexico and belong to indigenous communities that have been displaced by guerrilla and religion-related conflicts. AlSol is developing an insurance product that would enhance its savings and credit products.
 - *The Local Enterprise Assistance Program (LEAP)*, a member of the World Relief Microfinance Network, operates in Liberia, which has been ravaged by years of civil war. It has 4,400 very poor and economically vulnerable clients, but is well on its way to achieving institutional and financial self-sufficiency. In a prevailing post-conflict, post-disaster situation with too many ill-conceived programs confusing relief and credit functions, LEAP sets a strong example of how it is possible to build sustainable programs based on sound microfinance principles.
 - *Constanta Foundation (Constanta), Georgia* is an NGO that is reaching a significantly poorer clientele than most microfinance institutions in the region. Constanta's initial loan size is US\$60 or approximately 10 percent of per capita GDP. A large share of Constanta's clients are refugees and it plans to expand its operations to more rural regions using mobile offices.
- *Women Economic Empowerment Consort (WEEC), Kenya* provides group-based credit, tailored to the changing lifestyle of Maasai women. In recent years the Maasai have been faced with severe droughts and shrinking natural resources that have decimated their cattle herds, restricted their nomadic practices and forced them to adapt to a sedentary, less subsistence-based, lifestyle. WEEC provides Maasai women with credit in the form of cattle that WEEC purchases in bulk, passing on the discount to clients.
- *Youth Self Employment Program (YOSEFO), Tanzania* provides group lending and savings services to households, often with HIV/AIDS orphans. YOSEFO plans to introduce a new lending product that will help clients pay for high school fees for students. These fees have been preventing many children, especially girls, from getting secondary education.
- *Regular funding application reviews*: CGAP reviewed 46 funding applications for the October deadline and 25 applications for the March deadline. The FFH/WOCCU joint proposal from Ecuador led to an appraisal and CGAP supported the review of the Microfinance Network. Funding decisions are pending on these two investments. CGAP is considering five others for further follow-up and possible appraisal: Taimako in Niger, CARE and the Ghana Credit Union Association, APPEND and Opportunity International in the Philippines, Project Enterprise in Bosnia and Herzegovina, and the SEEP Network.

II. MEMBER DONORS

Donors continue to play a significant role in the development of microfinance. But donors often face impediments within their organizations that limit the effectiveness of their microfinance programming, such as frequent staff rotation, limited expertise in microfinance, and disbursement pressures. To help donors address these issues, CGAP develops tools and services aimed at improving member donor practices and staff skills, building consensus on policies and stan-

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dards, and promoting coordination among donor agencies at the international and national level. This year, CGAP also specifically emphasized connecting with local donor staff in order to stimulate or support in-country donor coordination and to respond to demand of local donor staff for CGAP inputs where appropriate.

Given CGAP's small staff in relation to the number of member donors and their staff and other constituencies, services and tools that leverage the Secretariat's staff resources have been emphasized over tailored, individual services. These types of leveraged, multi-donor products include the Appraisal and Monitoring Service, the Poverty Audit for the Appraisal Format, the Global Donor Portfolio Database, and training courses for donor staff.

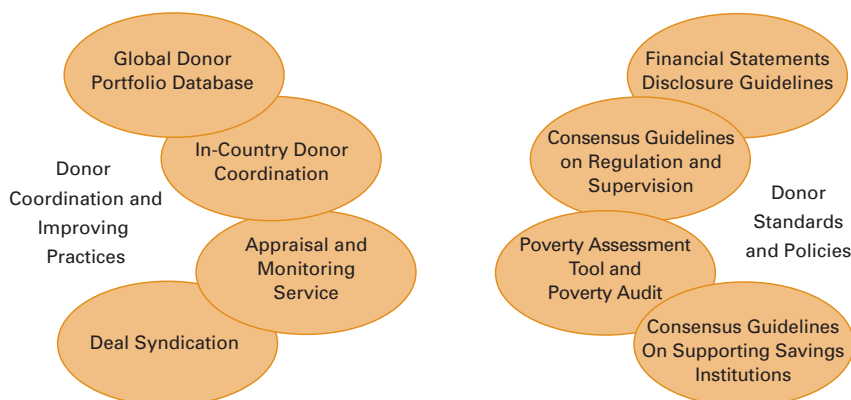
Technical tools and services for member donors

- *Appraisal and monitoring service for CG members:* There are many instances where donors and private investors are interested in funding the same institution. Multi-donor support to a microfinance institution typically involves significantly higher transaction costs, for the donors as well as for the institution: these costs include multiple appraisals, project documentation, negotiation of agreements, monitoring and reporting, and external audits. To enhance CGAP's usefulness to member donors, CGAP launched an Appraisal and Monitoring Service this year. Through this service, CGAP offers to conduct a single appraisal exercise and unified monitoring and reporting on behalf of donors who are interested

in appraising and funding the same institution but have limited in-house microfinance technical staff. Donor staff can join the appraisal exercise, but only one appraisal would be conducted. Microfinance institutions, PAG members, and member donors have been enthusiastic about this concept. CGAP has offered this service for Nirdhan in Nepal and a proposed joint project in Ecuador between Freedom from Hunger and the World Council of Credit Unions, although for timing and other reasons, neither was an ideal case to test the service. A variation of the service was provided by CGAP for the IFC in appraisals of Women's World Banking and ACCION and for AusAID on Kashf. This service is likely to be reshaped following further donor feedback.

- *Pride Africa appraisal:* At the request of NORAD, SIDA, USAID, and UNDP, CGAP led an appraisal team including staff from USAID and SIDA to review Pride's operations in Malawi, Zambia, Uganda, and Tanzania as well as Pride's headquarters in Nairobi. Pride Africa is a network of microfinance institutions serving over 80,000 microentrepreneurs. The team's report and recommendations are serving as the basis for determining the respective donors' funding relationships with Pride in the future. As part of that process, representatives from the above donor agencies met with Pride management in January to reach agreements on Pride Africa's future structure.
- *Financial Statement Guidelines for microfinance institutions:* After an extensive consultative process with

Figure 2 **Priorities for donor work**



CG and PAG members and microfinance practitioners, CGAP released a preliminary set of “Disclosure Guidelines for Financial Reporting by Microfinance Institutions” to provide an industry guide on the minimum information that should be included in microfinance institutional financial reports. Because microfinance institutions often differ from conventional financial businesses in their service delivery methodologies and access to grants and soft loans, judging a microfinance institution’s financial condition requires some information that conventional businesses do not report. Following field testing in the audit cycle of 2001, CGAP will incorporate changes into a final set of disclosure guidelines to be released in mid-2001. These guidelines have already been adopted by national networks and several of the microfinance institution rating fund initiatives and other initiatives geared towards transparency in the microfinance industry.

- *Poverty Assessment Tool:* CGAP finalized the development of the CGAP Poverty Assessment Tool with IFPRI this year. The Tool provides transparency and comparability on the depth of poverty outreach of microfinance institutions. It assesses data on the poverty levels of clients relative to non-clients within the same communities through the construction of a multi-dimen-

Box 5 Connecting with in-country donors

Effective coordination between donors operating in a country can be critical to assuring good practices in microfinance and the development of a robust microfinance sector within that country. CGAP itself cannot and should not coordinate donor staff, but can support local initiatives where demand exists. CGAP published a Focus Note that documents the different levels of donor coordination, outlines the challenges to effective coordination, and cites factors for success. For example, keys to effective in-country donor coordination include dedicated and energetic individuals, strong motivation to accept both the constraints and the benefits of coordination, and a genuine commitment from all donors to follow best practices in supporting microfinance.

As part of CGAP’s effort to learn more about and support local donors, CGAP worked with the following local donor groups who are at different levels of coordination:

- Mongolia
- Morocco
- Nepal
- Senegal
- West Africa
- Kenya
- Uganda
- Indonesia

sional poverty index. It also allows for comparison of poverty levels of microfinance institution clients across countries. The Tool has been primarily designed for donors and investors who would require a more standardized, globally accurate, and rigorous set of indicators than what conventional targeting tools provide to make poverty-focused funding decisions. The tool is designed to be used in conjunction with other appraisal instruments (such as the CGAP Appraisal Format) to offer a holistic understanding of microfinance institutions. After testing the tool during its development with OTIV in Madagascar, KWFT in Kenya, SHARE in India, and ACODEP in Nicaragua, CGAP has further tested and refined the tool and its operational manual this year with Nirdhan in Nepal, the Small Enterprise Foundation in South Africa, and Compartamos in Mexico.

- *Microfinance Institution Poverty Audit for the CGAP Appraisal Format:* CGAP has revised its Appraisal Format to include a poverty audit to better assess the poverty outreach of a microfinance institution. The poverty audit complements the more financially oriented factors in the Appraisal Format and seeks to ascertain an institution’s concrete and sustained commitment to poverty alleviation, concentrating on stated vision, clientele and methodology, products and services, and poverty impacts. The revisions were tested with the appraisal of Kashf in Pakistan and have been integrated into the Appraisal Format as well as compiled in a stand-alone document.
- *Global Donor Portfolio Database:* At the request of the CG, the CGAP Secretariat developed a web-based Global Donor Portfolio Database as a tool to promote donor coordination and communication. The database provides access to valuable information on donor projects, connects donor staff working on similar projects or in the same countries, and enables analysis of global trends in donor support for microfinance. Following the 2000 CG Meeting in Edinburgh, two-thirds of the CG Members committed to providing portfolio data on their microfinance projects for 1999 and 2000 in a common format. To ease data entry and access to information, all data is entered and compiled in a searchable on-line database which is password protected for the exclusive use of participating CG Members. The software development was completed and data entry began in February 2001. Aggregate results are expected to be available by the end of 2001. Donor staff can already use the

information thus far received to connect with other donor staff working on similar types of projects or in the same regions. Through CGAP's new initiatives with local donor coordinating bodies, local groups in Indonesia and elsewhere are working with CGAP to adapt the database for the use of their national-level donor working groups.

- *Banco do Nordeste, a model of best practice for multilaterals:* CGAP is working with the World Bank to document the experience with Banco do Nordeste in Brazil, a commercial bank that has opened a microcredit program. The paper documents the unconventional approach taken by the World Bank and addresses the “disbursement pressure” that donors often face. The case demonstrates how investing small amounts of money in capacity building and technical assistance upfront can succeed in helping a bank start a microfinance program in preparation of a potentially large investment down the road. CGAP provides ongoing advice to Banco do Nordeste while ACCION provided technical assistance.
- *In-Country Donor Coordination, Focus Note 19:* David Wright, formerly of DFID, was contracted to research and write a review of in-country donor coordination in microfinance to draw the attention of headquarters and local donor staff to the benefits of coordination and the factors for success. CGAP hopes that the research and note would both stimulate and encourage local initiatives and headquarters backing of such initiatives. CGAP could then support directly these local initiatives where demand exists.
- *Microfinance and Non-Financial Services, Focus Note 20:* After consultation with both microfinance and non-microfinance donor staff, CGAP published a Focus Note on “Microfinance, grants and non-financial responses to poverty reduction: Where does microcredit fit?” The note is aimed principally at donors and policy-makers considering microcredit as a poverty alleviation response. This note places microcredit as only one option on a menu of possible interventions to generate income and employment relating microfinance to other financial and non-financial interventions, so that managers can select a package of tools appropriate for a specific situation. This Focus Note was written by Joan Parker of DAI and USAID's Microenterprise Best Practices Project together with CGAP staff.

Training and capacity building for member donors

CGAP provides different services aimed at upgrading the knowledge and skills of donor staff involved in microfinance.

- *CGAP Donor Training in Asia:* CGAP organized two courses for donor staff in Asia in March and April, hosted by AusAID and the Asian Development Bank, in Manila. The three-day “Overview of Microfinance Principles” course provided an interactive overview of microfinance including sustainability, poverty outreach, regulation, and donor roles and coordination. Sixteen donor participants attended. The four-day “Appraising a Microfinance Institution” course is based on a case study where participants apply the CGAP Appraisal Format to evaluate a microfinance institution for funding. Twenty-four staff attended. Given the growing importance of local donor and apex agencies in microfinance, CGAP invited SIDBI in India and PPAF in Pakistan to join the course. CGAP management believes it is important to amplify linkages between such institutions and bilateral and multilateral donors.
- *Donor Staff Training in Norway:* In October 2000, CGAP delivered a two-day course in Norway for 37 staff of NORAD, the Foreign Ministry, and NGOs working in microfinance. The Norwegian microfinance consortium requested this training as part of its initiative to create a “mini-CGAP” within Norway to encourage best practices and coordination among the microfinance-related organizations. The course built on existing modules on delinquency management and financial analysis and included two new modules on external audit and poverty audit.
- *UNDP donor training:* With CGAP support, UNDP will offer a field-based course, “From Donations to Investments: Donors and Sustainable Microfinance,” in Mongolia in June 2001. This course is the third offering following courses in Bolivia and Egypt in 2000. The course includes exposure to local microfinance institutions and covers donor-microfinance institution relationships that promote sustainable microfinance, from the analysis of the initial investment to the support required over the life of the relationship. This course will also be offered in Cambodia in November 2001.

Technical advice and exchange with member donors

CGAP works with donor staff on several levels. With member donor headquarter staff, CGAP staff relationship managers ensure communication of CGAP's donor tools and

services, review papers, projects and proposals, facilitate co-funding opportunities, and provide regional and technical background information. At the same time, CGAP is building connections with donor field staff to develop more effective channels of communication to support frontline donor staff as well as reinforce in-country donor coordination. While work with headquarters-based donors is ongoing and too broad to cite here, CGAP staff's links with national level groups of donor staff initiated this year are noteworthy.

Building CGAP connections with donor field staff:

- *Mongolia:* During the appraisal of XAC in July 2000, CGAP participated in the first meeting of a working group involving all microfinance actors, donors, and the Central Bank. The group plans to develop an annual microfinance report for Mongolia and decided to meet periodically to discuss microfinance hot issues and joint initiatives.
- *Morocco:* While working with Zakoura in November 2000, CGAP co-hosted a donor meeting with USAID for donors to present their microfinance work, discuss solutions to problems in the sector, and find ways to coordinate with one another. The session was found useful and the group continues to meet periodically. The group has been successful in influencing the regulatory framework for Morocco.
- *Nepal:* During the appraisal of Nirdhan in November 2000, CGAP co-organized a meeting with the Center for Microfinance (CMF) for donor staff involved in microfinance. The group discussed conducting a national review of donor activities in microfinance to serve as a basis for a more coordinated strategy. CGAP offered to help in this process.
- *Senegal:* In February, CGAP and USAID co-organized the first donor coordination meeting on microfinance in Senegal. All eight of the major donors active in microfinance attended and shared their current and planned activities. USAID will act as the first rotating coordinator.
- *West Africa:* CGAP participated in the annual coordination meeting in December 2000 organized by the West African Central Bank (BCEAO) with participation of donors active in the region. The BCEAO's specialized microfinance unit presented its activities and workplan, and each donor representative provided a summary of their activities in the region. CGAP met with the BCEAO again in February to discuss audits, regional databases, and CGAP's Draft Financial Statement Guidelines. In June, CGAP participated in the BCEAO's regional workshop in financial and institutional viability of microfinance institutions in West Africa and discussed future industry priorities.
- *Tanzania:* In March, CGAP participated in the Annual National Microfinance Conference, and met with participating donor agencies on improving donor coordination and support of microfinance in Tanzania. CIDA is organizing a follow-up donor meeting.
- *Kenya:* In March, AFCAP organized a meeting with a group of local donors in Kenya in order to discuss microfinance issues, donor coordination, and ways CGAP might support the donor group. The donor group is in the process of launching a national joint Performance Assessment Initiative.
- *Uganda:* In April, CGAP participated in meetings of the group of donor staff responsible for microfinance in Uganda. The donor group has worked together on the design of a joint vision and the strategies needed to achieve the vision, including developing or supporting the development of new products addressing rural needs and demand-driven capacity building.
- *Indonesia:* In April, CGAP met with a group of 19 donor staff working on microfinance in Indonesia. Several donors are working on the same projects or policy issues and are planning to use CGAP's on-line global donor portfolio database to facilitate sharing of information and coordination.
- *The World Bank Group and IMF:* Due to CGAP's physical proximity to the Bank, the magnitude of the World Bank's portfolio of microfinance projects, and these institutions' potential impact on microfinance, CGAP staff invest in providing advice and technical inputs to staff, projects, the policy dialogue with governments, and the plans of these organizations. A few examples of these interactions include:
 - *IMF senior management:* In March, CGAP organized a seminar for IMF senior management to brief them on issues in microfinance regulation and supervision. World Bank and IFC microfinance specialists were invited to join in order to present consensus views.
 - *Rural Finance and Social Fund Thematic Group:* CGAP is actively working with World Bank Social Fund and Community Development staff to situate microfinance among many alternative interventions, including grants, infrastructure investments, and legal reform and to encourage creative linkages among these various types of support. Sessions have been organized on "Social

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Funds and Microfinance,” “Microfinance Linkages to Safety Net Programs,” “Microcredit and Community-Driven Development,” and “Targeting the Poor.”

- *Regional staff:* CGAP held a series of meetings with country directors and sector boards to raise awareness of microfinance best practices and CGAP products and services available to staff.
- *International Finance Corporation (IFC):* CGAP has provided input to the IFC on numerous individual investment proposals this year as well as providing advice, referrals, or comments on other initiatives. In addition, CGAP’s Director serves as an Investment Committee Member of the Small and Medium Enterprises Capacity Building Facility.
- *Funding referrals:* CGAP institutional grants and technical assistance have served as preparations for equity investment or credit lines from the IFC (ACEP, Compartamos, etc). On several occasions, the IFC has made deals based on CGAP appraisals. XAC in Mongolia, ACCION International, and Women’s World Banking Facility for Affiliate Capitalization are examples of this.

CGAP Working Groups:

- *Savings:* The Savings Mobilization Working Group met in Edinburgh at the 2000 CG Meeting to focus its work and seek a more proactive involvement of its members. The Working Group decided that, in addition to the work of *MicroSave-Africa* (which basically functions as its operational arm), it would focus on the development of “Donor Guidelines for Supporting the Development of Savings Services” to complement the existing guidelines for supporting the development of microcredit (commonly known as “The Pink Book”). The Working Group worked with Madelaine Hirschland to develop the guidelines through a participatory process that has included the use of a savings-specific list serve. The draft of the guidelines is being circulated for discussion among the Working Group members and the final draft was presented for discussion and approval by CG Members in Washington in May 2001.
- *Agricultural Development Bank Reform Working Group:* The CGAP Working Group on Agricultural Development Bank (AgDB) Reform has re-opened the dialogue on AgDBs, arguing to either close them or reform them. The most active participants were IFAD, the World Bank, and GTZ as CGAP members and several non-members: FAO and the

regional AgDB associations (RACAs). They jointly organized workshops on AgDB reform: AFRACA in Africa, APRACA in Asia-Pacific, and NENARACA in Near East and North Africa.

- *Regulation Discussion Group:* GTZ graciously seconded Stefan Staschen, a microfinance regulation expert, to the Secretariat for six weeks during April and May. He coordinated a virtual e-mail discussion among experts around the world, with the aim of preparing a joint policy statement on microfinance regulation for consideration by the CG.

III. MICROFINANCE INDUSTRY

As a multi-donor consortium, CGAP is uniquely positioned to contribute tools and services for the benefit of the microfinance industry as a whole. Increasingly, CGAP’s support to the industry involves fostering the development of the “equipment” and infrastructure that a strong, healthy, and growing microfinance industry will require. This effort involves helping develop the microfinance capabilities of service providers on which the microfinance industry will depend, especially local providers. These service providers include external auditors, supervisors, information systems specialists, rating agencies, credit bureaus, and local training and technical assistance providers.

CGAP’s work with the microfinance industry centers on encouraging transparent, publicly available information on the financial strength and performance of microfinance institutions. Such open and comparable information is a pre-condition to attracting commercial capital and to being entrusted with the savings of poor people. The MicroBanking Bulletin, the Financial Statement Disclosure Guidelines, and the Rating and Assessment Fund are all part of this effort to generate the type of shared information that donors, investors, banks, and microfinance institution managers need.

CGAP’s work for the microfinance industry as a whole seeks to share learning on improving the sustainability of microfinance as well as pushing the frontiers of the industry to reach poorer clients. The Microfinance Gateway is designed as an industry platform for this type of sharing of views, ideas, and developments.

Technical tools and services for the microfinance industry at large

CGAP website: CGAP’s website has become a primary vehicle for CGAP’s output and enables the delivery of interactive serv-

ices to thousands of users who may not have access to hard-copy publications or direct services. Since the launch of the revamped website in June 2000, visitors have increased from an average of 2,000 per month (30,000 hits) to about 10,000 visitor sessions (200,000 hits). The following services are located at www.cgap.org:

- **Information System Consumer Report Service:** This new service is designed to help microfinance institution managers select a Management Information System (MIS) software package that best suits their organizational needs. CGAP's Information System Service has five main components: i) a summary comparison of commercially available software applications for microfinance, along with individual consumer reports; ii) a step-by-step guide on how to select and purchase an MIS software; iii) a selection of frequently asked questions; iv) details about the methodology and the process used to develop CGAP's consumer reports; and v) a comprehensive glossary of information technology terms. The Information System Service will also incorporate a user-feedback mechanism into the on-line service.
- **Audit Information Center:** This is a new service designed to provide information and on-line support on external audits for microfinance institutions. It is designed to help

Box 6 Connecting with those doing microfinance who may not be part of the microfinance community

CGAP is working with social fund managers, community-driven development specialists, relief and humanitarian donors and NGOs, and others doing microfinance from outside of what is seen as the "microfinance mainstream." CGAP aims to promote good practice in microfinance, and is exploring poverty reduction through safety net linkages, disaster response linkages with non-financial interventions, and business development skill building through such mechanisms as:

- A Focus Note on how microcredit fits with a range of other available options, both financial and non-financial, in poverty-reduction and income-generation interventions
- Advisory workshops and consultations with World Bank thematic groups, social and human development sectors
- A participatory workshop "When is Microcredit Appropriate" at the Annual CG Meeting, a forum for member donors to discuss and explore how microcredit fits on a menu of options for interventions in challenging environments
 - Action research and case studies on safety net linkages, for example the graduation approach used by IGVGD for the very poor in Bangladesh which links microfinance to the provision of food and also business training
 - A planned focus on agricultural finance for the rural poor, that goes beyond adapting microfinance methodologies to diversified rural economies, and identifies and learns from less conventional and well-known actors

microfinance institution managers, donors, and external auditors commission and execute high quality external audits. A separate page is tailored to the needs of each user group. Microfinance institution managers can find guidance on selecting and contracting auditors, drafting terms of references, monitoring the audit and interpreting the audit report and management letter. Donors can find good practice guidance including actions to support management on the one hand while demanding accountability on the other. Auditors can find guidance on the unique features of the microfinance industry, on assessment of risk areas, and the scope of relevant tests. The facility also has an e-mail discussion group, an on-line library, and a comprehensive glossary.

- **Frequently Asked Questions:** This service was designed to respond to many requests for short, official stand-alone documents from CGAP that could be used to back up donors, consultants, and practitioners putting the microfinance case to government officials or other newcomers to microfinance. It provides simple answers to some of the main questions in microfinance we all are asked, such as "How does microfinance help the poor?" or "Why do microfinance institutions charge such high interest rates to poor people?" or "What is the government's role in supporting microfinance?"
- **Publications:** All CGAP publications can be downloaded from the website: short Focus Notes on current topics, Occasional Papers that provide in-depth discussion of

Box 7 CGAP's new on-line services and resources

The Microfinance Gateway is set up as a platform to share ideas, information, and resources for the microfinance industry. Since its launch in June 2000, the following new on-line services for the microfinance industry have been added or are in development:

- **Audit Information Center:** A resource for improving the quality of microfinance institution audits including guidance for microfinance institutions and investors on selecting and contracting auditors and guidance for auditors on the unique features of the microfinance industry and the scope of relevant tests
- **Information System Consumer Report Service:** An unbiased source for comparing MIS packages available to microfinance institutions
 - **Rating Consumer Report:** Comparing rating methodologies being used to evaluate microfinance institutions (in development)
 - **Targeting and Impact Consumer Report:** Comparing both targeting practices of microfinance institutions and impact assessment methodologies (in development)
 - **Job Marketplace:** A database of available jobs in microfinance and experienced consultants
 - **Devfinance Database:** A searchable archive of the substantial postings and discussion threads on this microfinance-related listserv

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technical topics, Technical Guides addressing major topics such as MIS or institutional appraisals, Working Group Papers on various topics, working drafts, and CGAP Reports. Most publications are translated into French and Spanish; several have been translated into Arabic.

Microfinance Gateway: The Microfinance Gateway is designed to be an unbiased, open platform for the microfinance industry to share ideas and resources. Since its launch in June 2000, it has increased from 4,000 visits per month in its first month to over 10,000 visitors per month (over 230,000 hits per month). At present, it contains the following services:

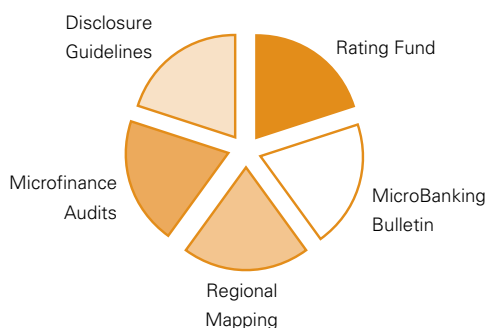
- *Document database:* This database provides an easy way for microfinance professionals to access key documents relevant to their work. The bibliographic database includes about 2,000 microfinance documents that have been reviewed, with key-words recorded and abstracts produced, to create a unique search engine for microfinance documents on the internet. In addition, the database has the ability to search all documents on the web that may be relevant to microfinance. Many of the publications can be downloaded directly from the web or can be ordered from the publisher.
- *Job Marketplace:* This free service is intended to facilitate both the supply and demand side of the microfinance profession. The consultant database helps donors and microfinance institutions find qualified consultants, by

providing a searchable database including expertise and experience. This service also provides a place for employers to advertise available microfinance-related jobs to interested potential applicants. This is consistently one of the most popular pages on the website.

- *Conferences and training:* This database provides information on conferences and courses related to microfinance. It can be searched by date, topic, or location.
- *Weblinks, e-mail lists, and newsletters:* The Gateway includes over 300 links to microfinance-related websites. It also provides a resource to join e-mail discussion groups and request microfinance-related newsletters.
- *Devfinance database:* A searchable archive of the substantial postings and discussion threads on Devfinance, a microfinance-related listserv.
- *Viewpoints:* Experts from different perspectives on microfinance contribute short “viewpoint” articles to the Gateway on topics such as national-level donor strategies, depth of microfinance outreach, and governance challenges.
- *Highlights:* This section is updated every week to highlight new and interesting items available from CG members or others that are accessible on the Gateway, including new documents and training opportunities. It also focuses on specific topics of interest such as distance learning opportunities or microfinance institution innovations.

Box 8 Transparency work

Building a microfinance industry requires developing publicly available and comparable information on microfinance institutions' financial performance and strength. Such information is necessary to attract the commercial funds and savings that the microfinance industry will require to reach significant numbers of poor people. CGAP's transparency work seeks to converge a number of initiatives to provide comparable, broad-based, and reliable information on microfinance institutions for the purposes of encouraging performance, informing investors and donors, and developing capacities of auditors, raters, and evaluators.



Current state of microfinance: Microfinance is evolving extremely fast and in starkly contrasting ways across different countries and regions. CGAP has undertaken efforts to analyze the supply and demand of microfinance services and the main issues faced in different regions. The first two regions assessed are Latin America and Africa.

- *Latin America:* CGAP's Occasional Paper No. 5, “Commercialization and Mission Drift: The Transformation of Microfinance in Latin America” was published in December 2000. This paper addresses the impact of commercialization and increased competition on the strategy and performance of microfinance institutions in Latin America. It also evaluates the major achievements of microfinance in the region in financial and social terms. The Annex provides basic outreach and portfolio information for over 200 Latin American microfinance institutions.
- *Africa:* CGAP has collected basic data from more than 170 microfinance institutions in Africa. CGAP is analyzing this

data and is preparing a review on the state of microfinance in Africa, including current issues, actors and results, and challenges for the future. This report is expected by December 2001.

- *New Due Diligence Tool:* CGAP is working with MicroRate to develop a tool that auditors, bank supervisors, managers, and consultants can use to assess portfolio quality of a microfinance product. The tool will provide evaluators with a three-tiered approach to loan portfolio quality, depending on the depth of analysis and the degree of certainty the evaluator requires, and the cost and level of effort the evaluator is willing to expend. These three levels include: i) a one-day management meeting focused on review of self-reported portfolio and financial information; ii) a multiple-day field visit focused on qualitative evaluation of the loan approval process and MIS, and visits to branches and clients; and iii) a two-week loan review based on a statistical portfolio sampling using a team of local auditors. Currently, this tool is being piloted with Banco do Nordeste in Brazil.

Training and capacity building

- *Boulder Microfinance Training Program:* This industry-wide training program is aimed at microfinance professionals working in microfinance institutions, donor agencies, government ministries, and as consultants. In July and August of 2000, CGAP's staff and capacity building partners received top rankings for classes they taught on Financial Analysis, Donor Issues, Poverty Outreach and Impact, and Accounting. Over 200 participants from more than 60 countries attended the two three-week sessions. In exchange for staff time, CGAP

was able to offer scholarships to its paying member donors and to PAG members to attend the program. For 2001, the Microfinance Training Program has been relocated to Naropa University in Boulder, Colorado. Robert Christen, CGAP Senior Advisor, will continue his role as the Academic Director and senior CGAP staff will serve as trainers.

Technical advice and exchange

- *New product development task force:* The product development task force is an informal group comprised of donor and industry leaders working on issues and/or tools related to the development or modification of products within microfinance institutions. Members include Monique Cohen of USAID, Graham Wright of *MicroSave-Africa*, Monica Brand of ACCION, Jan Northrip of DAI, Dirk Steinwand of GTZ, Sylvia Wisniwski of Bankademie, Heather Clark of UNDP, and Brigit Helms of CGAP. Members of the task force meet regularly as a group to discuss the need for, and the progress towards, the development of a variety of tools. In this fiscal year, the group met to provide key input over the course of several days into the product development course workshop, a part of CGAP's capacity building initiative.
- *Rating Fund:* After extensive consultations with the CG, PAG, and others in the industry, CGAP and the IDB launched the Microfinance Rating and Assessment Fund in April 2001 aimed at improving the quality and availability of information on the risk and performance of microfinance institutions. Its objectives are to: i) stimulate improvements in performance of microfinance institutions; ii) encourage shared information and transparency of financial

Table 3 **Support to Industry**
(U.S. dollars)

Type of investment	Region	Amount
TOOLS AND SERVICES		
Microfinance Gateway	Global	450,000
Joint CGAP/IDB Rating Fund	Global	225,000
Publications and Translation	Global	217,017
Due Diligence Tool	Global	52,112
ADA Rating Fund for Africa	Global	30,000
Total New Commitments as of May 2001		974,129

information; iii) increase access to domestic and international financial markets; and iv) encourage expansion of capacity to perform assessments of microfinance institutions. The fund will finance assessments/ratings for microfinance institutions from qualified ratings agencies of microfinance institution evaluators. The lessons learned from this pilot-test will provide the basis for a larger and more structured Rating Fund planned for the first quarter of 2002. Various individual donor rating initiatives have also emerged in recent months and thus, open communication and collaboration will remain critical. CGAP also provided a small grant of US\$30,000 to the European Pilot Project for the Performance Evaluation of African microfinance institutions managed by ADA (Luxembourg) and serves on the Working Group for the Pilot.

- *Safety net linkages.* CGAP published a case study accompanied by workshops on the Income Generation for Vulnerable Groups Development (IGVGD) program, a partnership between a microfinance institution and a traditional safety net program. The IGVGD is a collaborative food security intervention jointly led by the government of Bangladesh, bilateral donors, the World Food Program (WFP), and the Bangladesh Rural Advancement Committee (BRAC), Bangladesh's largest NGO. Targeted towards women who are too poor to participate in microfinance institutions, IGVGD provides a graduated program of food support, business training and marketing, and finally incorporation into regular microfinance programs. Of the one million women reached over 10 years, two-thirds have succeeded in becoming clients of regular microfinance institutions.
- *Insurance linkages:* CGAP and *MicroSave-Africa* worked with SEWA in India to learn about its program of life, health, and property insurance for 26,000 clients and to develop a case study. CGAP provided several weeks of technical assistance to SEWA in December 2000 and January 2001 to develop its business plan and transformation strategy for the insurance program and is also discussing options with SEWA and interested CG members to provide funding and technical support.
- *SafeSave case study:* "Exploring client preferences in microfinance: Some observations from SafeSave" was published in October 2000. Preliminary data from SafeSave, a small microfinance institution working in Dhaka's slums,

shows how clients respond to unconventional products. SafeSave's clients, who may be men, women, or children, open individual accounts and are not organized into groups. They are visited every day in their own home or workplace, so the client does not have to visit a branch office or attend meetings. The study concludes that flexible services attract poorer clients and can be delivered safely and sustainably.

- *MicroBanking Bulletin update:* After being housed at Calmeadow for two years, the MicroBanking Bulletin was set up in February 2001 as an independent project on CGAP premises that will be associated with, but separate from, CGAP, to maintain the confidentiality of individual institutions' information. Fiscal 2001 has been a productive year for the Bulletin staff. Issues 5 and 6 were published in September 2000 and April 2001 focused on reaching the poor and on productivity, respectively. About 125 microfinance institutions provided the financial information required to construct benchmarks by peer groups. Participation increased from institutions in Africa and Eastern Europe due in part to collaboration with local networks and PlaNet Rating, a microfinance rating agency. In addition to preparing performance reports for participating microfinance institutions, the Bulletin staff also provided several networks and researchers with reports customized to their requirements. Staff are now working with major rating agencies to standardize financial appraisal methods and tools.
- *Compulsory vs. voluntary savings:* CGAP collaborated with *MicroSave-Africa* to review the savings experience of the Association for Social Advancement (ASA) in Bangladesh. The purpose of this review was to draw lessons about the process of offering voluntary deposit services when an institution simultaneously maintains a strong commitment to its "compulsory" savings feature.
- *Financial Services Associations: The Story So Far:* This paper, posted on the CGAP website, draws from existing literature on Financial Services Associations (FSA) to review performance to date and raise key questions on issues related to institutional sustainability. Topics covered include FSA products and services, outreach, financial sustainability, competition, governance, formal sector linkages, legal and regulatory environment, and donor support.

- *Market potential for urban microfinance in China:* CGAP and the World Bank funded a study by IPC to determine the market demand for urban, small, and micro-finance. The study confirmed the large unmet demand and proposed a model for setting up specialized lending operations within an existing bank. The study also confirmed that borrowers cared much more about availability of credit than about its interest rate. Based on the study's findings, the People's Bank of China is selecting two or three urban banks to pilot-test urban microfinance models.

BUDGET AND CONTRIBUTIONS

Donor Contributions to CGAP

In a speech to the Development Committee of Ministers at the Spring Meetings of the World Bank and IMF emphasizing the importance of strengthening partnerships, World Bank President James Wolfensohn said, "I would ask the Ministers to consider an equal partnership in funding such important partnerships. CGAP is a prime example, which helps build a full-scale microfinance industry that can provide hundreds of millions of the poor with sustainable access to financial services credit, savings, and insurance. Access helps the poor build incomes, smoothen consumption, and reduce their vulnerability to shocks."

In coming years, CGAP will require greater financial participation from CG members other than the World Bank for several reasons. First, a true multi-donor partnership must have more balance in the contributions of its funders than is currently CGAP's case. Second, the World Bank's current mechanism to fund CGAP, the Development Grant Facility (DGF), has been limited to funding only up to 15 percent of the total budget of multi-donor initiatives such as CGAP. Finally, and most critically, further DGF support of CGAP is conditional upon a demonstrated disengagement strategy: the World Bank's proportion of overall funding therefore must be gradually and systematically reduced. Given that the DGF currently provides the majority of CGAP's funding, these conditions will require additional resources for CGAP from CG members, without contemplating an increase in the overall budget. Table 4 shows funding commitments for fiscal 2000–2002.

For fiscal 2001, almost all donors maintained or increased their contributions from fiscal 2000. However, CGAP re-

ceived about US\$350,000 less from these donors in fiscal 2001 because of fluctuations in exchange rates. Several members have made their first contributions to CGAP and several others have increased their contributions in response to this need to rebalance CGAP's sources of funds. Japan made its first contribution of US\$300,000, Australia increased its contribution by about US\$60,000, and Switzerland is processing an additional US\$100,000 for fiscal 2001. After a

Table 4 **Commitments to CGAP**
(U.S. dollars)

	FY2000	FY2001	FY2002
Bilateral Members			
Australia	232,650	295,500	148,662
Belgium	383,040	262,400	
Canada	328,250	328,250	324,044
Denmark	250,000	250,000	
Finland	268,110	235,689	
France ¹			135,741
Germany	176,630	176,630	176,630
Italy	283,220	278,700	
Japan		300,000	300,000
Luxembourg	297,400	263,700	
Netherlands	488,640	399,690	812,585
Norway	377,640	341,700	330,677
Sweden	328,100	293,542	293,542
Switzerland	300,000	300,000 ²	
United Kingdom ³			400,000
United States	400,000	300,000	
Bilateral sub-total	4,113,680	4,025,801	2,921,881
Multilateral Members			
African Development Bank			
Asian Development Bank			250,000
European Commission			
IFAD			
ILO			
Inter-American Dev. Bank			
UNCDF			
UNCTAD			
UNDP			
World Bank	6,994,000	7,500,000	7,125,000
Multilateral sub-total	6,994,000	7,500,000	7,375,000
Total	11,107,680	11,525,801	10,296,881

Italics—pledged but not yet received.

1. France is funding the cost of one CGAP staff (approximately US\$311,933.85) over two years, FY01/02; France's contribution for FY2002 is still subject to negotiation.

2. Switzerland is processing an additional US\$100,000 for CGAP FY2001.

3. The United Kingdom is funding 50% of the poverty team (US\$150,000) for FY2001.

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significant decline in World Bank support from the first phase of CGAP (US\$30 million for 3 years), the World Bank increased its contribution between fiscal 2000 and 2001 by US\$506,000. The DGF has budgeted to reduce this amount by at least \$375,000 in 2002.

For fiscal 2002, the Asian Development Bank has committed US\$500,000 for two years and the United Kingdom made its first commitment of US\$400,000 per annum for three years. CGAP is waiting for confirmation from several other donors on the extension of their initial 3-year contributions. CGAP is also working with IFAD and the African Development Bank to secure contributions. For fiscal 2002, the Netherlands has doubled its contribution to US\$812,000 and others are considering increases as well. Two private development organizations have joined CGAP and will also contribute in fiscal 2002. The World Bank's share of funding should decrease from 65 percent in fiscal 2001 to 56 percent or less in fiscal 2002 pending final commitments.

Operating Budget

Table 5 shows CGAP's operating budget for fiscal year 2001. This budget includes all costs associated with implementing the CGAP program including disbursements to grantees, staff costs for technical assistance, training, technical tool development, investment appraisal and monitoring, operational travel, meetings with the CG, Executive Committee, and PAG, fundraising costs, administrative support, and office costs. Staff costs are allocated to CGAP activities using a time recording system. Overhead costs are only 7 percent of CGAP's fiscal year 2001 budget. This includes management, budget and administration, staff costs not allocated to projects, all rent, and office expenses. Due to CGAP's multi-year partnerships and investment projects and the fact that most donor funding is received only mid-way through the fiscal year, CGAP's operating budget is about US\$1.7 million less than commitments received for the year. Most of these funds are already designated for a specific project but will not be disbursed until next fiscal year.

Table 5 **Operating budget for CGAP***
(U.S. dollars)

	FY2001 Budget	FY2001 Percentage of Total
Microfinance Institutions	5,676,501	58%
Technical advice and exchange	894,282	
Training and Capacity Building	2,002,748	
Tools and Services	92,243	
Grants to MFIs	2,687,228	
Member Donors	828,183	9%
Technical advice and exchange	494,307	
Training and capacity building	278,786	
Tools and Services	55,090	
Microfinance Industry	2,578,854	26%
Technical advice and exchange	1,193,536	
Training and capacity building	154,526	
Tools and services	1,230,792	
Overhead	659,628	7%
Total	9,743,166	

*These figures are based on actuals from March 31 and projected spending for FY2001.

ANNEX

Table A1 **CGAP commitments, Fiscal 1995–2001**

Investment	Country	Committed
TOTAL SUPPORT FOR MICROFINANCE INSTITUTIONS		33,620,925
Technical Tools		333,500
Business Planning and Financial Modeling	Global	235,500
Tools Dissemination	Global	98,000
Training and Capacity Building		9,222,200
CGAP-France CAPAF	West Africa	2,400,000
MicroSave-Africa	Africa	1,400,000
CGAP-DFID AFCAP	East Africa	1,375,000
BRI International Visitors Program	Global	1,200,000
Pilot Capacity Building Initiative in Africa	Africa	847,000
Pilot Capacity Building Initiative in Asia	Asia	600,000
China Capacity Building Initiative	Asia	440,000
MicroFinance Centre	Poland	438,000
New Course Development	Global	300,000
Product Manager	Global	200,000
Capacity Building in Sri Lanka	Asia	22,200
Technical Advice and Exchange		458,500
Appraisals and Technical Assistance	Global	352,000
Banco do Nordeste do Brazil	Brazil	50,000
Funding the Poor Cooperative (operations manual)	China	23,000
Pro-Mujer (TA for Business Planning)	Bolivia	17,500
Nirdhan (MIS Review)	Nepal	16,000
Funding for Microfinance Institutions		14,068,000
ACODEP	Nicaragua	2,000,000
Compartamos	Mexico	2,000,000
SHARE	India	2,000,000
Project Dungganon	The Philippines	1,600,000
CARD	The Philippines	1,200,000
Nirdhan	Nepal	1,100,000
Pro-Poor Innovation Challenge	Global	1,100,000
K-Rep Bank	Kenya	900,000
ACEP	Senegal	500,000
Vietnam Bank for the Poor	Vietnam	285,000
Save the Children, Middle East Region	Jordan, West Bank, Lebanon	250,000
Ahantaman Rural Bank	Ghana	225,000
Nsoatreman Rural Bank	Ghana	225,000
Centenary Rural Bank	Uganda	220,000
Government Savings Bank	Thailand	90,000
SafeSave	Bangladesh	70,000
Aga Khan Rural Support Foundation	Pakistan	50,000

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Table A1 **continued**

Investment	Country	Committed
Doveriye	Russia	50,000
Kafo Jiginew	Mali	50,000
Rural Finance Facility	South Africa	50,000
Zambuko Trust	Zimbabwe	50,000
FECECAM	Benin	40,000
Centre for Self-Help Development	Nepal	13,000
Funding Microfinance Institutions through Networks		6,750,000
ACCION International Gateway Fund:	Latin America	2,500,000
<i>BancoSol</i>	<i>Bolivia</i>	
<i>Banco Solidario</i>	<i>Ecuador</i>	
<i>BanGente</i>	<i>Venezuela</i>	
<i>Compartamos</i>	<i>Mexico</i>	
<i>Finamerica</i>	<i>Colombia</i>	
<i>Mibanco</i>	<i>Peru</i>	
Women's World Banking Facility for Affiliate Capitalization Phase 1	Latin America	2,500,000
<i>Cali</i>	<i>Colombia</i>	
<i>Popayan</i>	<i>Colombia</i>	
<i>Bucaramanga</i>	<i>Colombia</i>	
<i>Medellin</i>	<i>Colombia</i>	
<i>ADOPEM</i>	<i>Dominican Republic</i>	
Women's World Banking Facility for Affiliate Capitalization Phase 2	Global	750,000
Développement International Desjardins	Africa	500,000
<i>NYESIGISO</i>	<i>Mali</i>	
<i>OTIV</i>	<i>Madagascar</i>	
<i>PAMECAS</i>	<i>Senegal</i>	
ACCION International Phase 2	Global	500,000
Funding Networks		2,788,725
FINCA International	Africa, Latin America	1,260,000
MicroFinance Network (Phase I and II)	Global	450,000
SEEP Network	Global	326,125
CASHPOR, Inc.	Asia and Pacific	323,000
Katalysis	Latin America	98,600
PRIDE Africa	East Africa	56,000
Credit and Development Forum	Bangladesh	50,000
Foundation for Development Cooperation	Asia	50,000
Freedom from Hunger	West Africa	50,000
INDNET	India	50,000
PHILNET	The Philippines	50,000
DEVCAP	Global	25,000
TOTAL SUPPORT TO DONORS		1,438,378
Technical Tools		377,178
Poverty Assessment Tool with IFPRI	Global	286,000
Global Donor Portfolio Database	Global	91,178

Table A1 continued

Investment	Country	Committed
Training and Capacity Building		877,200
Staff training UNDP-CDF	Global	800,000
Donor training	Global	77,200
Technical Advice and Exchange		184,000
Consultative Group Forum III	Global	119,000
Consultative Group Forum VI	Global	35,000
MicroSave-Africa Evaluation	Global	30,000
TOTAL SUPPORT TO THE INDUSTRY		5,908,750
Technical Tools		4,959,803
Guatemala Credit Union Rating Agency (WOCCU)	Guatemala	1,775,000
Microbanking Standards Project (Phase I & II)	Global	957,500
Microfinance Gateway	Global	649,000
External Audit Capacity Building	Global	550,000
Publications and Translations	Global	330,800
MIS Handbook and Audit Standards	Global	300,000
Apex study	Global	202,503
West Africa Study of PARMEC Law	West Africa	65,000
Short book on the Microfinance Revolution	Global	50,000
Media for International Development	Global	35,000
CGAP Website	Global	35,000
Impact Assessment Methodologies Virtual Meeting	Global	10,000
Training and Capacity Building		113,900
Microcredit Summit and Meeting of Councils Scholarships	Global	66,000
Mexico Microcredit Workshop	Mexico	20,000
Conference on Regulated Financial Institutions in Microfinance	Latin America	10,000
City of London Seminar	Global	8,100
INIASE Workshop	Global	5,000
Argentina Micro-finance Forum	Argentina	4,800
Technical Advice and Exchange		835,047
China Microfinance Forum and Policy Work	China	297,647
West Africa High Level Policy Forum	West Africa	250,000
Poverty Assessment	Global	141,900
Grameen Bank Securitization	Bangladesh	50,000
World Development Report Impact Study	Global	45,500
Bank for the Poor-Peru	Peru	20,000
Conference on Regulation and Supervision	Latin America	15,000
Village Banking Workshop and Study Tour	Tunisia	15,000
TOTAL COMMITMENTS		39,968,053

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Box A1 CGAP publications and tools

All CGAP publications and tools are available at www.cgap.org.

FOCUS Notes

- No. 1: The Consultative Group to Assist the Poorest—A Micro-finance Program
- No. 2: Maximizing the Outreach of Microenterprise Finance—The Emerging Lessons of Successful Programs
- No. 3: Missing Links: Financial Systems That Work for the Majority
- No. 4: Regulation & Supervision of Micro-finance Institutions: Stabilizing a New Financial Market (no longer available)
- No. 5: Financial Sustainability, Targeting the Poorest, and Income Impact: Are There Trade-offs for Micro-finance Institutions?
- No. 6: The Challenge of Growth for Micro-finance Institutions: The BancoSol Experience
- No. 7: Effective Governance for Micro-finance Institutions
- No. 8: Introducing Savings in Microcredit Institutions: When and How?
- No. 9: Anatomy of a Micro-finance Deal: The New Approach to Investing in Micro-finance Institutions
- No. 10: State-owned Development Banks in Micro-finance
- No. 11: How CGAP Member Donors Fund Micro-finance Institutions
- No. 12: Commercial Banks in Micro-finance: New Actors in the Micro-finance World
- No. 13: Savings Mobilization Strategies: Lessons from Four Experiences
- No. 14: Pilot Initiative in Africa: What have we learned?
- No. 15: Raising the Curtain on the 'Microfinancial Services Era'
- No. 16: Those Who Leave and Those Who Don't Join: Insights from East African Microfinance Institutions
- No. 17: Microfinance and Risk Management: A Client Perspective
- No. 18: Exploring Client Preferences in Microfinance: Some Observations from SafeSave
- No. 19: In-Country Donor Coordination
- No. 20: Microfinance, Grants, and Non-Financial Responses to Poverty Reduction: Where Does Microcredit Fit?
- No. 21: Linking Microfinance and Safety Net Programs to Include the Poorest: The Case of IGVD in Bangladesh

Occasional Papers

- No. 1: Microcredit Interest Rates
- No. 2: Cost Allocation for Multi-Service Micro-finance Institutions
- No. 3: Measuring Microcredit Delinquency: Ratios Can Be Harmful to Your Health
- No. 4: The Rush to Regulate: Legal Frameworks for Microfinance
- No. 5: Commercialization and Mission Drift: The Transformation of Microfinance in Latin America

Technical Tools

- No. 1: Handbook for Management Information Systems for Microfinance Institutions (available from PACT Publications, www.pactpub.com)
- No. 2: Using Microfin 3.0 – A Handbook for Operational Planning and Financial Modeling (available from PACT Publications)
– This handbook, to be published in 2001, replaces the 1998 Business Planning and Financial Modeling.
- No. 3: A Handbook for the External Audit of Microfinance Institutions (available from PACT Publications)
- No. 4 : The CGAP Appraisal Format for Microfinance Institutions (available from CGAP)
- No. 5 : Poverty Assessment Tool (under development)

Box A2 CGAP teams

Management: Elizabeth Littlefield, Ousa Sananikone, Evelyne Fraigneau

Senior Advisers: Richard Rosenberg, Robert Christen

Microfinance Industry Team: Xavier Reille, Patricia Mwangi, Alfonso Vega Acosta, Natasa Goronja

Microfinance Institution Services Team: Jennifer Isern, Leslie Barcus, Tamara Cook

Microfinance End-Client Team: Syed Hashemi, Doug Pearce

External Communications and Publications: Ousa Sananikone, Tiphaine Crenn

Corporate and Regional: Brigit Helms

Budget Team: Carmencita Clay, Sarah Manapol-Brown

Box A3 Regional responsibilities

Eastern and Southern Africa	Patricia Mwangi
Francophone Africa	Jennifer Isern
East Asia	Xavier Reille
South Asia	Syed Hashemi
Latin America and the Caribbean	Richard Rosenberg
Eastern Europe and NIS	Doug Pearce
Middle East and North Africa	Jennifer Isern

Elizabeth Littlefield, Director. Ms. Littlefield joined CGAP as the Director in 1999. Ms. Littlefield came to CGAP from the investment bank JP Morgan, where she was the Managing Director in charge of financing in Central, Eastern, and Southern Europe, Central Asia, the Middle East, and Africa. Her responsibilities involved oversight of financing (public, private, structured, and derivative) to governments, corporations, and banks, and related advisory work such as debt management and credit rating advisory. Prior to this position, Ms. Littlefield held positions at JP Morgan as a Vice President and head debt trader for external and local debt in Africa, Eastern Europe, and Asia, and as a Directeur in JP Morgan's Paris office in Corporate Finance, among others. She joined JP Morgan in 1983. In parallel to her career in investment banking, Ms. Littlefield spent a year and a half in 1989–90 on secondment to the Gambia Women's Finance Co. and several microfinance institutions in West and Central Africa. During this period she also provided consultancy services to the microenterprise sector in Pakistan. Ms. Littlefield served on the Board of Trustees of Women's World Banking from 1992–94 and on the Executive Committee of the Board as Treasurer from 1994–99. Ms. Littlefield is a graduate of Brown University and the Fondation Nationale des Sciences Politiques in Paris.

Leslie Barcus, Capacity Building Product Manager. Ms. Barcus joined CGAP in 2001 as a member of the Microfinance Institutions Team and as the Capacity Building Product Manager. By the end of 2001, she will assume full management for CGAP's relationships with its capacity building partners and hubs, oversee the continued development and maintenance of CGAP courses, and continue to foster other CGAP capacity building relationships. Prior to joining CGAP, Ms. Barcus was the Director of Lending for ACCION New York, an associate member of ACCION USA and ACCION International. Before joining the microfinance industry, Ms. Barcus worked in training, corporate banking, and economic development consulting. Ms. Barcus has also led training programs in small business and public sector development for African, Asian, and Latin American participants. She holds a master's degree in international development from the American University in Washington, DC.

Robert P. Christen, Senior Adviser. Mr. Christen joined CGAP in 1998. He works on issues related to commercialization and regulation and supervision. He is also the Director of the Microfinance Training Program (at Naropa University in Boulder, Colorado) and is the Chair of the Editorial Board of *The Microbanking Bulletin*, an industry publication devoted to financial sustainability and benchmarking. Before joining CGAP, Mr. Christen advised commercial banks interested in microfinance, central banks and bank superintendencies interested in the regulatory framework for microfinance, and donors interested in performance standards. Mr. Christen also worked for ACCION International. Mr. Christen is the author of several publications related to sustainable microfinance. He received a master's degree from Ohio State University.

Carmencita B. Clay, Budget Officer. Ms. Clay joined CGAP in 1995. She handles all budget issues, administers CGAP's trust funds, and works with member donors on commitments to CGAP. Before joining CGAP, Ms. Clay worked at USAID/Philippines, the Asian Development Bank, and various departments in the World Bank. Ms. Clay received a bachelor's degree in commerce (accounting major) from the Philippines College of Commerce.

Tamara Cook, Microfinance Analyst. Ms. Cook joined CGAP in 1996. She monitors CGAP's investments, manages funding applications, conducts institutional appraisals, and conducts research for CGAP publications and programs. She is also responsible for reporting to CGAP stakeholders and is managing the Global Donor Portfolio Database. She is on the Microfinance Institution Services Team. Ms. Cook graduated from the George Washington University where she studied international development and business administration.

Tiphaine Crenn, Publications Manager. Ms. Crenn joined CGAP in 1998. She works on the production and translation of all CGAP publications and tools. She also works on the CGAP Website and with the capacity-building team. Before joining CGAP, Ms. Crenn worked as a translator and bilingual lexicographer. She has a master's degree in translation from the University of Ottawa, Canada.

Evelyne Fraigneau, Director's Assistant. Ms. Fraigneau joined CGAP in 1999. She provides assistance to the Director, handles information requests, and plans meetings for CGAP and its stakeholders. Before joining CGAP, Ms. Fraigneau worked in the World Bank's Africa Region and at the French mission to the United Nations office in Geneva, Switzerland. She studied translation at St. Bénigne Institute in Dijon, France, and Georgetown University.

Natasa Goronja, Microfinance Analyst. Ms. Goronja joined CGAP in 2001. She works on the Microfinance Gateway and programs in Eastern Europe. She is on the Microfinance Industry Team. Before joining CGAP, Ms. Goronja, a native of Bosnia and Herzegovina, worked in the microfinance sector there as a loan officer, microfinance trainer, consultant, and policy adviser. She is completing a master's in European Studies from the University of Bologna, University of Sarajevo, and the London School of Economics.

Syed M. Hashemi, Poverty Specialist. Dr. Hashemi joined CGAP in 1999. He is working on identifying pro-poor innovations and disseminating best practice lessons related to poverty outreach. He is the leader of the End-Client Team. Before joining CGAP, Dr. Hashemi had directed the Program for Research on Poverty Alleviation at the Grameen Trust since 1994. The program strives to make research relevant to the lives of the poor and the powerless. Before that, Dr. Hashemi taught development studies at Jahangirnagar University in Bangladesh for 12 years. He has conducted research on microcredit, NGOs, and gender subordination in rural Bangladesh. Dr. Hashemi holds a Ph.D. in economics from the University of California at Riverside.

Brigit Helms, Senior Microfinance Specialist. Dr. Helms joined CGAP in 1996. She specializes in microfinance capacity building in Africa and Asia and has conducted several institutional appraisals in Latin America, Asia, and Africa. Dr. Helms spearheads CGAP's involvement in microfinance product development and helped launch CGAP's initiative to deepen the poverty outreach of microfinance. She has also contributed to several CGAP tools and publications and serves as a trainer at the Microfinance Training Program in Boulder, Colorado. Before joining CGAP, she worked in the Latin America and the Caribbean Division of IFAD, supervising the formulation, appraisal, and supervision of IFAD projects with significant microenterprise and microfinance components. In addition, Dr. Helms worked as a desk officer for Central America at the U.S. Department of Commerce, implementing small business development programs. Dr. Helms holds a Ph.D. in development and agricultural economics from Stanford University.

Jennifer Isern, Senior Microfinance Specialist. Ms. Isern joined CGAP in 1996. Her work focuses on investments, donor services, regulation, new product development, and capacity building and has worked worldwide. Ms. Isern coordinates CGAP's donor courses, leads the development of sev-

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Staff Biographies continued

eral CGAP tools and publications, and has conducted numerous appraisals in Africa and Asia. She is the leader of the Microfinance Institution Services Team and is responsible for Francophone Africa and the Middle East North Africa regions. Before joining CGAP, Ms. Isern was the Regional Technical Adviser for economic development in West and Central Africa with CARE International, the microfinance coordinator for CARE Togo, and project manager for CARE Niger. In these capacities she supported the design, training, implementation, and evaluation of CARE's microfinance programs in Africa. In addition, she has worked for USAID in Senegal and Central America, the United Nations Development Programme, and AT&T. Ms. Isern received her master's degree from the Woodrow Wilson School at Princeton University.

Sarah Manapol-Brown, Budget Assistant. Ms. Manapol-Brown joined CGAP in May 2000. She works closely with Carmencita Clay on budget issues, consultant contracts, and payment transactions. Prior to joining CGAP she worked for the World Bank's Private Sector Development Department-Corporate Restructuring and Governance Unit.

Patricia Mwangi, Microfinance Specialist. Ms. Mwangi joined CGAP in 1999. She is working on the capacity building initiative, monitoring investments, the financial statements disclosure guidelines, and the audit program. She is on the Microfinance Industry team and is responsible for the Eastern and Southern Africa regions. Prior to joining CGAP, Ms. Mwangi worked as an external auditor and management consultant with Price Waterhouse, Kenya. She performed statutory audits for two years for commercial entities and non-profit organizations. In her six years of management consulting, she managed projects, conducted institutional performance assessments, and did financial management training and training design. She worked mostly in East Africa with microfinance institutions, public and private sector organizations, and in Zimbabwe, India, and the Philippines. She received her master's degree in administration from the Australian Catholic University and is a CPA.

Doug Pearce, Microfinance Specialist. Mr. Pearce joined CGAP in 2001. He is on the End-Client Team and is responsible for the Central and Eastern Europe and the Newly Independent States region. Prior to joining CGAP, he was a Principal Economist in the Markets, Finance and Enterprise Group of the Natural Resources Institute in the UK. In Bosnia Herzegovina as Sector Coordinator for CARE, he set up and managed a microfinance institution, and in Bolivia for MEDA he managed an IDB credit union program. He has also worked as a consultant with DFID, the EBRD, and the World Bank. He brings experience in microfinance institution and project management, rural finance, capacity building, policy advisory work, and microfinance through the banking sector. Mr. Pearce received a master's degree in agricultural economics from Wye College at the University of London.

Xavier Reille, Microfinance Specialist. Mr. Reille joined CGAP in 1999. He is working on the IS information center, the Audit Support Program, and the Microfinance Gateway. He has conducted several institutional appraisals for CGAP and contributed to the donor training courses. He is the leader of the Microfinance Industry Team and is responsible for the East Asia region. Before joining CGAP, Mr. Reille worked with Catholic Relief Services (CRS), where he was the Regional Microfinance Adviser for Southeast Asia. During his three-year assignment with CRS, he set up a major investment company for rural banks in Indonesia and developed a rating methodology for rural banks. Before CRS he was Operations Director at Société d'Investissement et de Développement International (SIDI), where he played a role in the creation of Profund (an equity fund for microfinance institutions in South America) and the development of Centenary Bank (a rural bank in Uganda). Mr. Reille has a master's degree in international finance from the University of Paris.

Richard Rosenberg, Senior Adviser. Mr. Rosenberg joined CGAP in 1995. He has conducted several appraisals of microfinance institutions and has contributed to CGAP's tools and publications, including the External Audit Handbook, Appraisal Format, and two Occasional Papers. He is a core faculty member of the Microfinance Training Program in Boulder, Colorado, and also assists with other donor training. He is responsible for the Latin American and the Caribbean region. Before joining CGAP, Mr. Rosenberg was Deputy Director of USAID's Center for Economic Growth, which provides most of USAID's Washington, D.C.-based expertise in areas of private sector and agricultural development. He also spent nine years in Latin America, managing portfolios totaling \$600 million in export and investment promotion, privatization, pension reform, and development finance (especially microfinance). Prior to USAID, Mr. Rosenberg practiced antitrust and contract law with Boodell Sears in Chicago, and private investment management with the principal owner of the Parker Pen Company in Washington. He holds a law degree from Harvard University.

Ousa Sananikone, Microfinance Specialist. Ms. Sananikone joined CGAP in 2000. She leads the External Communications and Publications Team. She is also working on the Rating Fund Initiative and has conducted several appraisals of microfinance institutions since joining CGAP. Prior to CGAP, Ms. Sananikone was in the Small and Medium Enterprise (SME) Development unit of the World Bank, where she task managed a number of SME and microfinance lending projects and economic and sector work in Africa and Asia. She holds a master's degree in international affairs from the School of Foreign Service at Georgetown University.

Alfonso Vega Acosta, Microfinance Analyst. Mr. Vega joined CGAP in 2000. He works on the Microfinance Gateway and CGAP's website, supports institutional appraisals and projects, and conducts research. He is also working on several poverty-related projects like the Pro-Poor Innovation Challenge and the Information Systems Service. He is on the Microfinance Industry Team. Mr. Vega graduated from Brown University where he studied development studies and economics.

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