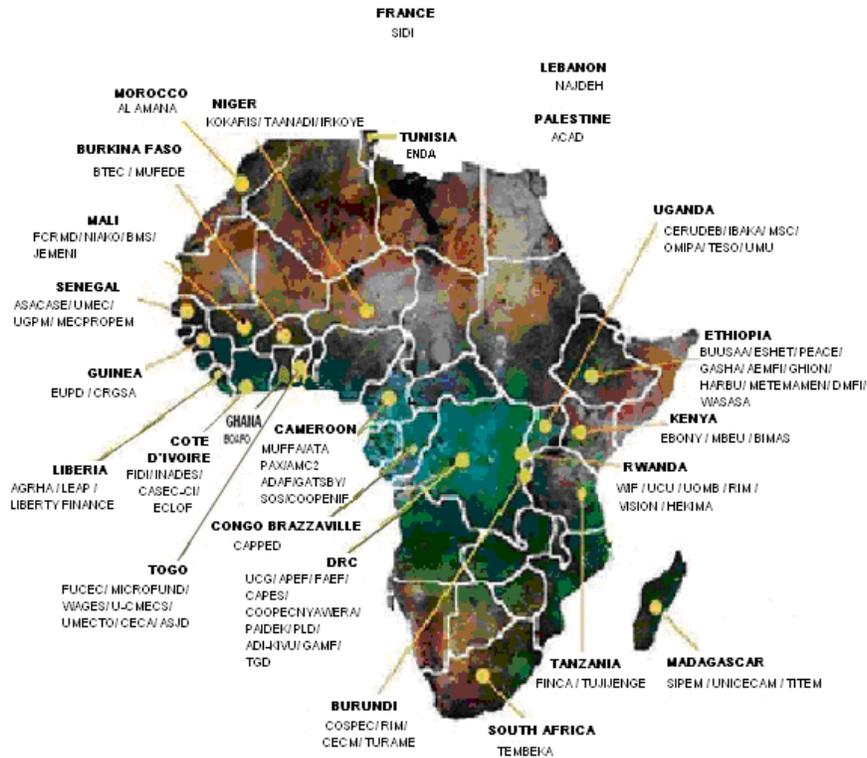




## MICROFINANCE AFRICAN INSTITUTIONS NETWORK

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# ANNUAL REPORT 2010



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## ACRONYMS

<b>ACDI</b>	Agence Canadienne de Développement International
<b>ACP</b>	African Caribbean Pacific
<b>ADA</b>	Appui au Développement Autonome
<b>ADB</b>	African Development Bank
<b>ADCSI</b>	Addis Credit and Saving Institution
<b>AEMFI</b>	Association of Ethiopian Microfinance Institutions
<b>AFD</b>	Agence Française de Développement
<b>AFMIN</b>	African Microfinance Institutions Network
<b>AFRACA</b>	African Rural and Agricultural Credit Association
<b>AMC</b>	African Microfinance Conference
<b>AMIR</b>	Association of Microfinance Institutions in Rwanda
<b>APSPD</b>	L'Association Professionnelle des Systèmes Financiers Décentralisés
<b>BNP</b>	Banque Nationale de Paris
<b>BNDE</b>	Banque Nationale de Développement Economique
<b>BOD</b>	Board of Directors
<b>CADEFINANCE</b>	Caisse d'Epargne Financière pour le Développement de Petite Entreprise
<b>CASEC-CI</b>	Caisse de Solidarité d'Epargne et de Crédit de Cote d'Ivoire
<b>CCFD</b>	Comité Catholique contre la Faim et pour le Développement
<b>CODESPA</b>	Fundación Cooperación al Desarrollo y Promoción de Actividades Asistenciales: Futuro en Marcha – Spanish NGO
<b>CEO</b>	Chief Executive Officer
<b>CERUDEB</b>	Centenary Rural Development Bank
<b>COOPMNIF</b>	Coopérative d'Epargne et de Crédit de Microfinance au Cameroun
<b>CORDAID</b>	Catholic Organization for Relief and Development Aid
<b>CVECA</b>	Caisses Villageoises d'Epargne et de Crédit Autogérées
<b>DID</b>	Développement Internationale des Jardins
<b>ED</b>	Executive Director
<b>ENDA-IA</b>	ENDA Inter-Arabe
<b>ESF</b>	Epargne Sans Frontière
<b>EU</b>	Européen Union
<b>EUPD</b>	Entraide Universitaire pour le Développement
<b>FAEF</b>	Fonds d'Appui à l'Entreprenariat Féminin
<b>FIDI</b>	Fonds Ivoirien de Développement et d'investissement
<b>IBAKA</b>	IBAKA Group Credit Finance Institution
<b>IDM</b>	IDM- Mauritania
<b>IFAD</b>	International Fund for Agricultural Development
<b>ILO</b>	International Labor Organization
<b>IMF</b>	Institution de Microfinance

<b>INADES-Formation</b>	Institut Africain pour le Développement Economique et Sociale)
<b>INAISE</b>	International Association of Investors in Social Economy)
<b>KOKARIS</b>	Coopérative des Services d'Intermédiation en Crédit Rural SICR- Kokari
<b>LAPO</b>	Lift Above Poverty Organization
<b>MAIN</b>	Microfinance African Institutions Network
<b>MBA</b>	Master of Business Administration
<b>MC<sup>2</sup></b>	Mutuelles Communautaires de Croissance
<b>MCS</b>	Micro Credit Summit
<b>MC</b>	Micro Credit
<b>MDGs</b>	Millennium Development Goals
<b>MECREF</b>	La Mutuelle d 'Epargne et de Crédit des Femmes
<b>MFI</b> s	Microfinance Institutions
<b>MIS</b>	Management Information System
<b>MISEREOR</b>	Katholische Zentralstelle fur Entwicklungshilfe.e.V
<b>MUFEDE</b>	Mutualité Femmes et Développement
<b>NGOs</b>	Non Gouvernemental Organisations
<b>OHADA</b>	Organisation pour l'Harmonisation en Afrique du Droit des Affaires
<b>OXFAM</b>	Oxford Committee for Famine Relief
<b>PAR</b>	Performance and Accountability Report
<b>PLC</b>	Private Limited Company
<b>PLD</b>	Pain Pour Les Déshérités
<b>RDC</b>	Republic of Democratic Congo
<b>RIM</b>	Réseau des Institutions de Microfinance
<b>SACCO</b>	Saving and Credit Cooperative
<b>SEEP Network</b>	Small Enterprise and Education Promotion Network
<b>SIDI</b>	Solidarité International pour le Développement et l'Investissement
<b>SIPEM</b>	Société d'Investissement pour la Promotion des Entreprises à Madagascar
<b>SMF</b>	Social Microfinance Foundation
<b>SOS Women</b>	Coopérative d'épargne, de crédit, et de promotion de l'investissement
<b>SP</b>	Social Performance
<b>SPTF</b>	Social Performance Task Force
<b>UADC</b>	Université Africain de Développement Coopératif
<b>UCAC</b>	Université Catholique d'Afrique Centrale
<b>UMU</b>	Uganda Martyrs University
<b>UN</b>	United Nations
<b>UNECA</b>	United Nations Economic Commission for Africa
<b>WAGES</b>	Women and Association for Gain both Economic and Social

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## **I. Introduction**

The secretariat of MAIN, wishes to introduce this annual report by highlighting some of the emerging issues drawing the attention of different stakeholders in the microfinance industry. The business of microfinance now knows no frontier as a simple credit delivery and saving mobilization mechanism. From a simple financial service tool it has extended to a commercial activity, a complex academic debate, a research topic, a subject of social justice, a media focus, etc. The debates on growth and mainstreaming microfinance into the classical financial sector and the fear over the related mission drift have not yet settled down. All these show it is a dynamic sector but also a vulnerable one.

Still microfinance enjoys great popularity as it continuously raises increased interest and hope as part of feasible strategies in curving the problems of poverty in less developed countries. But MFI board and managers are being challenged by other stakeholders particularly regulators and investors not only on financial performance but also increasingly on environmental and social aspects. MFIs are now looked through the lenses of transparency, client protection, over indebtedness and other similar difficult questions as well. Moreover the triple bottom line discourse dictates upon the MFIs to be attentive to more complex matters like the environment including climatic change. This was unsought at the inception of microfinance when the major focus was on establishing financial service delivery systems for the poor and ensuring the sustainability of the institutions themselves.

The year 2010 ended with hard lessons from the Indian microfinance “subprime” characterized by a dangerous mission drift, sending a wakeup call to regulators to halt the speculations that led to a massive over indebtedness.

Although it had been difficult at initial stage, MAIN has understood these problems earlier, and never desisted from embracing the triple bottom line principle. It has always emphasized the sustainability of the institutions, that of the clients and the environment, a harmonious transformation without causing any harm to any of the parts. This has been crystallized in clearer terms during the international forum it organized in 2000. Since then, MAIN has persistently integrated a wholisitic approach in the design of its capacity building strategy. Therefore, its capacity building initiative has extended beyond improving the efficiency in management and operations, but also integrating the emerging issues.

One of the major roles of a network like MAIN is to promote a process of reflection on different international, sub regional and national factors in relation to the evolution of microfinance. Ever since the Antananarivo debate, MAIN has continuously organized international fora that brought together the practitioners of the industry but also other stakeholders such as national/central banks, independent researchers, academics, funding agencies, etc...to learn and share experience on the evolution and performance of microfinance.

Again, recognizing the importance of the economic, social and environmental dimensions of development in today's globalized and commercialized world, to learn from other experiences and contribute its modest share to the global debate MAIN decided to join international networks like INAISE, SEEP Network, SPTF and the Social Microfinance Facility which are focusing on social and environmental dimension as well.

Furthermore, its capacity building programme at UMU and UCAC has now systematically integrated themes related to social and environmental responsibilities. In this connection, MAIN is pleased to note with satisfaction for having encouraged a process of researching and learning. This is evidenced by the fact that almost all the theses by the candidates of 2006 who have graduated in 2010 with the Executive Master Degree from UCAC were on subjects related to social performance. In addition, during the year ending, MAIN conducted a study on the impact of its capacity building programme. This in return has confirmed a strong desire by member institutions for going in-depth on matters related to social performance and impact analysis. This also demonstrates the increased awareness of the member institutions on the importance of connectedness of financial and social aspects of their work.

MAIN believes that any development and poverty reduction initiative should put people at its centre and promote active participation by the whole people in the process and ownership. The continued thinking in this line led it to enter into partnership with the Southern New Hampshire University (SNHU) to train the leaders of Community Microfinance. It is also in this drive, and in recognition of prevailing large exclusion and marginalization that the year 2010 was taken as a period of intensive reflection and consultation with different stakeholders. This process culminated with the adoption of the theme "inclusive finance" for the international conference in 2011.

This annual report highlights the activities undertaken during the year 2010. MAIN wishes to appreciate the collaboration of its partners including CCFD, SIDI, Gilles Foundation, Epargne Sans Frontier, etc. for having provided the required fund. It also wants to recognize the technical input and support provided by the Uganda Martyrs' University (UMU), the Université Catholique d'Afrique Centrale (UCAC), its members and the resource persons that participated in the implementation of the activities. The secretariat equally notes the continued guidance and support from the board of directors in pursuing the achievement of the objectives of MAIN, the implementation of which is vested on it by its constituency.

## II. MAIN (Microfinance African Institutions Network), the Organization

MAIN (Microfinance African Institutions Network) is a nonprofit international association established in 1995 in Abidjan, Côte d'Ivoire. It was created by five organizations: the Centenary Rural Development Bank (CERUDEB, Uganda), le Fonds Ivoirien pour le Développement et l'Investissement (FIDI, Côte d'Ivoire), IDM (Mauritania), la Solidarité Internationale pour le Développement et l'Investissement (SIDI, France), la Société d'Investissement pour la Promotion des Entreprises à Madagascar (SIPEM). Currently its membership has reached 93 in 25 countries of Africa, Middle East and Europe.

The mission of MAIN is to reinforce the social and economic role of the African microfinance institutions by initiating an African agenda for the promotion of the sector in the process of the continent's overall development.

### The Objectives of MAIN are:

- Strengthening the operational capacities of the African microfinance institutions so that they can provide sustained and appropriate products and services to their clients.
- Providing a forum of reflection and exchange to African microfinance institutions to understand better their environment and internalize the issues that influence their operations at national and international level and enable them to integrate their activities in the global development process.

### The Activities of MAIN

The three main activities of MAIN are:

- **Communication:** facilitate and promote exchange of information in the microfinance sector on issues related to financing African small and micro-economic actors.
- **Training:** strengthen the internal capacities of the microfinance institutions. MAIN gives priority to group training, exchange visits and conferences.
- **Research & development:** documentation and publication of existing knowledge and practices, and production of methodological materials.

### Governance

MAIN consists of three organs

- **The General Meeting;** the highest authority, all the powers of the association are vested in the general assembly which is composed of ordinary, delegate and honorary members and meets every two years.



- **The Board of Directors;** composed of seven members, it meets every six months, monitors the implementation of programs, projects and decides on the utilization of resources.



Photo des membres du Conseil d'Administration du Réseau MAIN

- **The Secretariat;** headed by the Executive Director is in charge of developing programs, projects, activities and implementing them. It organizes the capacity building programs in collaboration with members and partners, organizes training sessions, exchange programs, conferences, initiates research and publication and publishes the network's newsletter. Its major function includes mobilization of resources required for the implementation of the action plan.
- **Accounts;** the accounts of MAIN are verified by international chartered auditors SOFIDEEC BAKER TILLY International, 138 boulevard Haussmann, 75008 Paris every year and approved by the board of directors

### III. Planning for 2010

#### 31. Planned Activities

**Table 1, monthly details**

No.	Months	Activities	Remark
1	January	<ul style="list-style-type: none"> <li>◆ Review strategic plan for 2010- 2012, project formulation</li> <li>◆ Conduct survey and profiling of members, impact study</li> <li>◆ Website enrichment</li> <li>◆ Fund raising (Proposal writing)</li> <li>◆ Preparation of Financial Report</li> </ul>	
2	February	<ul style="list-style-type: none"> <li>◆ Conduct survey and profiling of members, impact study (contd...)</li> <li>◆ Follow-up on the training programme at UCAC</li> <li>◆ Visit member institutions (Burundi)</li> <li>◆ Fund raising (proposal writing and negotiations)</li> </ul>	
3	March	<ul style="list-style-type: none"> <li>◆ Conduct survey and profiling of members, impact study (contend...)</li> <li>◆ Follow-up on the training programme at UCAC</li> <li>◆ Visit members in Côte d'Ivoire</li> <li>◆ Participation, conference AEMFI (Ethiopia)</li> <li>◆ Fund raising (proposal writing and negotiations)</li> </ul>	
4	April	<ul style="list-style-type: none"> <li>◆ Identify resource person for the preparation of a publication of a manual on governance</li> <li>◆ Participation, conference MCS, Nairobi</li> <li>◆ Participation, SP workshop, Nairobi</li> <li>◆ Publish Newsletter</li> <li>◆ Visit member organizations (Cameroun, Togo)</li> <li>◆ Visit UCAC (Yaoundé) and UADC (Cotonou)</li> </ul>	
5	May	<ul style="list-style-type: none"> <li>◆ Preparation of Board Meeting</li> <li>◆ Fund raising (Proposal writing, and negotiations)</li> <li>◆ Journée de la microfinance, Abidjan</li> <li>◆ Preparation for UMU managers' training programme</li> </ul>	
6	June	<ul style="list-style-type: none"> <li>◆ Annual conference INAISE, Bruxelles</li> <li>◆ Board Meeting, Abidjan</li> <li>◆ Decision on the theme, date and venue for the international conference (by the board)</li> <li>◆ Training on Internal Control, Abidjan</li> <li>◆ Fund raising (Proposal writing, and negotiations)</li> <li>◆ Edit and publish findings on profiling and impact study (French version)</li> </ul>	
7	July	<ul style="list-style-type: none"> <li>◆ Managers' Training UMU, NKOZI</li> <li>◆ Preparation for managers' training programme at UCAC</li> <li>◆ Concept paper for the international conference</li> <li>◆ Participation annual meeting, Social Performance Task Force (SPTF) in Berne</li> <li>◆ Fund raising (Proposal writing, and negotiations)</li> </ul>	
8	August	<ul style="list-style-type: none"> <li>◆ Managers' Training at UCAC, Yaoundé</li> <li>◆ Concept paper for the international conference</li> <li>◆ Consultation on international conference</li> <li>◆ Fund raising (Proposal writing, and negotiations)</li> <li>◆ Publish Newsletter</li> </ul>	
9	September	<ul style="list-style-type: none"> <li>◆ Preparation of training workshop on Marketing (contd...)</li> <li>◆ Consultation and preparation for international conference</li> <li>◆ Training of Trainers (Great Lakes)</li> </ul>	
10	October	<ul style="list-style-type: none"> <li>◆ Training workshop Strategic Marketing, Bujumbura</li> <li>◆ Finalization of concept paper and guidelines for the international conference</li> <li>◆ Revisiting planning for 2011</li> <li>◆ Identifying resource persons for the international conference</li> <li>◆ Exchange visit/Exposure</li> </ul>	
11	November	<ul style="list-style-type: none"> <li>◆ Preparation of Board Meeting</li> <li>◆ Identifying and hiring resource persons for the international conference</li> <li>◆ Participation, Annual Conference of the SEEP Network</li> <li>◆ Participation, Annual Meeting Social Microfinance Facility meeting</li> <li>◆ Fund raising (proposal writing and negotiations)</li> </ul>	
12	December	<ul style="list-style-type: none"> <li>◆ Board meeting.</li> </ul>	

		<ul style="list-style-type: none"> <li>◆ 1<sup>st</sup> Meeting of organizing committee for the international conference</li> <li>◆ Edition and publication of manual on governance</li> <li>◆ Publish Newsletter</li> <li>◆ Website enrichment</li> </ul>	
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**Table 2, capacity building**

N°	Activities	Target
1	Journée de la microfinance, Abidjan	40
2	Training on internal control, Abidjan	35
3	Manager's training program UMU, Uganda	50
4	Manager's training program UCAC, Yaoundé	40
5	Training of Trainers, Great Lakes	45
6	Training on strategic marketing, Bujumbura	40
7	Exchange visit	10
	<b>Total</b>	<b>260</b>

### Assumptions

While drawing the initial annual plan of action for 2010, MAIN retained the following major assumptions for the successful implementation of the specific activities for the year.

- As a principle, MAIN believes that any network requires direct and active participation of its constituencies in its life, activities and growth. Therefore, members would participate actively in the implementation of different activities.
- MAIN has submitted a proposal for funding to different partners for the period 2009/ 2011 and the requested fund would be released sufficiently and timely.
- Registration fees and annual contribution from members would be received timely and adequately.
- The activities of MAIN are not isolated incidences, but are part of the general African development and poverty reduction initiatives and the Millennium Development Goals (MDGs) adopted by world governments. Therefore, other stakeholders such as state agencies, MFIs, networks of MFIs, academia, etc interested in the promotion of microfinance in Africa would also collaborate in the implementation of the planned activities of MAIN in different regions of the continent.
- The required human resources from within MAIN and outside in the form of staffing and resources persons would be available.

- MAIN is basically an African network providing a sub-regional capacity building programme, therefore, candidates for training workshops will not be constrained from travelling in and out of countries due to political instability and armed conflicts.

The initial planning was revised at midyear considering the insufficiency of financial resources, constraints from collaborating organizations and other factors. The revised plan resulted in the cancellation of several activities such as: journée de la microfinance in Abidjan, training on internal control in Abidjan, training of trainers in Great Lakes, training on strategic marketing in Bujumbura, and the exchange visit.

## 32. Achievements and Variations

### 3.2.1. Training (see details below)

**Table 3, specific capacity building activities**

N°	Activities	Revised plan	Achieved	Variation	Remark
1	Journée de la microfinance, Abidjan	40	0	0	Postponed
2	Training on internal control, Abidjan	35	0	0	Postponed due to budget constraint, political instability and armed conflict
3	Manager's training program UMU, Uganda	50	32	64%	Limited application due to budget constraint
4	Manager's training program UCAC, Yaoundé	40	32	80%	Limited applications due to budget constraint
5	Training of Trainers, Great Lakes	45	0	0	Postponed
6	Training on strategic marketing, Bujumbura	40	0	0	Insufficient number of candidates
7	Exchange visit	10	0	0	Last minute cancellation by RIM-Burundi
	<b>Total</b>	<b>260</b>	<b>64</b>		

### **Managers' Training UMU, 9-24 July, NKOZI**

The Managers' Training programme specialized on Microfinance and Community Economic Development is organized in collaboration with the Uganda Martyrs' University (UMU) annually. This year the residential programme was held between July 9 and 24, 2010. The programme has brought more than 200 participants across Africa. From this MAIN has sponsored 32 participants from Ethiopia, Liberia, Rwanda, South Africa and Uganda.

### Major Courses Taught At UMU:

- Introduction to Microfinance
- Introduction to Computer Applications
- Managing MFIs
- Taxation
- Basic Accounting
- Accounting for Microfinance
- Regulation and Supervision
- Credit Appraisal and Monitoring
- Computer Applications
- Managing Microfinance Institutions
- Activity Based Costing
- Rural Finance/Agriculture
- Research Methods
- Product Development/Diversification
- Consumer Protection
- Social Performance Measurement
- Entrepreneurship
- SILC Methodology

To this list of courses several tutorials conducted on the sixteen different modules on various microfinance topics are added. These modules are home study materials. The tutorials were intended to clarify certain concepts and methods to the candidates by way of participatory workshops in view of facilitating distance learning.

### **Managers' Training at UCAC, August 16-September 6, Yaoundé**

The annual Masters in Microfinance Programme at UCAC was organized from August 16 to September 6, 2010. It was attended by 32 participants from Burundi, Cameroon, Côte d'Ivoire, Madagascar, Mali, Morocco, Rwanda, RDC, Tchad, Togo and Tunisia. The training session was facilitated by both international and local consultants.

### Major Courses:

#### **Year I**

- Environnement macroéconomique et lutte contre la pauvreté
- Ethique et microfinance

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- Organisation des IMFs
- Marketing stratégique
- Réglementation du secteur de la microfinance
- Analyse financière
- Audit interne des IMF
- Gouvernance de la microfinance
- Viabilité et performance sociale
- Plan d'affaires

## **Year II**

- Statistiques et analyse de données
- Système d'information et de gestion
- Pratique des systèmes d'information
- Gestion des risques
- Méthodologie de recherche
- Financement rural
- Epargne en microfinance
- Diversification des produits
- Marchés financiers
- Indicateurs de performance pour les IMF et évaluation et amélioration de l'impact du microcredit

## **Evaluation of Training Sessions**

It has been a practice to request the participants to do an evaluation session at the conclusion of training workshops. As in the past the feedback collected from the evaluation sheet filled by participants shows three major areas to be considered for the future

## **On Learning**

- Relevance of all the courses taught, pertinence of the content, clarity of the presentation, satisfaction of expectation, active participation of participants and the replicability of the courses.
- Some of the courses have to be taught in first year and some courses needs to be condensed since they are co-related

- Competitiveness of the facilitators in the respective subject matter and updating the reading material from year to year.

### **Comments and Recommendations**

Valuable comments and recommendations were also made by participants which will be used in the design and organization of future program.

- In terms of administrative matter that attention is to be given to the cleanliness of dormitories, functioning of related fittings and appropriateness of meals (UCAC).
- Bring the course on research method to Atelier I instead of Atelier II; that way the first year participants could come back the following year with their project work proposal (UCAC)
- Combine the course on saving in microfinance and product diversification in one course since they are related and can be taught by one lecturer. This module can be taught in two days.
- In terms of teaching that some courses should be taught by microfinance practitioners and the reading material should be available and distributed before the session begins
- In relation to communication, giving appropriate information on time to the participants on the residential sessions and research papers, etc.
- Make a pre-selection test before getting enrolled in the program
- In relation to timing almost all courses were marked with insufficient time allocation, although some participants recommended to reduce the duration altogether (UCAC).
- That the participants would recommend the programme to their colleagues and friends
- That the library should be accessible (UCAC)
- Improvement in the organisation of logistics (UCAC)

Microfinance is becoming a multi-dimensional subject. It has been the strategy of MAIN to introduce to learners, different issues in addition to the practical microfinance business techniques. Therefore two separate reports on two special sessions: **Social Performance and Rural Finance** are produced by consultants (see annex). These two reports

somehow illustrate what the practitioners of microfinance are saying and doing in the specific microfinance related areas.

### **Training Activities Postponed/Cancelled** (see table 3)

- Training of trainers for the great lake region; this activity has been postponed due to lack of funding.
- Marketing strategy for great lake region; this activity has been postponed due to insufficient number of candidates registered for.
- Exchange Visit; upon the request of RIM Burundi and in consultation with members in Cameroon, MAIN had planned an exchange visit to Cameroun for its members in Burundi including the RIM leadership. The objective of the exchange visit was for experience sharing and learning on refinancing and saving mobilization. However, this programme couldn't take place because at the last minute RIM asked MAIN to postpone it for its own reasons.
- Training on Internal Control; cancelled due to insufficient funding, also not many candidates were willing to travel to Abidjan due deteriorating political situation.
- Journée de la Microfinance; the expected partnership between the Ivorien national association and MAIN could not be materialized.

### **Preparation of Training Materials and Recruitment of Trainees**

A project profile on market strategy and internal control was prepared by MAIN. Preparation of training materials also includes the presentations by the Executive Director at the summer sessions at UMU and UCAC on Social Performance and Governance respectively. Training manuals for the topics listed above at both universities were prepared and distributed in hard copy and CD to the candidates attending the respective sessions. In addition recruitment of candidates (continuing and new) for the UMU and UCAC was also made, 64 candidates as a whole.

### **Follow-up on the Training Programme at UCAC**

In March a visit was made to UCAC to review the last session and organize that of 2010. Meetings were conducted with the dean of Faculty of Social Science, the coordinator of the Executive Master being run in collaboration with MAIN and other university personnel. The exchange resulted in the revision of some modules, omitting others, replacing some of the facilitators, appraising logistical and organizational aspects of the programme. From the organizational and ownership perspective of this programme at UCAC still a lot of work remains for MAIN and UCAC, a subject for further consultation between the two parties. The executive director spent three weeks in Yaoundé August/September organizing the UCAC programme and facilitating.

Here it is important to note that this year 10 of 20 candidates registered in 2006 at UCAC have successfully completed the requirements and are ready to receive the Executive Masters' Degree in Microfinance. Some of the candidates have left their institutions; eight of the candidates were excluded for obtaining below average mark and/or for not being able to complete their assignments. Nevertheless all candidates received a certificate of attendance to the two residential sessions authenticated by the university and MAIN. The study is composed of 80 credits including two times three weeks' residential session, completing a number of assignments through distance learning system and a "memoire" assessed by a jury of five persons including the Executive Director of MAIN. The following is partial list of the "memoires" at the completion of Executive Master Degree.

1. La Contribution du Contrôle Interne dans la Reduction du Risque dans les IMF, Cas de la Cooperative d'Epargne et de Crédit / Femmes de l'Avenir du Burkina Faso Par M. Yannick Karim Sombie, MUFEDE
2. La Viabilite Financiere des Institutions: Cas du Burundi Par M. Onesphore Nshimirimana, BNDE, Burundi
3. La Gestion des Risques Institutionnels de Credit dans les Etablissements de Microfinance : Cas des Mc<sup>2</sup> Par M. Peka Isaac ADAF/MC<sup>2</sup>
4. Difficultes d'Arbitrage entre la Mission Sociale et la Mission Commerciale des Institutions de Microfinance (IMF): Cas du Reseau des Caisses Villageoises d'Epargne et de Credit Autogerées (CVECA) du Mayo Kani Par M. Justin Zieba, INADES FORMATION, Cameroon
5. La Performance Sociale dans l'Activite de Microfinance : Le cas de la SIPEM S.A à Madagascar Par M. Rakotolobo Andriamahenina Lalaniaina
6. La Microfinance : Quelles Performances Sociales sur la Cible Au Kivu ? Cas de PAIDEK Par M. Remy Mitima Mpanano
7. Analyse des Risques sur la Qualite des Activites de Micro Credit Suite a la Reforme du Secteur de la Micro Finance en Republique Democratique du Congo : Cas de l'IMF PLD Par M. Clément Bisimwa
8. Les Partenaires Financiers et la Performance Sociale : Le cas des Projets Solidarite Mondiale avec WAGES – Togo Par M.Comlan Yessou Samey
9. La Gestion des Risques et la Satisfaction des Clients des Institutions de Microfinance : Cas de WAGES - Togo Par M. AKUETE Sowada Sory WAGES-TOGO

As can be seen from the above major areas of interest are risk management and social mission of the institutions. This shows the extent of challenge and the process of reflection within the institutions as how to maintain the financial and social sustainability which are the basic foundations of the microfinance industry. These documents are available at UCAC and MAIN for reference.

### **Staff Training:**

- Mohamed Attanda spent three weeks at UCAC (August/September) to complete his second year for the Executive Master in microfinance.
- Mohamed Attanda spent one week in September in Yaoundé for training on the operations of Software for accounting
- Selome Wondemu spent one week in September in Yaoundé for training on the operations of Software for accounting
- Fanta Wolde Michael spent one week in April in Nairobi for training on Social performance organized by SPTF, Freedom from Hunger and Microfinance Center.

### **3.2.2 Other Activities**

#### **Fund Raising, Project Formulation & Reviewing Strategic Plan for 2010- 2012**

There is always a beginning but not an end for such an activity in an organization like MAIN which is dependent on foreign subsidy. The tentative plan also reflects this. Considering the 2009 as a bridging period a new proposal for the period 2010/12 has been written, revised several times and submitted to CCFD/AFD, CORDAID, Gilles Foundation, and Epargne Sans Frontier. CORDAID unexpectedly, unilaterally and for unclear reasons, decided not to continue its support to MAIN. The proposal was also submitted to the Spanish Cooperation and CODESPA (a Spanish NGO). CCFD and SIDI have confirmed their commitments for the next three years. Contacts have been maintained with Epargne Sans Frontier (ESF) and Gilles Foundation; both have also confirmed their commitment for the next three years. To date results of appraisal of the proposal from other agencies have not been received as expected. The year started on uncertain financial base and MAIN enters the 2011 with similar uncertainties. Contacts with private sector like Total, BNP have produced none or insignificant results.

The executive director travelled to Québec city and Montreal. DID (Développement International Desjardins) have informed us they cannot fund MAIN directly but agreed in principle to consider a sub regional project (East Africa) subject to Approval by ACDI (Agence Canadienne de Développement International) for collaboration with MAIN. ACDI is their provider of fund for international projects. OXFAM/Québec agreed to consider collaboration in Palestine and the DRC. But first it will consult its international team and will inform MAIN. One Drop, an offspring of Cirque de Soleil is interested in possible collaboration with MAIN in a specific country (Burkina Faso). Secondly, One Drop is finalizing the process of establishing an autonomous microfinance unit and requested for possibility of membership to which the ED responded affirmatively while emphasizing the criteria for membership. Discussions are also underway between MAIN and ESF to submit a co financing proposal to the African Development Bank (ADB). MAIN has also deposited a claim to MISEREOR for Euro 16500 withhold by error from the 2007 fund to be received. The withhold amount has been released after several correspondence and re-submission of required documents.

#### **Conducting Survey, Profiling Members, Impact study**

2005, was declared Micro Credit Year by the UN. In this same year MAIN organized an international conference on the evolution and performance of microfinance in Africa. Using these two occasions and in order to understand better the contribution of MAIN in the promotion of microfinance and the work of its members MAIN conducted a study which was published in 2006 " *Contribution of the members of MAIN to the evolution of microfinance in Africa: Lessons and perspectives* ". This study allowed MAIN to appreciate better the extent of its own interventions but also what its members were doing and their zone of intervention. Encouraged by this, and after four years of reflection, MAIN decided it necessary to conduct another but an in-depth study reflecting its ever growing membership in connection to its 15th anniversary and its forthcoming

international conference. The objective of the study is to assess the effect of its trainings on the member institutions. Therefore, A consultant was hired with the support of CCFD to undertake this study. Starting in the last quarter of 2009 an extensive questionnaire (French and English) was prepared and dispatched to members electronically followed by visits by the consultant and MAIN to selected countries. The final text has been submitted to the secretariat in June. A first draft of English translation is also completed. Out of 86 members 51 have responded to the questionnaires sent to them. The study provides interesting information in terms of profile, financial, social performance and impact of the capacity building program provided by MAIN, but also on financial and non financial services provided by members to specific category of clients. The members also used this opportunity to make some valuable recommendations to the secretariat in relation to capacity building.

A summary of the study is provided hereunder:

MAIN is an international network specialized in the microfinance field. It includes structures that operate directly or indirectly in the business of microfinance. Created in 1995, it has the ambition to strengthen the roles of the African microfinance to become a tool to fight against poverty.

This study was commissioned by MAIN to enable it to assess performance and impact of its actions to its members and to formulate future for collaboration and partnership with them.

The study is based on another study undertaken in 2005. This particular study focuses mainly on the years 2007 and 2008 and a part of 2009.

It puts emphasis on the identification of members institutions, analysis of the activities of the clients, the importance of financial projections, funding sources, analysis of the capacity building program, the members' performance and impact, the assessment of members on the MAIN's activities and recommendations for improvement.

A two-part questionnaire was dispatched to all the member institutions to collect the necessary information for this evaluative study. A field visit of members in the core countries of MAIN (Togo, Ethiopia, Burundi, Rwanda, DR Congo, Madagascar) was conducted to ascertain information on the spot.

The mission began January 11th, 2010 and a draft report was produced in April 2010. Of the 86 members expected to respond to the questionnaires and the field mission by the consultant, 64% responded for the first part of the questionnaire (51 questionnaires delivered) and 34% for the second part (31 questionnaires rendered).

### **MAIN and evolution of its membership**

MAIN operates in Africa and the Middle East, but its membership is concentrated in central Africa (33 members at the end of 2009). The countries of concentration are DR Congo and Ethiopia where 10 members are registered. 50 institutions are French speakers and 37 English speakers. In 2008, 13 institutions were dismissed, but the net recruitment

is 43% compared to that of 2006. Currently, fifty members form the "hard core" of MAIN and ready to commit to push forward.

Members have different status: non-profit associations, NGOs, Cooperatives Societies. They are classified in various professional categories: Savings and Credit Cooperative (SACCO), Microfinance institutions (MFIs) banks, other financial structures and other non-financial structures (peasant organization ...). 60% of the members have licenses issued by the competent authorities to exercise legally the profession of microfinance within the law.

The missions and goals of some members are quite confused. Anglophone members specify more values and visions. Few members include innovative services such as micro insurance in their intervention methods.

As a whole, members of MAIN who responded to the questionnaires have targeted 650,534 customers / borrowers in the beginning of 2009. The targeting of rural areas is balanced with the targeting of urban in order to mitigate risks.

Members did not answer the question on displaced people/ customers due to lack of information in their MIS (management information system). Members of type PLC (Private Limited Company) have targeted more than a third (37%) of very poor clients. Cooperatives target lesser. The densest region in terms of number of final beneficiaries is West Africa (33.8% of clients / beneficiaries). Central Africa is an area of concentration in terms of targeting the poor and very poor targeting, 46% and 38% respectively. The amount of the outstanding credit for the 51 members at the beginning of 2009 is 202,4 million Euros. Trade credit was most important, followed by agricultural credit. 68% of outstanding trade credits are in West Africa. The Horn of Africa is the most concentrated area in outstanding loans (39% of assets are recorded). Apart from an atypical structure member, the credit amount average is 368 Euros ranging from a minimum of 30 Euros to a maximum of 3,039 Euros.

In terms of human resource, the 51 members responding to the questionnaires employ 3,700 persons. Members with the highest employment capabilities are in West Africa (38.8%). The average yield level staff members is 175 (members recruit an employee to target 175 customers / beneficiaries). Performance of operational staff is 352 (an employee on the operational fields follows 352 customers / beneficiaries). Associations' structures show low employment capacity due to lower earnings and smaller geographic coverage, generating less income. In terms of age personnel employed by most member institutions is between 26 and 35 years old (1113 persons for 76% of members responding to questionnaires). The highest number is in the Horn of Africa. Structures like Limited company hire younger staff. 31% of employees are university graduates.

Most of the members hold their general assembly annually. Generally high participation rates are recorded except for cooperative structures (50% of attendance rate). The Board of directors defines the general policy of its structures. The frequency of the Board meetings is often quarterly. The Board attendance rate is high for all the member

institutions. The number of directors is between 5 and 20. Their skills vary widely depending on the history and objectives. The unbalanced Board skills are on the cooperative networks. Only social development and business skill are found there.

A large majority (74%) of the members has an MIS and internal audit system. 67% of members have a system of external institutional audit. In total, nine (9) systems (MIS) are used by members. Over 77% of small structures (less than 3000 customers) do not have MIS. It is the same for more than 54% of member structures with over 10,000 customers. Two-thirds (2 / 3) members are audited by external accounting firms to certify their accounts. Their costs are often expensive for smaller members. Over 80% of members have a business plan, developed in-house with or without external assistance. 38% of small structures and 12% of large structures do not have it.

The members of MAIN offer different types of savings products: compulsory and voluntary savings, checking account, term deposits, savings and other type of dedicated savings. The 51 members responding to the questionnaires collected 162.5 million Euros of savings from 859,202 depositors in early 2009. The number of saving accounts opened is 772,429. The voluntary savings is practiced by 45% of members. The "credit for SMEs" is very important in Central Africa (45%). It is the same for general loans. In contrast, 50% of emergency loans can be found in West Africa. Members show average monthly interest rate of 2.25%. Rates are guaranteed from 0 to 150%. Social safeguards are least used by members. The credit period offered varies from 1 month to 30 months. 23% of members reported offering non-financial services to their clients. These are essentially management, organizational and socio-cultural training. 15% of members offer micro insurance services. 19% deal with money transfer.

71.4% of resources come from local actors. 28% of grants are from local partners (projects, shareholders, members, ...). Loans from local sources account for 21% of resources (mainly from local commercial banks and local savings). The dependence on external (foreign) resources is only 28% of the whole portfolio. This dependence is mainly composed of grants and subsidies, especially for associations and NGOs, 46% and 25% respectively. Equity participation by foreign financial partners is not widespread among NGO members. This option seems voluntary. The strategies adopted by the members to make them less dependent on external resources are (i) strengthening the access conditions, (ii) increasing the outstanding credit amount to have more income, (iii) demanding shareholders to increase capital and their current accounts, (iv) promoting the savings of their members, (v) cost control to generate more capital.

In terms of financial performance, the repayment rate is between 55% and 100%. The portfolio at risk at 30 days is between 0% and 80%. The most affected region by repayment default is West Africa. Members face internal risks (of staff, procedures, ...) and external one (on the physical, economic, social, ... risks). In general, their challenges are how to maximize their MIS, stabilize their financial resources, improve the quality of their portfolio and strengthen the capacities of their staff. 66% of members have staff incentive system. 27% of them have bonus system. To prevent high staff mobility, members use systems like monetary valuation, pleasant working conditions favoring

knowledge appliance, after-training 'social' contract. 41% of members have internal training systems. 388 internal training sessions were held by members in 2008. Portfolio management is the most recurrent theme in 34 internal training sessions.

## **Members capacity building activities**

MAIN runs university level training programme in partnership with two African universities. With regard to the courses in both universities (UCAC and UMU), 18 subjects were considered by members as relevant. 11 subjects were considered effective. 12 subjects were deemed ineffective, not by their nature, but because of the manner they are conducted. 11 subjects are considered efficient (cost-effective). 13 subjects are assessed by their ability to create impact, 11 subjects were considered viable.

On thematic training (short term workshops) in 2007 and 2008, 693 people received training from MAIN in strengthening their capacities. For 2008, the efficacy rate on trained public was 116%. The themes are generally considered relevant and effective by the members. The effectiveness is diminished by the lack of foresight on the program. The topics are considered more practical and tailored to an audience of "middle management" as opposed to university courses. MAIN is quite efficient since the costs of courses are widely cheaper than those found at the international level (2.8 times less expensive). The first effects of the workshops are felt. Nevertheless, impact is not yet achieved. Concerning publication, MAIN produced 5 volumes. They are considered relevant and effective in summarizing the ideas and practices of members, even if they are not formulated as technical documents stating the members' activities.

Organizational performance of members is felt, following the actions of capacity building from MAIN. Governance systems of some structures have improved (establishment of committees from the Board supporting the Executive Director, attendance at meetings, ...). The participation rate varies from 61% to 100%. Members realize the importance of MIS. Those who have a weaker one evolve it according to their needs. 75% of the members implemented their audit and internal control systems. More than 60% of members have business plans.

In terms of financial performance, 21% of members declared self-sufficient. The average of the repayment rate is 93.5%. The average of the PAR301 is 6.5%. The average profitability of the portfolio is 22%. Bad debt on the portfolio is 3.75%.

Over 80% of members reported having implemented impact and social performance systems. The most frequent cases are the social rating. The Horn of Africa is quite advanced especially in social audit and social rating. Only 8% have practiced governance diagnosis. Various tools are tested to integrate social dimension. The most used tools are designed locally or homemade.

The data analysis leads to the conclusion that social performance, financial performance and organizational performance are linked. The average reimbursement rate is better (91.2%) for a member who has conducted an impact study, compared to the one which did not 86.9%. The PAR30 is best for members who have made impact studies (9% on average, against 13% for those who have not completed). The average repayment rate

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<sup>1</sup> Portfolio at risk at 30 days

achieved by those who have made social audit (94%) is higher than those who did not (88%).

The actions made by members that were visited had created positive effects and impacts in the life of the final beneficiaries (borrowers and clients) in the commercial, personal, organizational and socio-economic domain. Induced effects were also found unexpected, such as increasing the motivation level of some members 'governance, linking members with local partners, in achieving the MAIN training sessions, making additional responsibility for participants trained by MAIN in institutions other than theirs ...

### **Needs and contributions**

Despite the achievements mentioned above, members still express other needs they want to be met. These touches improvement in MIS, strengthening their financial resources, product diversification, internal control and human resources management. The most demanded thematic trainings are related on the posts of cashiers, tellers and loan officers. Specific needs were expressed like the monitoring of field training. In contrast, the possible financial contribution from members to MAIN for training activities is quite low. Most members are demanding that the level of contributions can no longer be increased. However, other contributions such as logistics and organization of training sessions can be taken over by local members.

### **Recommendations**

Recommendations are based on three axes:

- Recommendations about the performance improvement on the capacity building program :

Three types of complementary strategy are proposed : (i) internal communication strategy (sending bills and the annual program fee at the beginning of the year, quarterly dues recovery, improving contact between the secretariat and the members of MAIN), (ii) quality promotion strategy (stopping or changing inefficient courses and trainers, capitalization of theoretical lessons in practical lessons and feedback from trainees), (iii) marketing and external communication strategy: capitalization of academic papers (memoires), newsletter optimization.

- Recommendations on the program effect and impact improvement:

Three kinds of strategy are formulated to improve the effect and impact of the program : (i) knowledge application strategy : materialized by the after-training monitoring (restitution, reporting, knowledge sharing, structure commitment, capitalization, knowledge management with or without thinking platform), (ii) Impact monitoring strategy on beneficiaries (tool research, general policy review integrating social dimension and social performance inserted in the MIS, client satisfaction survey), (iii) knowledge spreading strategy (trainers 'training).

- Recommendations on the collaboration prospect between MAIN and its members :

Three types of strategy are suggested to make realistic the collaboration prospect between MAIN and its members: (i) responsibility sensitization strategy (equitable responsibility in terms of contribution, responsibility facing social and financial advantages, responsibility toward governance), (ii) common value defending strategy, (iii) varying financial resources strategy on the members level.

The data gathered provides useful information and lessons to MAIN, its members and other stakeholders. But this study has been a laborious exercise particularly in getting the members complete the questionnaires through the internet. It is due to this problem that the submission of the report by the consultant planned for April was extended to June. It is also assumed the non response from certain members is due to the complexities and extent of the questionnaires. In a way this also reflects the capacity of members in communicating with MAIN and among each other. There is obviously still work to be done in improving ways of communication between members and MAIN in increasing the participation of the former in the life and activity of the latter. The secretariat is aware of the tone with which the debate over “communication” had gone during the last Kampala general meeting in 2008.

### **Website Enrichment**

The MAIN website: <http://www.mfiain.org> has been redesigned, updated, re-subscribed and functional in English and French. Different materials have been posted in both languages. Mohamed Attanda is in charge of the follow up until funds are obtained and a communication officer is hired. In the process of negotiation with funding agencies, the secretariat observed that the partners had already knew something about MAIN through its website before confirming appointments while those who didn't know about its existence inquired. MAIN invites its members to pioneer in bringing information material; success stories, issues and challenges about their respective institutions to be posted in the MAIN website. This is expected to market MAIN and its constituencies simultaneously.

### **Preparation of Annual Activity & Financial Reports**

Detailed annual report for the year ending in December 2009 was edited and communicated to different parties including the board and funding agencies. The secretariat prepared and submitted annual financial report to the treasurer's office for the year 2009. The accounts are then audited and the auditors briefed the treasurer and the executive director on the management of resources.

### **Board Meetings**

Due to financial constraints the first board meeting planned for Abidjan in June could not take place, it was postponed. Therefore, the 19th Board meeting was held on the 14<sup>th</sup> of September through teleconference. The second meeting was held physically on the 14<sup>th</sup> of

December in Kampala and culminated with a visit to the Centenary Bank and its new headquarters. During the two meeting the board:

- Approved biannual activity report
- Approved financial and audit reports
- Admitted 4 new members
- Decided on the arrears
- Terminated the membership of the following institutions: CADEFINANCE, IBAKA, UMEC-SEDHIOU, ATAPAX, SOSWOMEN, and JEMINI
- Decided that the treasurer sends last warning letter to Association Najdeh, EUPD, FAEF, GATSBY, CASEC-CI and LIBERTY FINANCE so that they clear their dues to MAIN.
- Noted the resignation of MECREF from Niger and asked the secretariat to send a letter stating the decision of the board with a copy to the sponsoring member (KOKARIS)
- Decided on the transfer of the secretariat from Abidjan to Lome due to the deteriorating political situation in Côte d'Ivoire as well as difficulty in obtaining administrative support from the authorities in that country.
- Decided also on the choice of Lome, human and financial resources (logistics, staff, equipment, etc) in relation to the transfer of the secretariat to Lome. Lome was chosen for easy connection (major airlines), presence of active members, presence of other collaborative organizations, and proximity to other West African members.

### **Installation of New Accounting Software**

Since the creation of MAIN its accounts have been held in Paris by SIDI (treasurer) after the consolidation of financial statements and submission of financial report by the secretariat to the treasurer. However following the recommendation by the auditors in the previous audit report to introduce a Software and upon the request by the secretariat to transfer the accounting process to Abidjan and follow the HOADA procedures a lap top and a software called “**CIEL COMPTA & CIEL ASSOCIATION**” have been purchased and all transactions for 2009 and 2010 have been recorded. Prior to the purchase of this software some consultation work has been done to see which software is most suitable for the needs of MAIN and respond to the system practiced in the HOADA zone. A consultant, Yves Chopin and Stéphane Durville from SIDI completed this work and developed an accounting manual also.

Due to lack of funds it was not possible to hire a full time accountant. Therefore, as a provisional solution the program officer who has accounting background is assigned to handle the accounts as well while waiting for the recruitment of an accountant. With assistance from SIDI Mohamed Attanda and Selome Wondemu were trained in the operations of the Software in September. The major areas of training were:

- managing the membership,
- general accounting and analytical accounting,

- budget management
- training management
- recording different transactions in accounting software
- principle of double entry
- creation or addition of a new member in the software (Ciel Association)
- recording registration fees and the annual subscription from Ciel Association to Ciel Compta.

The secretariat believes this is an important step in institution building.

### **Personnel**

Currently the personnel of MAIN is composed of

- One executive director
- One program officer
- One administrative assistant
- One part- time volunteer in charge of the liaison office in Paris
- Two office attendants

### **Reports & Documents Produced**

- UMU evaluation by participants
- UCAC evaluation by participants
- One newsletter
- Annual report 2009
- Financial statement and audit report
- Project proposal
- Profiling & Impact Study
- Partial draft on Governance
- Thesis/Mémoire by trainees at UCAC
- Training Manuals English and French (CD and hard copies)

### **Publication on Governance**

This is still work in progress. Mr. Kouassi Frank from Abidjan has been hired for this task. He is a member of Stratégie et Gouvernance and is working as a consultant/trainer with Mr. ZEZE who initially had taken this assignment. Frank is in the list of resource persons at the MAIN data base. He was one of the facilitators for the workshop on governance held in Abidjan in July 2009. At the end of the year the secretariat received a good first draft which is returned to the consultant with comments for in-depth work on the governance of MFIs. This manual will be part of the materials to be published on the occasion of the 15<sup>th</sup> anniversary and forthcoming conference.

### **Publishing the *MAIN newsletter***

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[sefade@ethionet.et](mailto:sefade@ethionet.et)

The publication of the Newsletter has been resumed. However, due to lack of human resource only one issue has been produced. Here the secretariat wants to emphasize that its attempt to have articles and success stories from members has been futile.

### **Visiting Member Organizations**

The executive director and programme officer visited member organizations in Burundi, Cameroun, Mali, Côte d'Ivoire and in Togo. The discussion with members was centered around the need for capacity building. Burundi expressed strong need on Marketing Strategies, in addition discussion on possible collaboration in organizing training sessions was also held. COOPMNIIF in Cameroun expressed its current organizational difficulties. FIDI in Côte d'Ivoire informed MAIN on its new orientation towards promoting cultural entrepreneurship. The executive director discussed and obtained an agreement from the management of INADES Formation for coaching the staff in Abidjan in the process of implementing the new accounting software.

### **Participation in Conferences, Workshops, etc**

The principle and objectives of a network like MAIN demand being attentive to what is happening around the world, particularly in Africa in the area of microfinance. This is justified by its mandate of strengthening the operational capacity of its members, the spread of its membership over the continent in addition to the need for coalition building and sharing experience among different actors. Moreover participation in different forum at continental or international level increases its image and visibility.

During the year MAIN participated;

- in the regional workshop for the professional associations of microfinance. Since 2007, ADA (Luxembourg) supports in a substantial way the efforts of professional associations and microfinance institutions network. This year the meeting was held in Bamako and was organised by ADA in collaboration with APSFD- Mali, AFMIN and SEEP network. It brought together 22 associations and networks from Africa. Major objectives of the workshop included assisting professional associations to offer adequate services, effective and necessary to their members, promoting the exchange of experiences between associations and assisting associations to play their role in full in the development of microfinance in their respective countries.
- in the annual conference of the Association of Ethiopian Microfinance Institutions (AEMFI), an active member and a close collaborator of MAIN. The national conference that dealt with Inclusive Finance was held in March in Dire Dawa (Eastern Ethiopia) town and was also attended by the World Bank, IFAD, ILO other than member institutions and Ethiopian authorities.
- in the Africa Middle East Micro Credit Summit with focus on “Ending Poverty” in April in Nairobi.

- in the twenty years anniversary of ENDA-IA in Tunis, with focus on the kind of Regulatory Framework for the microfinance industry in Tunisia.
- in the annual conference and general meeting of INAISE in Bruxelles with focus on “giving sense to money”.
- in the Social Microfinance Foundation (SMF) in the Hague with focus on emerging institutions and innovative projects in Africa and Asia. MAIN is among the promoters of this initiative which has already acquired its legal status under the Dutch law and funding from CORDAID and other organizations.
- in the annual SEEP Network conference held in Washington DC where the Executive Director made a presentation on the Trends of microfinance in Africa.

## Summary of the Presentation at the SEEP Network Annual Meeting:

### **Title: Trends of Microfinance in Africa, Some Highlights**

1980s was a period of NGO boom, 1990s and 2000 were period of proliferation of MFIs, it is now time to ask questions.

The major trends within the microfinance industry in Africa include:

#### **1. Continued Focus on Poverty Eradication, A Gigantic Task**

**Mission statement of MFIs:** it is generally stated as reaching very poor households, serving entrepreneurial poor, financing rural poor, raising the standard of living of low income people, improving the living conditions of the poor, etc

**Targeting:** in general MFI target women, youth, small farmers, small traders, small artisans, small fishermen, etc)

**Products & Services:** generally small short term loans

**Perception about poverty:** lack of clear understanding that poverty is structural, macroeconomic, and multifaceted.

**Approach:** reactive approach to poverty, not proactive and wealth creating, no clear agenda for enterprise development, change and transformation.

\* Multiplication of small loans and beneficiaries with the same amount of loans as at the beginning will not change the situation of poverty. Eradication of poverty needs macroeconomic approach, MFIs alone cannot solve the problem but their services help in /maintaining survival. Moreover MFIs are unable to show clearly, convincingly, quantitatively and qualitatively the impact of their work in relation to poverty eradication.

#### **2. Continued Focus on Expansion/Growth Without Being Prepared**

Diversification of products and services (saving, insurance),

Focus on financial sustainability/autonomy,

Problems; risk management, governance and ethics, loss of money

Mission drift; MFI's primary objective is also social but social performance is given a secondary place.

Regulatory agencies focus on financial performance, they have applied sanctions only on financially non-performing MFIs, yet MFIs have a social mission also.

Need for increased capacity in comprehending the issues and in the process including methods, operations, management, monitoring and evaluation, impact, etc



### 3. Interest of Governments in MF

Positive; establishing financial facility for MFIs, refinancing

Undesirable; direct involvement as actor in MF seeking political legitimacy through MF

Negative; prohibitive legal framework on interest rates and foreign investment for MFIs in some countries

Environment; continued mistrust between MFIs and governments, the confidence has not yet been achieved.

### 4. Donor Tendency of Withdrawal

MFIs are still popular among donors but;

Funding; the trend is subsiding/ donors draw back from direct intervention in the sector

Withdrawal from capital finance while demand for loan fund is increasing: Reasons; a) donors disillusioned by MFIs (significant losses in some countries), b) assumption that MFIs are beyond the pioneering phase, focus on sustainability

Donors focus on few elite MFIs only against tremendous needs of emerging MFIs for capital and capacity building

Can international solidarity finance (OIKO Credit, SIDI, ETIMOS, ALTERFIN etc.) fill the gap?

### 5. Role of Networks

**N.B** *“Networks deliver Common Goods..., the sort of things that no one wants to pay for*

*but everyone feels entitled to”* (quotation made in the external evaluation report of MAIN, September 2004).

**Institutionally:** Networks have limited resources and capacities, weak vis-à-vis national and regional regulatory authorities particularly in terms of policy dialogue and advocacy.

**Objectives:** generally capacity building, promoting horizontal learning, promoting national microfinance strategies, facilitating communication and information sharing, lobby for enabling environment and dialogue with national authorities, etc.

**Expectations:** very high from members, authorities and funding agencies.

## **What can networks do in relation to the trends discussed above?**

Assist the members in integrating bigger issues beyond the operational problems, in scaling up MF and in the promotion of enterprises. MAIN has introduced a series of modules on macroeconomic and ethical issues in its capacity building programme.

Assist the members in undertaking systematic and periodic impact study and in repositioning. MAIN has integrated methods of impact evaluation in its capacity building programme.

Assist members in embracing the triple bottom line principle by bringing in concepts, tools and strategies of application in the area of social performance and environmental responsibility. Sustainability is not only about financial autonomy, but also social, and environmental. MAIN has integrated SP as one of its priority area of action in the design of capacity building programme.

Aggressive dialogue with national and regional regulatory bodies for enabling environment, for the integration of social performance in their assessment of performance of MFIs, and with governments and the private sector in the establishment of financial facilities, but in distancing governments or political parties from direct involvement as actors.

In addition to the above and upon the request of the EU;

The Executive Director of MAIN and Julie Zyntre from SIDI made a two round of presentation in Bruxelles to the ACP/EU diplomats and to the INFO service of the EU on the results of EU funded activity run by MAIN and SIDI between 2006 and 2008. The reaction was very positive. The major question forwarded to the EU by the ACP diplomats was as why not continue funding a project working well and showing good results.

## **Concept Paper for the International Conference**

An introductory note for the 6<sup>th</sup> international conference has been prepared to be dispatched to members and posted on different websites early 2011. This particular conference on **“The Future of Inclusive Finance in Africa** “is a joint initiative between MAIN, its member the Association of Ethiopian Microfinance Institutions (AEMFI). It also combines another initiative known as African Microfinance Conference (AMC). The idea of partnering was hatched by MAIN?AEMFI and AFRACA in April and the first consultative meeting including the ABSA Bank/University of Pretoria was held in July in Addis Ababa and decided;

- The theme; “The future of Inclusive Finance In Africa”
- The venue; the UN/ECA Conference Centre in Addis Ababa, Ethiopia
- The date; September 19-22, 2011
- Expected number of attendants; between 500 and 600

In this connection MAIN decided to hold the general meeting of the members in Addis Ababa, in the same venue, immediately after the conference.

### International Travel

The purpose of international travel is for coordinating the operation of the two offices, for fund raising, for organising different events, for new partnership between networks and other international organisations, for attending conferences, for experience sharing and for the submission of the project proposal to new partners and reporting to funding agencies.

**Table 4, detailing the international travel**

No	Duration	Destination	Purpose	Mission Undertaken by
1	7-12 January	Addis Ababa	Annual Planning	Mohamed Attanda
2	13-20 January	Lomé /Accra	Coordination for Impact Study of MFIs	Mohamed Attanda
3	4-5 February	Bujumbura	Organising a training workshop	Fanta Wolde Michael
4	15-20 March	Abidjan	Office Work	Fanta Wolde Michael
5	23-26 March	Dire Dawa, Ethiopia	AEMFI Conference	Fanta Wolde Michael
6	6-13 April	Nairobi	MC Summit	Fanta Wolde Michael
7	02-05 May	Yaounde	Follow-up UCAC	Fanta Wolde Michael
8	30 May -8 July	Brussels, Paris, Madrid	INAISE, Meeting with Partners, Fund raising	Fanta Wolde Michael
		Bern	Annual SPTF Meeting	Fanta Wolde Michael
9	13-16 July	Nkozi	Facilitation UMU Residential Programme/Advisory Board Meeting	Fanta Wolde Michael
10	14-16 July	Nkozi	Coordination UMU Residential Programme, Administrative Support	Selome Wondemu
	12-16 July	Bamako	Regional Workshop for Microfinance Associations	Mohamed Attanda
11	9 - 11 Aug	Lomé	Partnership/Networking, Visit Members, Consultation on Relocating the Secretariat	Fanta Wolde Michael
12	12 Aug - 9 September	Yaoundé	Facilitation and Coordination UCAC Programme	Fanta Wolde Michael
13	14 Aug - 9 September	Yaoundé	UCAC Residential Programme/Training on Accounting Software	Mohamed Attanda
14	4 - 9 September	Yaoundé	Training on Accounting Software	Selome Wondemu
15	14 Septembere	Addis	BOD Meeting/Teleconference	Professor John Ddumba
16	27-28 October	Paris	Office Work/Fundraising	Fanta Wolde Michael
17	29 Oct. - 8 November	Washington DC	The SEEP Network Conference	Fanta Wolde Michael
18	8 - 15 November	Montréal/Québec City	Fundraising	Fanta Wolde Michael

19	15-21 November	Washington DC	Contact with Maryland University	Fanta Wolde Michael
20	22-24 November	Paris	Office Work, fund raising	Fanta Wolde Michael
21	25-27 November	The Hague	Annual meeting Social Microfinance Foundation	Fanta Wolde Michael
22	12-15 December	Kampala	Board meeting	Fanta Wolde Michael Selome Wondemu Board Members

#### IV. Membership, recruitment, distribution, evolution category

Four applications for membership have been received and presented to the board. The board admitted all the four new members (see table below).

**Table 5, new members 2010**

N°	Name of Institution	Decision	Country
1	MECREF*	admitted	Niger
2	LAPO	admitted	Nigeria
3	ADSCI	admitted	Ethiopia
4	AMIR	admitted	Rwanda

\* Few months after its admission to MAIN, MECREF has requested the cancellation of its admission which has also been approved by the board.

**Table 6, distribution of MAIN Members by region, December 2010**

Regions	Francophone		Anglophones		Total	
	members	countries	members	countries	countries	members
West Africa	28	7	5	3	10	33
Central Africa	7	2			2	7
Southern Africa			1	1	1	1
Great Lake Region	21	3			3	21
Indian Ocean	3	1			1	3
North Africa	2	2			2	2
East Africa			23	4	4	23
Europe	1	1			1	1
Middle East			2	2	2	2
Total	62	16	31	10	26	93

As in the past, we still observe a concentration of membership, with 66.66% in 16 French speaking countries. 30.1% of the members are in West Africa followed by 24.73% in East Africa and 22.58% in the Great Lake regions.

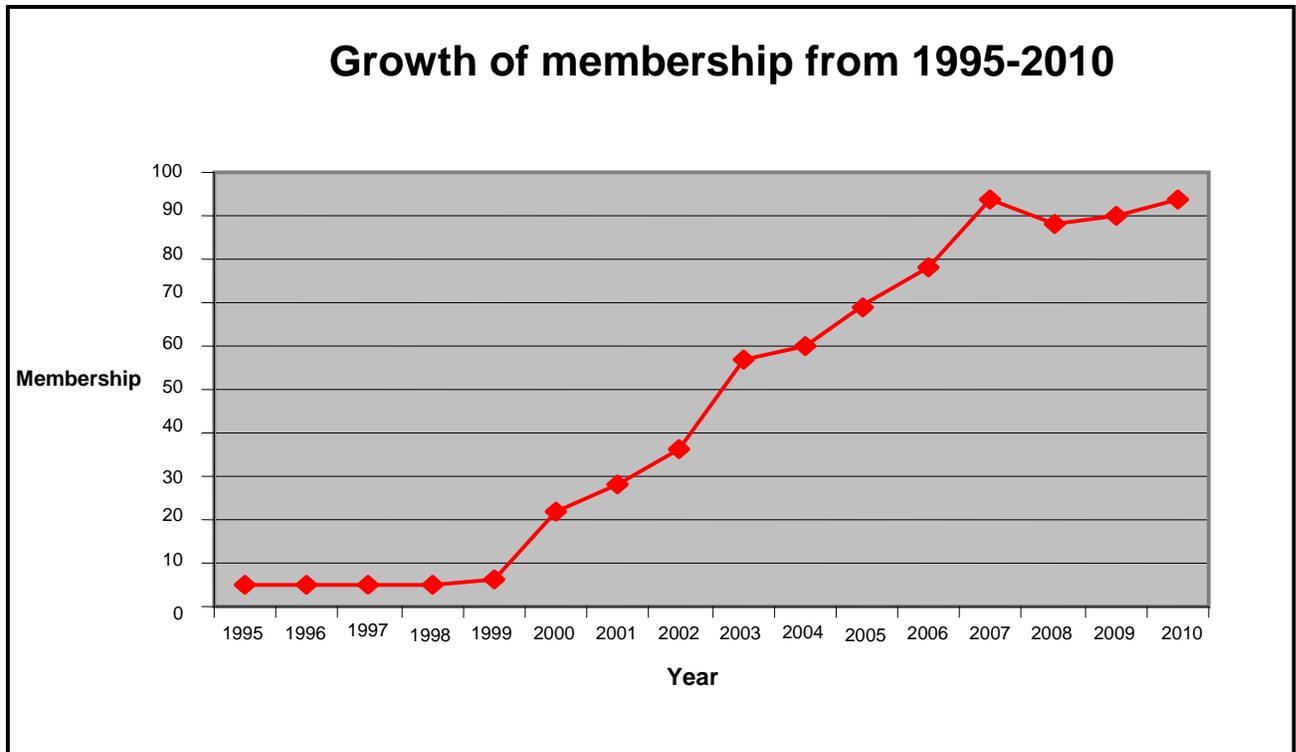
**Table 7, percentage of evolution of membership 1995-2010**

<b>Year</b>	<b>Members</b>	<b>% growth</b>
1995	5	0
1996	5	0
1997	5	0
1998	5	0
1999	6	20
2000	22	266.7
2001	28	27.3
2002	36	28.6
2003	57	58.3
2004	60	5.3
2005	70	16.7
2006	78	11.4
2007	94	20.5
2008*	88	-6.38
2009	90	2.3
2010	93	3.33

\* The drop in 2008 was due to expulsion of non-performing (not paying annual contribution) members. Several decisions were made in this regard by the board prior to the general assembly meeting. After the general meeting in Yaoundé (2005), the board has continuously dismissed several members who failed in meeting their membership obligations.

The continued exclusion of an important number of members diminishes also the receipt of the anticipated financial contributions from them, thus creating some imbalance in the budget of MAIN.

**Graph 1: Graphic representation of the growth of membership from 1995 – 2010**



**Table 8, category of membership of MAIN as at 31 December 2010**

Category	Number	%
Microfinance Institutions	34	36.56
Universities ( training in microfinance)	2	2.15
Farmers organizations ( practicing microfinance)	6	6.45
NGOs ( practicing microfinance)	20	21.50
Banks	4	4.30
Cooperatives	12	12.90
Mutuels	4	4.30
Networks	8	8.60
Projects( practicing microfinance)	1	1.07
Social investors	1	1.07
Total	93	100

As depicted in this table 36.6% of members are commercial microfinance institutions followed by 21.5% of NGOs practicing microfinance and 12.9% of cooperatives.

## V. Concluding Remark

This report can be concluded with the following notes.

61. Planning and budgeting is dictated by difficult, complicated and time consuming fundraising processes. MAIN is heavily dependent on foreign funding which is related to the strategies and objectives of different funding agencies in different countries. Fund mobilization has still taken considerable time from the secretariat but with promises not yet materialized.

62. For the period ending MAIN has received little subsidy, less than anticipated. It borrowed money from SIDI to function normally and maintain minimum activity until funds are received. The step-in by CCFD has been a life saving. The next year will also be dedicated to fundraising strategy, proposal writing and rewriting, negotiations etc. It will also include exploring new avenues in addition to those mentioned in this report.

63. Shortage of funding, non-materialization of partnership with some African networks, political instability and armed conflicts were causes for cancellation or postponement of some of the planned activities.

64. The feed backs gathered from the participants to sessions at UMU and UCAC strongly suggest that still these two are indeed places of excellence to increase understanding on the business of microfinance. While UMU has gone greater length in integrating microfinance into its faculty of Business Administration (MBA), still much is desired at UCAC in terms of organization and ownership of the programme as well as in recruitment.

65. The networking and partnership initiative developed so far is encouraging and has created a learning space. This year MAIN has been admitted as a full-fledged member to the SEEP network based in Washington D.C. The more relationship it builds the better will be its position and leverage. What has been achieved in this regard needs to be consolidated by participating in different events either physically or online as may be the case and depending on the availability of resources.

66. The updating of the website will be another factor in increasing the communication, visibility and marketing of MAIN to external bodies.

66. The initiative in profiling and impact study is a value added to MAIN in increasing its image, credibility and visibility, a learning instrument but also a new tool in marketing its services to third parties and a feed back to the funding agencies on their investment.

67. The transfer of accounting from SIDI and the installation of a software and introduction of the HOADA system of accounting are in conformity with requirements of the country and the sub-region where MAIN was established. It also responds to the recommendation by the auditors.

68. After 15 years of presence in Abidjan, the political instability, armed conflicts, deterioration of security situation, lack of administrative support in Côte d'Ivoire motivated a decision by the board of directors to relocate the secretariat to Lome. This in return demands an added effort in the reorganization of the secretariat in terms of staffing, equipment other than formally settling in the host country.



## **VI. Annexes**

### **61. Uganda Martyrs' University**

- 611. The Programme
- 612. Evaluation Report
- 613. List of Participants
- 614. Uganda Martyrs' University, List of Graduates in BA Microfinance Community Economic Development 2010
- 615. Uganda Martyrs' University, List of Graduates in Diploma Microfinance Community Economic Development 2010
- 616. Uganda Martyrs' University, List of MAIN Sponsored Graduates in Diploma Microfinance Community Economic Development 2010

### **62. The Université Catholique d'Afrique Centrale (UCAC) 2010**

- 621. Université Catholique d'Afrique Centrale, Programme de l'Atelier I
- 622. Université Catholique d'Afrique Centrale, Module de l'Atelier I
- 623. Université Catholique d'Afrique Centrale, Evaluation de l'Atelier I
- 624. Université Catholique d'Afrique Centrale, Liste des participants de l'Atelier I
- 625. Université Catholique d'Afrique Centrale, Programme de l'Atelier II
- 626. Université Catholique d'Afrique Centrale, Modules de l'Atelier II
- 627. Université Catholique d'Afrique Centrale, Evaluation de l'Atelier II
- 628. Université Catholique d'Afrique Centrale, Evaluation Globale Atelier I & II
- 629. Université Catholique d'Afrique Centrale, Liste des participants, Atelier II

### **63. Université Catholique d'Afrique Centrale, Rapport des Consultants**

- 631. Université Catholique d'Afrique Centrale, Rapport, Performance Sociale, par Charlot Razakarivelo
- 632. Université Catholique d'Afrique Centrale, Rapport, Financement Rural, par Bernard Taillefer
- 633. Université Catholique d'Afrique Centrale, Photo de Groupe Atelier I & II

### **64. Université Catholique d'Afrique Centrale, Candidats Diplômés**

- 641. Université Catholique d'Afrique Centrale, Liste de Participants Ayant Terminé les Cycles de Formation Master Exécutive MAIN-UCAC

### **65. List of MAIN Members, December 2010**

