

## ABOUT RURAL FINANCIAL SERVICES PROGRAMME (RFSP)

The overall goal of RFSP is a sustainable increase in incomes, assets and food security of poor rural households, while its **purpose** is to enhance the capacity of rural poor to mobilise savings and to invest in income generating activities through the development of viable RFS systems.

**Specific objectives** of the programme include:

- Support for the design, development and implementation of sustainable **RFS** at the village and ward levels in the form of registered MFIs (SACCOSs; SACAs and NGOs handling microfinance) placing emphasis on:
  - Development of good governance;
  - Production of appropriate financial accounting systems;
  - Development of savings and lending products to march the needs of members
- Improvement of the managerial capacity of unregistered grassroots organizations (CBOs and SGs) involved in microfinance activities and assisting them through training at all levels in either amalgamating and registering as recognized MFIs or further developing their operations.
- Developing sustainable rural financial network infrastructure which is capable of linking MFIs to formal banking institutions and meeting financial needs of the rural poor
- Empower poor rural households to benefit from RFSP.

As such, the programme strive to:

- Assist BOT in creating the necessary enabling environment for rural financial systems development in the programme areas and ensure conformity by the MFIs involved in the legal, regulatory and supervisory framework for micro-finance operations to be introduced with WB assistance; and
- Complement other RFS development programmes.

Since the primary objective of the programme is to support the development of a diversified, viable and sustainable rural microfinance system with a wide outreach, through financial intermediation to develop local human resources and institutional capacities as microfinance is an infant industry, the programme is designed with a well articulated logical and institutional approach with lead and support implementers. In general the programme covers five components namely:

- Improvement of the managerial capacity and performance of grassroot MFIs
- Rural financial systems development
- Empowerment of the rural poor
- Monitoring and evaluation
- Programme coordination and management.

While the first three components are referred to as **development components**, the last two are described as **programme management**.

Programme component	Sub component	Lead implementor	Support Implementor
Improvement of Managerial Capacity and Performance of Garassroots MFIs	Developing operational frameworks for MFIs	PCU/ZMUs	Local Training institutions/NGOs;TA; Consultants
	Capacity building of local training institutions	PCU/PSC	International MFI Training services provider
	Strengthening MFIs Management capacity.	MFI officials PCU/ZMUs	Local TSPs,DCOs/DCDOs/DMFISs
	Institutional support for grassroots MFIs	PCU/ZMUs	DCOs/DCDOs/DMFISs
Rural Financial System Development	Establishment and strengthening innovative linkages between Formal banking Institutions and grassroots MFIs	PCU/ZMUs/CRD B	FIs, BOT
	Support to FIs to facilitate the provision of innovative Microfinance services.	PCU/ZMUs/CRD B	Fis
	Support to NGOs to extend Innovative Microfinance activities	PCU/ZMUs/CRD B	NGO/Community Banks
	Institution strengthening assistance for MFI apex associations	PCU/ZMUs	TSPs
	Expansion of MFIs credit services through RFSP Micro finance facility	PCU/CRDB	
	Operationalisation of the BOT regulatory and supervisory frame work for micro-finance operations within the RFSP Regions and establishment of the data bank for microfinacne within BOT.	PCU/ZMUs BOT/WB	DCO/DCDO/DMFISs Apex organizations
Empowerment of the Rural Poor	Reduction of the legal and social barriers to active and effective participation in MFIs by the Rural Poor	PCU/ZMUs	MFI Officials
	Increasing participation of both rural women and men in formation, management and operations of grassroots MFIs.	PCU/ZMUs	DMFISs, Media services, TSPs
	Development of business skills	PCU/ZMUs	TSPs
Monitoring &Evaluation (M&E)	Establishment and operation of M & E and MIS	PCU/ZMUs	TA consultant
Programme coordination & Management	Establishment of PSC/PMU and strengthen IFAD liaison office in Dar es Salaam.	PMO	-
	Establishment of District RFSP sub-committees	DDCs	-
	Programme over sight	PSC	-
	Programme Management	PCU/ZMU	-
	Procurement/Disbursement	PCU	-

### ***Programme Approach***

The nature of the Programme builds on integrated development process which GoT perceives as conducive both to its decentralized thrust and postprogramme sustainability requirements. Hence, implementation of the Programme components and activities is based on a demand-driven concept and participatory approaches.

### ***Programme Rationale and Implementation Strategy***

Despite making marked progress towards macroeconomic stability by giving the highest possible priority to development in the rural sector, where the majority of the poor are concentrated, the rural financial sector has suffered badly especially after the withdrawal of major banks to regional centres leaving small but growing number of small grassroots MFIs with limited micro-banking services outreach. Attempts to provide donor financed supply driven credit through the parastatal banks directly to rural borrowers have largely “floundered en inertia” and proved to be unsustainable due to the following setbacks:

- present grassroots MFIs lack sufficient institutional capacity; management skills and finance to effectively meet the needs of their rural household members and potential clientele
- weak and inadequate MFIs forward and backward linkages to the formal banking sector and SGs.
- smallholder farmers and rural microentrepreneurs lack access to viable and sustainable financial services in alleviation of poverty.

Experiences learnt during the IFAD funded micro finance activities in Tanzania and other countries of East and West Africa have shown that the grassroots MFIs require considerable capacity building in terms of human, financial and institutional development aspects in order to be able to meet the demands of their members and potential clientele and ultimately achieve sustainability. This process of capacity building focuses on three development stages showing triggering indicators based on growth, asset creation and sustainability. These development stages include:

- Formation/Restructuring
- Consolidation, and
- Maturity

As per PMU and Supervision Mission observations, emphasis is placed on quality of products and impact they create on people’s lives rather than number of members per se.

The main thrust of the strategy at the time of development of RFSP was on capacity building of grassroots MFIs by ensuring that they can graduate through development stages, basing on subsequent achievement of performance criteria in the field. Other strategies included:

- Assisting the programme to be implemented on a cost-sharing basis in order to increase the commitment and sense of ownership of MFIs;
- Engendering participation and empowerment of the rural poor and especially women in order to acquire self determination, learn to save and invest their earnings, manage their own affairs and become self reliant. Core modules basing on this strategy will be included in all MFIs training programmes;
- Strengthening the rural MFIs and the linkages between the informal and formal sectors by encompassing identification, development and testing of innovative methods, procedures and processes;
- Establishing an effective regulatory and supervisory framework for rural grassroots MFIs and assisting them in developing into viable and sustainable financial intermediaries;
- Instituting a pragmatic change in the existing legal framework under which all MFIs and FIs operate to reorient them to adopt internationally recognized micro finance best practices;

- Instituting a cost effective system of prudential and non-prudential inspection in order to properly regenerate the micro finance business. The National Task Force has been appointed by GOT, in this respect, to examine salient issues;
- Supporting existing grassroots MFIs firstly to better understand their constraints and needs for capacity building and institutional support, followed by two years of intensive training, juxtaposed with qualification of potential beneficiaries and new MFIs for participation in the programme for the third year.
- Testing of new financial products and technologies and developing mechanisms for linking grassroots MFIs and informal interest groups with formal FIs and informal interest groups with formal FIs and NGO based MFIs;
- Adopting a strategy of building vertical institutional linkages to deepen financial markets and strengthen the rural infrastructure; develop an appropriate regulatory and legal framework to advance market integration; and adopt new financial products and innovative technologies in informal and formal finance;
- Instituting a gradual and flexible approach in order to give an opportunity to learn from experience and allocate programme resources in response to the real needs of the target group which would become apparent during implementation;
- Using the flexible lending mechanism (FLM) of IFAD to allow both GOT and IFAD to adapt and fine –tune the components to match actual needs during implementation of the proposed programme and
- Ensuring that triggering phases II and III indicators only occur when performance related milestones are reached so as to ensure that the programme remains on track in line with its overall goal and objectives.

### ***Programme Coverage and Targeting***

The programme was designed to be implemented in three distinctly different zones namely the North, Central and South. The Northern zone comprises Same, Mwanga, Moshi Rural and Rombo districts in Kilimanjaro region. The central zone includes Dodoma Rural, Kondoa and Mpwapwa districts in Dodoma region; and Singida Rural, Manyoni and Iramba districts in Singida region; while the southern zone covers Sumbawanga and Nkasi districts in Rukwa region; Mbeya Rural, Mbozi, Mbarali, Kyela and Rungwe districts in Mbeya region; Mufindi and Njombe districts in Iringa region and Songea Rural and Mbinga districts in Ruvuma region.

The implementation of the Programme was divided into three phases (Phases I-III) each of three years covering a nine year period financed using the IFAD Flexible Lending Mechanisms (FLM) (see Table 3).

### **Phasing of Programme Implementation by Zones, Regions and Districts**

ZONE	REGION	PHASE	DISTRICTS
South	Mbeya	I – II	Mbeya Rural, Rungwe and Mbarali
		II - III	Mbozi and Kyela
	Iringa	I- II	Mufindi
		II - III	Njombe
	Ruvuma	II- III	Songea Rural and Mbinga
	Rukwa	II - III	Sumbawanga and Nkasi
Central	Dodoma	I-III	Dodoma Rural, Kondoa and Mpwapwa
	Singida	II - III	Singida Rural, Iramba and Manyoni
North	Kilimanjaro	I-III	Moshi Rural, Mwanga, Same and Rombo

## Programme Target Group

The Programme focuses on poorest households in the 21 Programme districts as defined above. Specifically, the Programme targets poor rural households including female-headed households ((FFHs) and the landless; SGs (Community – based Organizations (CBOs), *Upatu* and other SGs) and the rural grassroots MFIs that serve them (e.g. SACCOs and SACAs). The principal features of the target groups selection criteria used include the major constraints that they face.

### Target Group Definition, Selection Criteria, Major Constraints and Programme Intervention

Target Group	Selection criteria	Major constraints	Programme instruments
Poor rural Households (and especially women)	About 90% of rural population are considered 'poor'. Common characteristics of group are: <ul style="list-style-type: none"> <li>• Own up to 2-3 acres farmland</li> <li>• Problems in buying farm inputs</li> <li>• sells labour</li> <li>• FHH including all eligible working women.</li> <li>• Landless</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of capital</li> <li>• Lack of investment opportunities</li> <li>• Lack of secure and rewarding places to save money</li> <li>• Social and institutional barriers for women and landless to access loans</li> <li>• Inflexible collateral requirements</li> <li>• High transaction costs</li> <li>• Lack of management and business skills</li> </ul>	<ul style="list-style-type: none"> <li>• Organise rural poor (especially women) into viable SGs</li> <li>• Improving the management of MFIs to mobilise savings to members that need capital</li> <li>• Increasing the number of effective MFIs</li> <li>• Training in micro-enterprises</li> <li>• Linking MFIs vertically to banks to facilitate financial inter-mediation</li> <li>• To rationalise legal and regulatory requirements to improve social and institutional barriers</li> <li>• To be eligible for support, all SGs and MFIs should have at least 35% women members</li> </ul>
Informal SGs	Existing potential financially viable CBO and SGs		
Registered rural grassroots MFIs(SACCOs and SACAs)	<p><b>Financial criteria:</b></p> <ul style="list-style-type: none"> <li>• Demonstrated capacity to increase savings and other forms of capital</li> <li>• Willingness to share training and institutional support costs</li> <li>• Potential to become financially self-sustaining</li> </ul> <p><b>Institutional criteria:</b></p> <ul style="list-style-type: none"> <li>• Representational management</li> <li>• Inclusive membership policies</li> </ul> <p><b>Location:</b></p> <ul style="list-style-type: none"> <li>• Favour MFIs in poorest areas but located in potential growth centre</li> </ul>	<p><b>Financial:</b></p> <ul style="list-style-type: none"> <li>• Low profits or even losses</li> <li>• Eroding financial reserves</li> <li>• Large % of loans portfolio at risk</li> </ul> <p><b>Institutional:</b></p> <ul style="list-style-type: none"> <li>• Low technical capacity</li> <li>• Low management capacity</li> <li>• Few members</li> <li>• Bad image in market</li> </ul> <p><b>Legal and regulatory framework:</b></p> <ul style="list-style-type: none"> <li>• Complex registration procedures</li> <li>• Undue concentration of power with the registrar of cooperatives</li> <li>• Absence of supervision and audit within SACAs</li> </ul>	<p><b>Financial:</b></p> <ul style="list-style-type: none"> <li>• Prepare annual business plan by MFIs to mobilise savings and increase membership</li> <li>• Increase profit through diversification of loan portfolio, including credit wholesaling and retailing</li> <li>• Viable MFIs to be supported with loan funds to increase outreach</li> </ul> <p><b>Training:</b></p> <ul style="list-style-type: none"> <li>• MFI management trained</li> <li>• MFI members trained</li> <li>• Gender training</li> <li>• Micro-entrepreneurs trained</li> </ul> <p><b>Institutional development:</b></p> <ul style="list-style-type: none"> <li>• Vertical linkages promoted in financial services sector</li> <li>• Creation of effective supervision and regulation framework</li> </ul>

### ***Gender Dimension***

In Tanzania, women contribute between 60 and 80% of labour used for food and cash crop production, and are actively involved in various rural based income generating activities such as weaving, handcrafts, pottery, beer brewing, agro-processing, petty trading and poultry, to mention a few. Despite these prevailing conditions, active participation of women in grassroots MFI is adversely constrained by socio-cultural and institutional barriers. This is principally due to:

- Customary constraints in registration of women as members as preference is highly given to household heads which are dominated by men;
- Women lack adequate financial resources to pay for membership fees and /or shares; and
- Women mostly lack ownership title to land; houses, business and other property needed to meet prescribed collateral requirements for accessing loans.

Basing on the above premise, it is axiomatic that if women are affiliated and served under this programme, there is a greater opportunity for them to participate more and use MFIs to improve their family incomes.

### ***Requirements for Success***

Three key requirements for programme success are:

- There has to be a demand from poor rural households, including FHHs and the landless, SGs, and rural grassroots MFIs for the demand-driven programme activities. They need to be aware of what the programme can provide and how it can help them. Therefore, good communication between them and the technical departments in the districts, regions, and programme zones is essential if they are to be aware of the assistance that is available;
- Programme staff needs to have the required expertise as shown in the annexes to Appendix VIII if they are to be able to assist the poor households, FHHs, SGs and rural grassroots MFIs implement the demand- driven activities which they have identified as being their priorities. Similarly district and regional staff identified in the programme implementation will also have the necessary skills to implement the non-demand driven components; and
- Institution of a programme management system which can plan, supervise and monitor the progress of the programme activities and adjust them when necessary and provide co-ordination between district and region when required;

### ***Conditions for Effectiveness***

In order RFSP to be effective, the following was a set of laid down conditionalities during formulation period:

- The PSC shall be established and SOF consultants selected and approved with concurrence of GOT and IFAD
- GOT shall provide office accommodation at its own cost for the PMU and three ZMUs
- An international MFI development and TSP expert shall be appointed to assist GOT to review and evaluate the overall RFSP programme on annual basis;
- A special account and a project account shall be operated in a reputable commercial Bank;
- Key PMU staff shall be appointed in consultation with IFAD;
- IFAD's general conditions of effectiveness have been duly completed;

- SOF activities have been satisfactorily undertaken;
- The PMU has been duly established within the DCGB of the PMO in a manner satisfactory to IFAD and suitable office space identified and all GOT support staff made available; and
- The professional staff of the PMU have been selected in a manner acceptable to IFAD
- The conditions for disbursement include A Subsidiary Loan Agreement between GOT and the commercial Bank to be finalised prior to the advance of any funds to the microfinance facility component.

### *Expected Results*

The programme is expected to have the following benefits:

- The number of rural poor households and especially women benefiting from the Programme will be rapid and substantial during the three phases, specifically:
  - The number of household beneficiaries from the Programme would grow from an estimated 55,000 to 219,450 and finally to 300,000 and
  - With family size averaging 5.3 members, the equivalent number of direct beneficiaries from the proposed RFSP will grow from 291,500 to 1.163 million and 1.59 million respectively.
- Increased savings and incomes for the targeted rural households (and especially women) generated through investment in profitable off-farm and on-farm small and micro-enterprises;
- Improved nutrition and standards of living;
- Enrolment of children in schools and functional literacy particularly amongst women;
- A marked reduction in food insecurity
- Various training activities of RFSP will result in:
  - a cadre of more than 18 trained and experienced trainers in local training institutions capable of running appropriate MFIs best practices training programmes;
  - 80 district officials and 72 FIs managers with a comprehensive understanding of microfinancing and the upstream linkages between MFIs and FIs.
  - The numbers of participating MFIs growth to 110 by the end of Phase 1; 418 within Phase II, and 500 by the end of the programme.
  - for each MFI, the following numbers are expected to be trained;
    - 6 MFI committee and ordinary members;
    - 2 MFI book-keepers/secretaries/treasurers;
    - 6 MFI/business exchange visits;
    - 50 Gender training;
    - 5 Leadership training;
    - 10 Business management skills for micro-entrepreneurs; and
    - 6 Apprenticeships

All training of grassroots solidarity groups and stage 1 MFIs are expected to incorporate printed materials designed to ensure their further use for functional literacy among members and particularly women.

- A positive environmental impact due to the promotion of improved crop and livestock practices using improved technical packages in loan projects to be financed by MFIs

- Approximately 70% of the households' investments are expected to be in productive activities and 30% are expected to be related to immediate survival or social obligations. The success of the investments dependent only on simple appropriate technology and information on which can be easily extended through the public service networks in NGOs.
- MFIs, which are currently in a poor state of financial health, are expected to gradually move from a loss-making situation that is eroding general reserve and reduction of good will of the membership, to a situation of moderate profit brought about mainly by efficiency gains, and lastly,
- Improved rural economic growth generated by the expansion of micro finance services. The fiscal effect of RFSP interventions is estimated to be approximately 13% of total net incremental gain in household income. GOT recurrent cost will be very low at 0.07%, causing no significant change to its normal recurrent budget.

### ***Management Structure and Partnerships***

Programme organization and executing agencies are expected to be covered at all levels of implementation from national to grassroots level. At the National level, PMO was expected to take the overall responsibility of the programme. The existing IFAD Liaison Office within the Department of Coordination of Government Business in Dar es Salaam is the coordinator of GOT/IFAD relations and oversees the orderly implementation and supply of the necessary inputs to all other implementers.

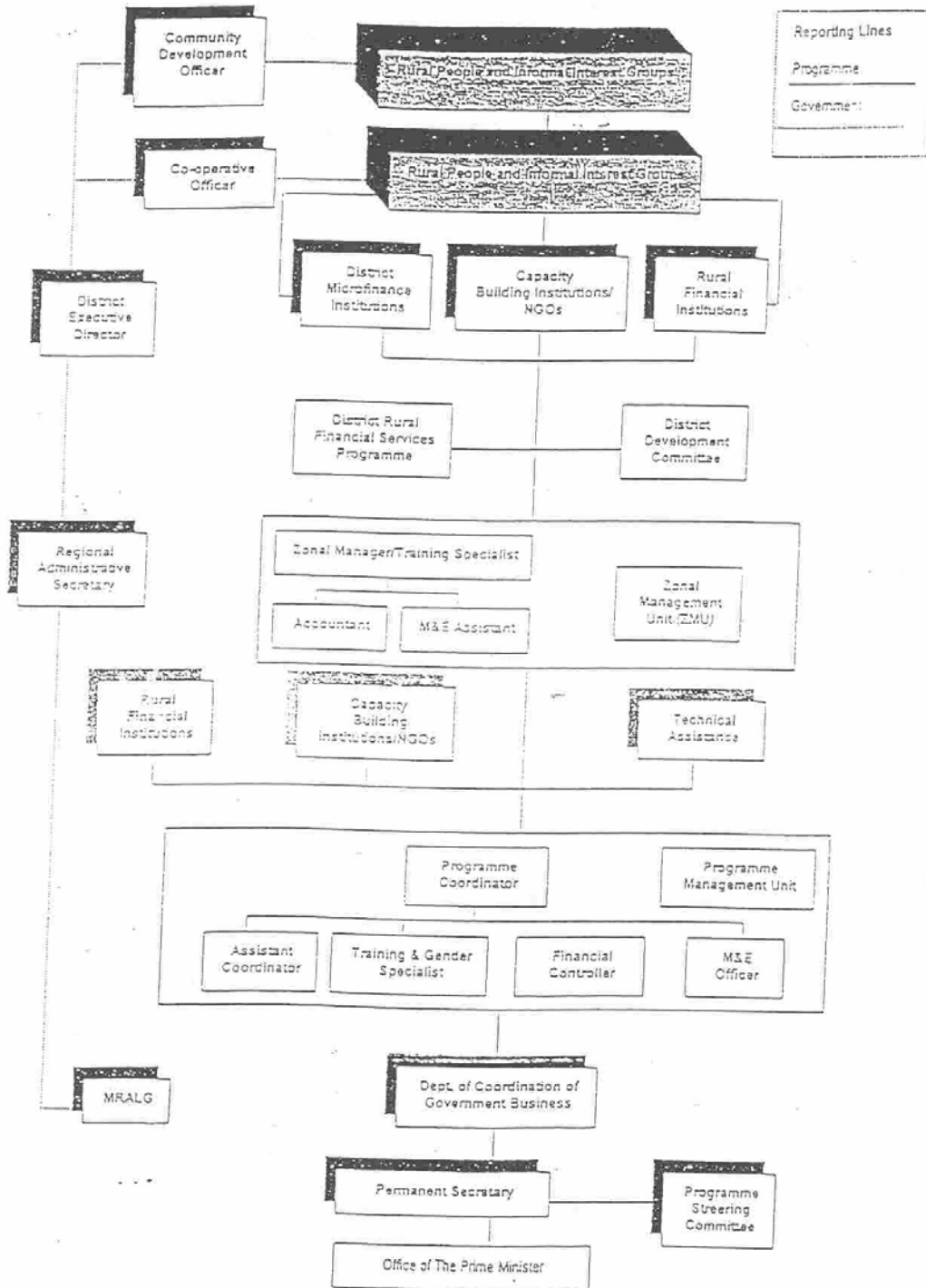
Banking on the on-going experience and lessons learnt within Tanzania and current GOT assistance strategy, the RFSP Organisation structure from the grassroots level be in the following form:

- DMFISs to work in conjunction with district council administration field staff in reaching, assisting and supervising participating grassroots MFIs;
- ZMUs to coordinate and manage all Programme activities within the limits of the Zonal AWPBs;
- Local training institutions to be used as the principal vehicles for capacity building with grassroots MFIs;
- The existing FIs, the commercial, cooperative and community banks to participate in developing service linkages with MFIs; and
- To have a single GOT authority responsible for coordinating public and private sector involvement within the Programme.

At the grassroots level, the programme is implemented through the respective Boards of Directors of MFIs and groups whose charters and constitution are appropriately modified to enable them to operate and function on banking lines as viable financial institutions in the longer term following wishes of their shareholders. In order to build necessary MFIs governance and financial management capacities, RFSP work with the decentralized district administration system to reach these grassroots operators in association with the most effective private and public sector TSPs.

The PMO and RFSP Organisation structures showing organisation linkages, and partnerships are shown in charts No. 3 and 4.

CHART NO. 3 RFSP ORGANIZATIONAL STRUCTURE



### Implementing Partners

RFSP provides logistical and operational support to existing institutions. The Implementing partners at national, Zonal, district, ward and village levels together with their responsibilities are as follows:

Implementation Level	Implementing Partner	Major Responsibilities	Specific Tasks/Responsibilities
National Level	BOT	<ul style="list-style-type: none"> <li>MFI licensing, regulation, supervision inspection and RFSP monitoring within its national database</li> </ul>	<ul style="list-style-type: none"> <li>To appropriately licence, and inspect identified grassroots MFIs from the onset of the programme</li> <li>Introduce prudential inspection mechanism inPY1</li> </ul>
	<ul style="list-style-type: none"> <li>CRDB</li> <li>Reputable Commercial Bank</li> </ul>	<ul style="list-style-type: none"> <li>RFSP Programme banker</li> <li>Operator/manager of RFSP microfinance facility after signing the subsidiary (Loan Agreement) to cover these services</li> </ul>	<ul style="list-style-type: none"> <li>Holder of the programme accounts in USD and Tshs in Mbeya</li> <li>Holder of ZMUs accounts in Mbeya, Dodoma and Moshi</li> <li>Holder and manager of RFSP microfinance accounts to be used for MFIs wholesale lending leasing and equity participation experimentation</li> <li>Operate two accounts for RFSP microfinance facility; one current account for quarterly AWPBs amounts , and one deposit account for funds in excess of this limit</li> <li>Pay interest earned on deposit on a quarterly basis into the current accounts.</li> <li>On-lending, funds at wholesale market rates to stage 3MFIs through its own branches or via cooperative and community banks</li> <li>Releasing lease funds to SERO Lease and Finance</li> <li>Releasing lease funds to NGO handling Micro-finance for use in its rural lease/hire purchase programme involving women</li> </ul>

			<p>entrepreneurs and women's SGs</p> <ul style="list-style-type: none"> <li>• Evaluating the scope and potential of operating mobile banking units or establishing local deposit and withdrawal agencies within the programme area on a pilot basis with the assistance of RFSP providing some staff training as and when it is introduced.</li> </ul>
	International MFI-TSPs	<ul style="list-style-type: none"> <li>• To train RFSP staff and local TSP trainers in MFIs capacity building for stages 1-3 MFIs</li> </ul>	<ul style="list-style-type: none"> <li>• Use of approved rosters in training MFIs, MFIs apex organisations, local trainers with TSPs, and commercial bank trading wholesale loan finance for retail on lending by MFIs to their members</li> <li>• Prepare basic MFIs operations manuals to be used by different types of MFIs after completing training</li> <li>• Prepare separate TOT training manuals for TSPs incorporating exercises using MFIs operation manual forms etc. which will be used by TSP training for all MFIs training</li> <li>• Conduct a subsequent refresher course in PY 5 to upgrade the system and operators</li> </ul>

<b>Zonal level</b>	CRDB Branches, Commercial, cooperative and community banks	<ul style="list-style-type: none"> <li>• MFIs banking services</li> </ul>	<ul style="list-style-type: none"> <li>• As in CRDB section above</li> </ul>
<b>District level</b>	<ul style="list-style-type: none"> <li>• District council administration</li> <li>• DCOs</li> <li>• DCDOs</li> <li>• Community Banks</li> <li>• Local NGOs</li> </ul>	For MFIs contract and assistance	Assist ZMUs in drawing AWPBs, which will set out the basic of RFSP –district cooperation
	<ul style="list-style-type: none"> <li>• Tanzania Postal Bank</li> <li>• National Microfinance Bank(NMB)</li> <li>• Community Banks</li> </ul>	For Banking services	NA
	Local Training Institutions	As TSPs for MFIs capacity building	To submit proposals for their organisations and /or consortium of organisations to pre-qualify for selection to provide RFSP MFIs training services
<b>Ward</b>	<ul style="list-style-type: none"> <li>• CDOs</li> <li>• Cooperative officers,( Cos)</li> <li>• NGOs</li> <li>• MFIs Boards of Directors</li> <li>• SGs officials</li> </ul>	<p>For rural appraisal and MFIs Liaison</p> <p>For MFIs services development following capacity building assistance</p>	
<b>Village</b>	<ul style="list-style-type: none"> <li>• CDOs</li> <li>• Cooperative offices,(Cos)</li> <li>• NGOs</li> <li>• MFIs Boards of Directors</li> <li>• SGs officials</li> </ul>	<p>For rural appraisal and MFIs liaison</p> <p>For MFIs services development following capacity building assistance</p>	

### ***Programme Coordination and Responsibilities***

Programme Co-ordination and Management (PCM) intertwined with monitoring and evaluation (M&E) are the two main components aimed at ascertaining that the three development components of RFSP are effectively implemented. The major actors in RFSP co-ordination and management are the zones and districts. However, a broad-based PSC was established to provide overall guidance and co-ordination policies; and strategic aspects of the programme. At district level, the district RFSP sub-committee reporting to the Economic Infrastructure and Environmental Committee of the District Council helps to co-ordinate field planning and implementation. Programme management operate within the DCGB under the Prime Minister’s office (PMO). The IFAD Liaison office within DCGB in Dar Es Salaam that co-ordinate GOT/IFAD relations and oversee the orderly implementation and supply of the necessary inputs to all other implementers.

## ***Programme Steering Committee***

A broad-based PSC was established to provide overall guidance and coordination, as well as strategic aspects of the programme. Specifically, the PSC's responsibilities include:

- (i) interpretation and resolution of policy issues;
- (ii) approval of AWPBs of the RFSP and implementation parties;
- (iii) approval of contractual partners;
- (iv) regularly reviewing financial flows and implementation performance in line with the RFSP Dynamic Logical Framework;
- (v) review and approval of actions arising from evaluation recommendations;
- (vi) ensuring that co-ordination with other projects is effective;
- (vii) appointment of PMU staff in consultation with IFAD;
- (viii) review and accept the PIM
- (ix) review and approval of procurement plans
- (x) define the roles, responsibilities, and expected contributions of each organization represented on the committee in support of programme implementation which the AWPBs then reflect
- (xi) review, approve and follow-up audit reports, audit management letters, programme progress reports (quarterly and annual) and supervision mission reports.
- (xii) Meets on quarterly basis in Dar es Salaam or elsewhere within the Programme areas.

Membership of the Programme Steering Committee include the following:

Permanent Secretary (PMO) – (Chairperson), representatives from BoT, MOF, the Planning Commission, President's Office, Regional Administration and Local Government (PORALG), the Regional Administrative Secretary of each of the participating regions, Ministry of Cooperatives and Marketing, Ministry of Agriculture and Food Security, Ministry of Community Development, Gender and Children, the Commercial Bank and the key donors operating within the MFI sector. The PMU PC would act as PSC Secretary. Key TSPs, MFI association representatives and ZCs would be co-opted as deemed necessary by the PSC.

Written minutes of the meetings are kept by the PSC Secretary and contain an annex, which specify accountability for agreed actions within a set time frame. The Secretary circulates minutes of meetings to all members within seven working days of the meeting.

## ***2.8 Programme Management Unit***

Day to day management and supervision of the RFSP are provided by a PMU in Mbeya staffed by a Programme Coordinator (PC), Financial Controller (FC), Training and Gender Specialist (TGS), M & E Specialist, Administrative and Procurement Officers and Credit Specialist. The PMU would be further supported by three Zonal Management Units (ZMUs) located in Mbeya, Dodoma and Moshi each with a Zonal Coordinator/Training Specialist, an Accountant, and an M & E Officer. District Microfinance Supervisors would be posted for a five year period only in every participating District.

### ***Responsibilities of PMU***

The overall responsibilities of PMU include

- Preparation of AWPBs;
- Overall management and supervision of all RFSP components
- Procurement of goods and services including contracts with TSPs and Institutions; NGOs, and other partners;
- Financial Management and accounting;
- Direction of field operations and liaison with participating SGs, MFIs; FIs; TSPs, district councils, International TSPs and contracted international and national TA,
- Regular monitoring and impact assessment,
- Preparation and timely submission of reports.
- Provide policy, administrative and technical direction,
- Co-ordinate and monitor Programme activities
- Direct and supervise all ZMUs functions and planned activities.

The specific responsibilities of PMU would include:

- Management of all RFSP activities
- Responsible for the preparation and consolidation of all districts, zonal and national AWPBs into an annual RFSP AWPBs and its subsequent implementation;
- Deal with all financial and procurement matters under the programme;
- Responsible for the preparation of consolidated annual budgets, monitoring and consolidating monthly financial reports from the districts;
- Preparing semi-annual financial reports;
- Preparing regular withdrawal applications;
- Paying contracted participating parties;
- Making monthly transfer of funds to the districts and to the ZMUs as needed
- Liaising with external auditors.
- Co-ordinating all of the capacity and institutional building requirements based on the requirements of the participating grassroots MFIs, FIs, and NGO based MFIs within the participating districts;
- Co-ordinating the preparation of contracts for training contractors, suppliers of TA associated with Training and gender,
- Checking quarterly zonal work plans
- Assisting the PC in compiling consolidated semi-annual program reports;
- Defining and establishing the Programme Management Information System (MIS)
- Monitoring formats and impact indicators with assistance from external specialists under the TA programme;
- Supervise a focused Programme Baseline Survey at the beginning of the RFSP to be undertaken by a local institution for districts field staff;
- Make monthly field visits to selected districts to advise on RFSP monitoring and to verify monitoring results;
- Summarise essential implementation data for the PC, basing on the information provided through the monitoring system by ensuring that monitoring data is included in semi-annual and annual reports;
- Prepare information for supervision missions;
- Organize annual impact assessments and Programme Phase Review during PYs 3 & 6
- On data processing and reporting; the MES should work with M & E officers in the ZMUs using DMFISs and supporting district staff.

## **2.9 The Zonal Management Units (ZMU)**

The overall responsibilities of ZMU are to:

- Coordinate, administer, directly supervise and monitor programme activities at the district levels working together with District Councils Officers.

The specific functions cover the following

- Preparation of AWPBs for the activities to be implemented under ZMUs control.
- Coordination of requests for training to be arranged by the PMU
- Coordination of institutional support to the participating MFIs and other FIs including the procurement of goods;
- Approval of monthly work plans for the participating districts;
- Performance monitoring of the participating institutions;
- Preparation of semi-annual and annual progress reports;
- Supporting DMFISs in their roles of acting as a secretary to the district RFSP – Sub committees.

Staffing levels at ZMU include a Zonal Manager /Training Specialist (ZM/TS) – South, North and Central zones, accountants and M & E Officers.

## **District Coordination**

A District RFSP subcommittee reporting to the Economic Infrastructure and Environmental Committee of the District's Full Council would be established in each district selected to participate within the programme to help coordinate field planning and implementation. Its principal responsibilities would be to

- (i) review ZMU district workplans and budgets to be submitted to the ZMU and PMU
- (ii) regular monitoring and review of financial flows and implementation performance to ensure that programme implementation progresses as planned
- (iii) track progress with the grassroots MFIs capacity building programme
- (iv) coordination of RFSP activities with other poverty alleviation and development efforts in the district
- (v) undertake duties specifically assigned to it by the ZMU/PMU.

Membership of District RFSP subcommittee includes the District Executive Director (chairperson), representative of the Regional Administrative Secretary, District Planning officer (DPLO), District Community Development officer, (DCDO), District Cooperative officer (DCO), District Agricultural and Livestock Development officer (DALDO), Branch Manager of the Commercial Bank, co-opted MFIs association members and participating training institutions and DMFIS who would act as Secretary back-stopped by ZMU officials (ZMTS). The subcommittee would meet at least quarterly and on ad hoc basis as required.