

CHALLENGES/LESSONS LEARNED AND THE WAY FORWARD

From 2003 Annual Report

That status of MFIs development is quite different from what it was during the appraisal and subsequent reviews by CCM and MEDA. Most of the MFIs were lacking secure office buildings and furniture, skill and knowledge on bookkeeping and record keeping, lack of good governance, negative attitude (some other areas) towards MFIs, poor or lack of lending policies poor portfolio management and many others. The programme has taken this as challenge and has developed a strategy towards addressing these issues. Positive results have started emerging from the implementation of these strategies.

Erratic flow of funds from co-financers, mostly from OPEC and the government had an adverse effect on implementation of programme activities. To continue with implementation, the programme was forced to borrow over USD 531,852 from the loan fund to cover a deficit that resulted from withdrawal of OPEC funding. The borrowing caused serious financial problems that culminated into rescheduling of many activities planned for the later half of 2003.

Most of the FIs have adequate liquidity and they are willing to lend from their own funds instead of using the MFF provided that they can identify good MFIs that meet the banks' minimum requirements. In view of the foregoing, managers of FIs have been taken around the programme area to assess the performance of the MFIs and recommend some minimum requirements to be met by MFIs before they can access credit lines from the FIs. Among other things, FIs have recommended the need for the MFIs to have audited accounts and proper books of accounts. The programme is supporting the MFIs in meeting these conditions.

During the reporting period, the programme has learned that there is a strong correlation between ownership of a good and secure office by an MFI and levels of savings that members in this regard efforts to increase paid up shares and savings must go hand in hand with campaigns to acquire/build secure offices, furnished and manned with trained and credible key staff; e.g. cashier, loan officer treasurer.

Learning from the views of the MFI members and leaders interviewed (during the Baseline survey), it can only be stressed that among the key areas the programme will have to focus its efforts, as already in its district work plans, includes: (a) Capacity building of leaders and members with key skills needed for effective running of MFIs and selection of enterprises. (b) Enhancing efforts to mobilize savings and deposits so as to increase the financial base of MFIs. (c) Imparting among MFI members that the survival and sustainability of the MFI is their primary responsibility and not the government or donors, who are there only to facilitate their efforts.

Lack of reliable means of transport continued to hamper smooth implementation of Programme activities at the zonal and districts levels. The motorcycles provided to the districts had proved to be ineffective as they can not accommodate the three team members (DMFIS, DCDO and DCO) during joint field trips. In addition, some programme districts are characterised by difficult terrains i.e. swampy, sandy, gullied and densely forested. Six (6) additional vehicles are in the AWP&B for PY₃ (2004) these vehicles will be allocated to zonal Offices for use by the districts.

On-site training will be undertaken frequently and will mainly focus on addressing major issues in order to meet Phase I Milestones. The Programme will also identify Animators at MFI and district level who will be capacitated and entrusted to train others. This strategy is geared towards achieving a sustainable training system that will work beyond the programme's lifespan.