THE AFRICA MICROFINANCE NETWORK

"GOVERNANCE, FOUNDING AND STRATEGIC PLANNING"

For country level Microfinance Networs

Addis Ababa, Ethiopia
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LIST OF ACRONYMS

AEMFI	Association of Ethiopian Microfinance Institutions
AFMIN	African Microfinance Network
AGM	Annual General Meeting
BDS	Business Development Service
CEO	Chief Executive Officer
CLNs	Country Level Networks
ED	Executive Director
GHAMFIN	Ghanian Microfinance Institutions Network
MF	Microfinance
MFA	Microfinance Association
MFI	Microfinance Institution
NGOs	Non-Governmental Organizations
REGUIPRAM	Réseau Guinéen des praticiens de Microfinance
SEEP Network	Small Enterprise Education and Promotion Network
SWOT	Strength, Weakness, Opportunity, Threat
ZAMFI	Zimbabwe Microfinance Institutions

DAY ONE

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1.0 INTRODUCTION

The Africa Microfinance Network (AFMIN) organized a training workshop on governance, fundraising and strategic planning for microfinance networks, which was held from September 20 -23, 2004, at the United Nations Conference Center in Addis Ababa, Ethiopia. The training was organized in collaboration with the SEEP network and attended by members of AFMIN, its Board and the secretariat staff. The full list of participants is attached as Annex 1. Dr Eyobe Tesfaye, Head of the Microfinance Supervision Division of the National Bank of Ethiopia opened the workshop. This is a full report of the four days workshop.

1.1 OPENING CEREMONY

1.1.1 Opening Remark by Vice Chairman of Association of Ethiopia MFIs Mr. Gemerchu Dubisso

After welcoming participants to Ethiopia, the Vice Chairman of AEMFI underlined the role of MFIs in fighting poverty and the contribution of microfinance networks in consolidating the microfinance industry. He indicated that country level networks have complemented their efforts with governments and donors for higher leverage, greater outreach and broader impact. He briefed participants on the activities and achievements of AEMFI since its establishment five years ago.

He highlighted the achievements of AEMFI as revealed by the impact study it recently conducted. This included the difference AEMFI made by bridging the knowledge and skill gap of its members through high quality training programs; its success in promoting the image of MFIs locally and regionally; it successfully lobbied its members to reach consensus on common performance indicators; it has elevated the level of professionalism in the industry.

He briefed the usefulness of the workshop towards improving the efficiency and effectiveness of country level networks in the region and thereby its contribution to build financially sustainable MFIs. He applauded AFMIN for its remarkable contribution in building the capacity of country level networks in African and thanked the staff of AFMIN, AEMFI and the SEEP network for their hard work to bring this workshop to fruition.

1.1.2 Remarks by the Executive Director of AFMIN Mr. Abdul Anziz Said Attoumani

The Executive Director of AFMIN welcomed the participants and said that MFIs need to leverage their expertise through country level networks in order to achieve the intended result on poverty reduction and improve the livelihood of their poor clients.

He indicated that microfinance practitioners established networks; some networks were the initiatives of donors while still some others were a result of joint efforts. He briefed that country level networks have played important role in rationalizing and harmonizing the activities of MFIs; they promoted accountability, transparency and performance improvements. He stated that some networks have collapsed due to either structural or conjectural reasons and this often has to do with governance. The factors are strongly inter-related and AFMIN with AEMFI has organized this workshop to address these issues.

He highlighted that the training includes human resource and management development so as to improve and consolidate the capacity to deliver sustainable and cost effective service to the low-income groups in Africa. He indicated that AFMIN aims to assess the capacity of selected country level networks (CLNs) and to come up with strategic alliances with them so that the consolidated capacity will benefit the regional network as well. Finally, the ED passed a word of thanks to Dr Eyob Tesfaye for his presence on behalf of the Government of Ethiopia and invited him to officially open the workshop.

1.1.3 Official Opening Address by the Head of Microfinance Supervision Division, the National Bank of Ethiopia

Dr. Eyobe Tesfaye

On behalf of the Government of Ethiopia, Dr Eyobe welcomed participants to the workshop and indicated the recognition accorded to microfinance in creating self-employment and enabling the poor to participate in the economy. He indicated that the cause of poverty is complex and thus needs complex solution; that microfinance is often claimed as a single tool that addresses all shortcoming of bad development, instead of regarding it as complementary to other efforts.

He briefed that the Ethiopian government has demonstrated its commitment to microfinance by issuing a specialized regulatory framework and so far 23 MFIs have been licensed by the central bank. These MFIs started with the difficult task of serving the rural poor as their primary target but registered encouraging results; they are serving about 825,000 clients with portfolio of about Birr 300 million (US$ 35 mil) and mobilized saving over Birr 385 million (US $45 mil).

In spite of their success in short time, he indicated the following as some of challenges that Ethiopian MFIs face: how and when to reach millions of the poor, ensuring sustainability, permanent access to the formal financial sector, good governance, "cadres" of managers to keep operations flowing, etc. He said that Ethiopia's experience demonstrates the useful role that networks like AEMFI can play in support of regulators, to exchange best practices, monitor performance, promote professionalism, etc. and said that the government would support and continue to closely work with AEMFI. On that note, he declared the workshop open.2.0 PARTICIPANTS

2.0 EXPECTATIONS

By Patrick McAllister

Participants introduced themselves by relating their roles in the governance of the networks they represent. Their role included looking after the secretariat of country level networks (CLNs) to deliver tangible services to their members, to improve governance of MFIs, restructuring the governance of apex bodies; to develop tools and systems, collecting database and gauge industry performance; to educate and/or protect consumers from unscrupulous lending practices; to promote good public image; to ensure stability and continuity of CLNs;

The following came out as expectations of the participants:

- Share experiences with each other and come up with common understanding on issues of governance
- Relationships between members and funding of the networks
- The relationship between the board and management and members; learn how such relationships evolve over time in the life to the network
- Roles - whose values are we governing, who does what, the roles the various members should play
- Turnover of the executives of networks
- Strategies - members, control, board, partners
- Strategic planning
- Who pays and who gets paid
- What is governance and what is 'good' governance

2.1 OBJECTIVES OF THE WORKSHOP

By Patrick McAllister

- To discuss on key areas of challenges in governing CLNs
- Expert-led training sessions to develop concrete strategies to address these challenging issues

The workshop focuses on the following topics:

- The role of governance in the context of networks
- Members' satisfaction - what do members need and how to meet them
- Principles of Effective Board Governance - board development, board responsibilities, board members profiles, the roles and types of people to best fill those roles
- Membership-focused strategic planning and fundraising

To achieve the above training objectives, participants were taken through four days workshop program indicated in Annex 2.

The afternoon session of Day One was closed to AFMIN trainers only in order to prepare for the tasks of the days to come.

DAY TWO

3.0 WHAT IS MICROFINANCE ASSOCIATION (MFA) GOVERNANCE?

Moderated by Godfrey Chitambo - ZAMFI

The facilitators asked: what is microfinance association governance? What comes into the definition of governance in microfinance context? The responses included management, legal enforcement of systems, rules, protecting the interest of members/shareholders. Others were organizational principles, distribution of power, decision-making, mechanism, empowering people, system of feedback and transparency at various levels.

Board composition is part of governance because its composition should reflect the membership base of the network. The electoral process by which the board members get elected and hold the office is an important aspect of governance.

Governance concern in the context of MFA is associated with the problem of members' ownership. Many networks have registered members that make regular contributions but in actual fact these members are not there. When something goes wrong people finger point at the ED and they don't feel that they own the organization.

3.1 GROUP PRESENTATION - Working Definition of MFA Governance

In breakout groups, participants discussed on the working definition of MFA governance and presented the following at the plenary.

Group One (French-speaking)

Governance - it is a set of systems, procedures for management, transparency, and good management of the activities and operations of the association.

Group Two (English-speaking)

Governance - process of management of relationship between member-MFIs, technical services providers, donors and other stakeholders in order to ensure that these relationship can achieve the vision, goal and objectives of the MFA.

Group Three (French-speaking

Good governance is a process to manage and to satisfy the needs of members, partners and stakeholders

Group Four (English-speaking)

Governance - a process through which MFA specifies the legal structure and responsibility of members, board, management, decision-making process as well as owners to ensure transparency and accountability in order to achieve objectives of the institution.

It was commented that the issue at hand is the governance of MFIs associations or apex bodies and not the individual MFIs themselves and thus the definition should be understood in that sense. Another comment suggested that corporate governance is relatively straightforward but that developmental governance is messy, and it is difficult to define and agree upon one definition.

3.2 THE ROLE OF MEMBERS IN GOVERNANCE

By Patrick McAllister - SEEP Network

Members are critical players in the governance of MF Associations. But the question is who are your members in the institutions in your country. Members may be NGOs, MFIs, credit unions, commercial banks, training institutes, microfinance service providers, savings and loan companies, Susu-savings collectors, limited liability companies, rural banks, affiliates, consultant, business development service (BDS) providers, etc.

How membership is determined? It is usually determined by the constitution and backed by grading to see whether it is consistent with the requirements of the constitution. Membership can be open with some screenings or the law may specify who can or cannot become a member. The size of portfolio, the number of outreach, common code of conduct, license from relevant government authority, adherence to certain rules like audited accounts, etc. also serves as criteria for membership. Membership may focus on developmental players or organizations and people with visible role in the field of microfinance.

The facilitator asked how is it that service providers become members of MFAs. Examples were cited in which a network has different categories or types of members - ordinary members and associate members that are supportive of the microfinance. Associate members have voting rights to elect but they are elected. Associate members may take limited number of positions in the board, for e.g., only two representatives. It was said that associate members are a sort of loose bunch of groups or people with some interest in microfinance.

Participants discussed on the pros and cons of having more closed or more open membership in the short and long term and the following came out.

Limited membership in the short term
Pros - more focused and specialized service, harmonization of interest is easy, easier to manage, easy goal definitions

Cons - can eliminate (exclude) potential membership, tends to be less representative or un-democratic, lack of coordination, limits diversity, limited capacity to advocate for the whole industry

Limited Membership in the Long-term
Cons - no one voice, efficiency and effectiveness in the way resources are utilized, can lead to creation of other associations, a club of few, potential conflict between players, sustainability due to limited membership, myopic or self-centered,

Pros and Cons of Open Membership in the Short term
Pros - facilitates or fosters coordination, resources mobilization from wider membership, inclusive of everybody, encourages, diversified sources of income, professionalism, bigger voice, experience and information sharing, global view, plan and select.

Cons - different levels of expertise among various members, difficulty of meeting standards, loss of focus, diverse and conflicting interests, hazy objectives, less harmony, can't satisfy members, can lead to failures, capacity.

Pros and Cons of Open Membership in the Long term
Pros - opens up huge platform and representation, global and specific objectives, promote performance standards and self-regulation,

Cons - loss of voice and strength, can lead to rival associations, complicates performance monitoring,

By way of summary it was said that there seems to be more pros for limited membership in the short term and very few cons with limited membership. Open membership - almost equal number of pros and cons depending on your goals and objectives, both in the short term and long term.

A question was raised regarding the age at which a network should engage in performance monitoring. It is difficult to fix age tag and it should depend on the ability to generate reliable data and acceptance of members.

There was a consensus that membership type also influences the governance structure. More limited membership may accommodate relatively limited governance structure while more open membership requires more open governance structure.

3.3 PLENARY SESSION - Group Presentation and Discussion

During the afternoon session of Day Two, participants were divided in to groups and worked on two issues - first, a case study of the governance problem of a fictitious microfinance network and second, on their actual strategies for assessing members' needs and satisfaction. The results of the group work were presented as follows at plenary and discussed.

3.3.1 Group Work Presentation: Case Study of Problems of Microfinance Networks

List of problems to be addressed

- Membership criteria (open vs. limited)
- Board membership criteria
- Roles and responsibilities of membership
- Needs assessment
- Communication gap
- Board composition
- How to increase accountability and transparency
- Lack of secretariat for the day to day running of business
- Accounts not audited by independent audit firm

Areas that need immediate actions of the board

- Diagnosis and self-evaluation,
- Training needs assessment,
- Improve business practice and clarify roles and responsibilities
- Conduct audit and communicate results to members
- Election of board members
- Form a task force by GA
- Set date for extra-ordinary AGM for audit and task force reports

Areas that need systemic changes

- Segregation of duties between the board and executive
- Development of policies and procedures
- Review the board composition and structure
- Appoint independent auditor
- Strategic planning process that involves all members
- Improve system of communication (at all levels and all directions)

The facilitator asked: how do you get the information about what your network members are thinking? The responses from the participants included use of newsletter and e-mail contacts to communicate with members. Control committees review financial operations and report in frequent intervals. Individual network members use standardized forms to get feedback on the needs and expectations of members.

Other ways included regular board meetings at least quarterly; reports prepared and sent to members quarterly by e-mail; concrete arrangements are made in such a way that the board chairs and EDs of the member-MFIs and that of the network serve as focal points for contact; quarterly information pact and annual report, quarterly information exchange, annual self-assessment and SWOT analysis, collecting Performance Monitoring Tool (PMT).

3.3.2 Group Work Presentation - Strategies for Assessing Members' Needs and Satisfaction

In breakout groups, participants discussed their own institutions' strategies for assessing member needs and satisfaction and they presented the following results of group work at the plenary.

Needs Assessment of Members

- Survey before the AGM
- Facilitated self-assessment by independent consultant

- Brain storming at board level
- Analyzing business plan of members to see their needs
- Capacity assessment of the network

Assessment of Members Satisfaction

- Survey
- Evaluation at a workshop
- Feedback at AGM and/or suggestion box
- Measuring members' participation in the networks' activities

3.3.3 Plenary Discussion - Board Development

How many board members should we have? It depends on the circumstance - interests, skills in legal and financial areas, gender, vision, mission, etc. We need to look at their roles and responsibilities and define their positions, e.g., chair, vice chair, the composition of members and representation. It is important to consider things like board prerogatives, the number of member institutions, organization of committees in the areas of finance, planning and operations, etc.

Are you representing institutions or individuals? Generally, we are talking about representation of institutions but that does not mean that every institution must sit on the board. The interest here is in the expertise of the board and not just in representation per se. It must be a functioning board that can deliver and must be drawn from its membership. Often conflicts are common phenomena between members of the board and the executive secretariat because it is not functioning.

The general agreement is that the number of board needs to be a small, fairly hands on board. It is not going to be stagnant and it changes through time. It was noted that whether the board is elected or appointed has important implications for its governance.

DAY THREE

4.1 PLENARY SESSIONS - Responsibilities of MFA Board Members

By Patrick McAllister - the SEEP Network

Both the morning and afternoon sessions of Day Three focused on board responsibilities, delegation of authority by the board to the executive and on the profile of board members. In breakout groups, participants worked on board responsibilities as it is actually practiced in their own networks and presented the following results of the group work at the plenary.

4.1.1 Group One Presentation (English-speaking)

- Formulate policies
- Provide and review strategic business plan
- Approve budget
- Monitor implementation of policies, procedures and budget
- Recruit and supervise the ED and key senior staff
- Fundraising and resource mobilization
- Organizes and reports to AGM
- Safeguard assets and interest of the association
- Initiate, review mission, vision, and goals for approval by AGM
- Representation and advocacy as champion of the organization
- Self-evaluation of the board
- Implement a board development plan

4.1.2 Group Two Presentation (French-speaking)

- See implementation of decisions of the AGM,
- Evaluate budget implementation
- Represent the network,
- Recruit ED and prepare Term of Reference, evaluate
- Fund raising and resource mobilization
- Respect of the policies of the organization
- Evaluate implementation of activities and bus plan
- Report to the AGM
- Delegate responsibilities to the ED
- Recruit external auditors
- Review new application for membership to the network

4.1.3 Consensus on the Responsibilities of MFA Board Members

The participants of the workshop agreed that the boards of directors of microfinance associations are responsible for the following:

I. Orientation

a. Initiate vision, mission, policies and procedures for approval by the General Assembly,
b. Implement decisions of the General Assembly

II. Administration

a. Approve requests for membership
b. Hire, train and evaluate the Executive Director
c. Self-evaluation

III. Planning

a. Approve operating plan

b. Monitor and evaluate implementation of policies, procedures and activities
c. Mobilize resources
d. Review and approve strategic plans and budgets

IV. Coordination

a. Inform the General Assembly as necessary
b. Represent members interest

4.2 ROUND TABLE DISCUSSION - Delegation from the Board to the ED

Q: What responsibilities are delegated to you as Executive Director by the board
A: The running of the secretariat, recruitment of junior staff, preparing plans, etc. Delegation is in fact continuous.

Q: How formal is the delegation, that is, is it written down, or is it on going such that certain board members asking you to do this or that?
A: The board determines policies and the ED implements them; thus delegation in this sense is formal. I have full delegation to implement all activities. I inform the board about the stumbling blocks, get their advice and carry out my activities.
Q: Doesn't this kind of continuous delegation lead to confusion between the board and the executive?
A: It depends. In some cases, where the issue is important and involves, for e.g., central bank or other higher authorities, I may have to ask the board chair to accompany me and participate on the meeting with authorities.

Q: Are there things that should not be delegated and be kept by the board? If so, what are they?
A: The board must keep for itself policy issues, matters that affect the interest of the membership and could lead to mission drift. The executive could advice the board that these policies are outdated or cannot work but it should be clear that the Board is the sole body to decide on changing such important matters.

Q: How does the board measures compliance with its policies when delegation is constant or total?
A: There must be a constant contact and interaction between the board chairperson and the ED.

Q: What do we mean by total delegation and if there is such thing then after all why do we need the board?
A: We often prepare business plan and get approval of the board, then the executive implements it. This is because the board has total trust in the ED.

Q: Should the delegation change as the network matures, for e.g., more board involvement at early stage and gradual decrease at later stage of development?
A: As you become more experienced, board involvement relatively decreases. But it should also be noted that as the network matures the issues also change and become even more complex. Some times the board may suffocate you and conflict may ensue.

- Normally secretariats of MFAs are younger than the membership. When the board comes in to being from the side of the members of the MFAs there is a lot of aspirations that should be transformed into practical things and deliverables. This should improve over time but the beginning is often rough and frustrating.

- The ED is a technical adviser or technical secretary of the board and the chair. The Chair has all the power but before he moves to the field and makes decision he should consult the ED. Some directors don't delegate and cling on every aspect of the association and this often results in complete paralysis.

Q: What are the reason for much turnover and movement of executive directors of many MFAs?
A: The main problem is financial incentives. Given their capacities and skills, the directors are not paid well because networks often have limited financial resources. These people have better opportunities and often recruited by banks with five times as much salary as they used to get in

MFAs. The staffing is not commensurate with the workload, i.e., often one ED and just one more staff have to do every thing. The ED is not well empowered; there is micro-management where the board members often sing every check payment.

- Most directors leave the network and become consultants; they use the experience in MFAs to invest on their own careers. Many board members are often busy with their own business and don't honor even the agreed upon meeting schedules. The behavior of some board members is discouraging that the ED often leaves out of dissatisfaction.

- MFAs are usually local initiatives of members but they depend on the financial support of donors, thus it exists as something like a project of Donor X or Y. This result in a confused situation, partly you have to listen to what the donor says and again to your board. But in actual fact, the real power lies with the holder of the purse string and not the board.

- Transparency and accountability between the governance and the governed is a key challenge that most MFAs face.

4.3 PLENARY SESSION - Board Profile (Role Play and Discussion)

A role-play relating to a newly elected board was presented. The main message was how to ensure that the elected board has the required skills to respond to its membership. MFA board members are CEOs that are quite busy with their MFIs and this raises problem of availability s to do their job as board members.

There should be a code of conduct with clear-cut guidelines of what to do if a board member does not attend, say, two, three or etc meetings. The board should also have a mandate to co-opt from outside the people with required skills, for e.g., from banks or other sectors to broaden skill.

Other factors that participants mentioned were the following:

- yearly board meetings should be scheduled ahead of time;
- disciple non-compliance of board members as per constitution;
- oath of office administered by lawyer at AGM;
- relevance,
- training/orientation,
- self-evaluation,
- delegating tasks among board members,
- balancing role of own MFI Vs MFA,
- benefits and members' satisfactions.

Things will not move unless there is a system of sharing roles and responsibilities between the ED and his/her staff. There are instances where the network becomes a one-man show with the ED the only person on the scene. Strategic intervention by AFMIN on boards that are failing is helpful and needs to be considered.

4.4 PRESENTATION OF THE ASSOCIATION OF ETHIOPIAN MICROFINANCE INSTITUTIONS (AEMFI)

Mr. Tsegaye Anebo from AEMFI

The representative of AEMFI briefed that Ethiopia has a separate law for microfinance, that MFIs must be established as companies and any one desirous of operating microfinance must be licensed by the National Bank of Ethiopia just like banks do. He said that AEMFI was founded by four members in 1999 and currently has 23 members; all of them are licensed as MFIs by the central bank.

The mission of AEMFI is to serve and develop sustainable institutional structure of MFIs. Its main activities include training, exposure visits, experience sharing, and addressing common industry problems; to improve performance by setting indicators and creating database. It has three levels of membership, namely, regular members consisting of licensed MFIs, associate members consisting of NGOs, cooperatives and banks directly/indirectly involved in microfinance and honorary members which includes organizations and prominent individuals.

AEMFI has delivered tangible benefits to its members; it has developed performance monitoring indicators and guidelines that is used by its; it popularized the industry through print and non-print medias; it conducted thematic workshops and has a resource center for its members and researchers.

Some of the major impact of AEMFI are that it has promoted high level of professionalism in the industry that all MFIs now produce their business plans; there is visible improvement in the internal control, accounting practices and reporting quality of MFIs in Ethiopia. MFIs are increasingly diversifying their products and started non-borrower saving services.

Challenges

- Limited source of fund
- Attitude of donors - project-by-project funding and not for organization
- Attitude of members - mentality of free-service
- Limited capacity of members to pay for the services of AEMFI

Opportunities

- Bbusiness orientation of MFIs - able to cover cost of services
- New law of NGO - permits NGO to engage in profitable business as source of income and financing their activities
- Existing donors' willingness to continue their support

Strategic directions

- Sustainability effort - building a modest training center by pulling resources from members
- Diversification of membership - by bringing saving and credit cooperatives as members

4.4.1 Plenary Session - Questions and Answers

Q: What is the running budget of AEMFI and the distribution between internally generated and external resources?
A: Expenditure in 2003 is around Birr 3 mil (~US $ 350,000) and 20% are from internal resources, i.e., membership fees, selling of publications, training for members and service fees to external parties.

Q: What are different categories of members, and who are the shareholders
A: NGOs are not allowed to provide microfinance services while cooperatives can provide to their members only and fall under different regulatory body. Like banks, MFIs should be formed as companies and licensed by the central bank to involve in microfinance. They are sponsored either by NGOs or the government with primarily social objectives although commercially motivated investors have recently established one such MFI.

Q: The statistics, the contribution of member's fees, logistics support, etc.?
A: Outstanding loan of over Birr 300 mil, saving mobilization of Birr 385 mil, membership contributions of about US $300 per year

Q: Who are the members of AEMFI, i.e., are they grassroots organizations; what is the term of the board?
A: The members of AEMFI are individual MFIs licensed by the central bank and they are companies with NGOs and government as their shareholders. They are not grassroots organizations like cooperatives. The board can be re-elected for another three-year term.

Q: What is the percentage of recurrent and activities/program budget?
A: I don't have the figure at hand but AEMFI is compact and has only 6 staff.

Q: Do you have any coordinating unit at the national level?
A: All licensed MFIs are members of AEMFI. There is no MFI that remains outside and thus AEMFI is the only coordinating unit at the national level.

Q: How are you going to address the question of sustainability?

A: AEMFI highly depends on donor funding but recently the government of Ethiopia introduced a RUFIP program to support AEMFI. Also AEMFI plans to charge member-MFIs significant part of the training costs that is currently provided almost free of charge and will be covered by MFIs.

Q: Saving is Birr 100 mil, which is greater than the outstanding loan of Birr 300 mil and thus you are relying on donor funds or external line of credit for the gap. What is your strategy for sustainability and to close the gap?

A: The Ethiopian government in collaboration with IFAD and other donors has set up a program called rural financial intermediation project to provide MFIs with access to credit line for on-lending. MFIs in Ethiopia are deposit taking and they have started mobilizing saving from borrowers and non-borrowers to expanding their funding source.

Q: How did you transform from NGOs to MFIs and how did you manage the assets of the former NGOs? How did the shareholders have their shares?

Q: Your publications are of high quality standard. Do you have that level of skilled staff to do the research and who determines the research topics?

A: The secretariat in collaboration with the board selects the topic and independent consultants are hired to do the research work.

5.1 PLENARY SESSION: Strategic Planning for MFA (Discussion)

By Patrick McAllister

The experience of GAMFIN is that the board engaged consultant to do it while the secretariat provided all need. The consultant came up with draft and on a retreat the board reviewed the draft work of the consultant. At the same time, GAMFIN developed strategic plan for the development of microfinance in Ghana for the Ministry of Finance and that served as national policy framework of microfinance. Thus GAMFIN strategic plan served also as a major input to the national financial sector strategic plan framework that is used for such things as donors. The plan was based on log-frame with details of objectives, outputs, activities and timeframe.

Members' participation in the process was quite limited because it was assumed that the board represents their interest and thus received the final report only.

A question was raised as to how is it that the national framework of the Ministry of Finance serves as the standard for the MFIs. It was indicated that the framework refers to national policy of microfinance and it relates to those operators that deliver microfinance services.

The strategic planning process used by REGUIPRAM was similar with what was shared by GAMFIN. The main difference is that we didn't have the resources and thus did not hire consultant. We did in house by reviewing previous plans and prepared a minimum of documents, the draft copy was sent to members for contributions and inputs; their concerns and criticisms were incorporated and the strategic plan was prepared for three years period.

The whole process and finalization of the document took about nine months in the case of GAMFIN while it took about 5 months in the case of REGUIPRAM.
The strategic plan serves as a reference point for the annual report to the AGM.

What is the ideal way to do it, i.e., by independent consultant or internally? It needs capacity to do it internally. Some of the things can be done internally while external sources could be useful in some other areas.

5.2 PLENARY SESSION - Strategic Planning (Brain Storming and Discussion)

During the afternoon session, the facilitator asked participants to brainstorm on the things that would come to their mind when they think of strategic planning. The following list of items came out.

- strategy

- planning
- projections
- goals
- futuristic
- stakeholders
- programming
- mission
- vision
- performance
- budgets
- income
- indicators
- timing
- inputs
- outputs
- priorities
- human resources
- assumptions

What comes first, strategic planning or business plan; when is the appropriate timing, who will do it and how? At what point in the life of the organization do we talk about strategic plan? Strategic plan covers medium to long-term objectives and goals, and business plan is part of the strategic plan and refers to a relatively shorter time frame.

Business plan is often associated with commercial organizations and strategic plan to governments but it is a matter of terminology than content. Strategic plan is a broad framework of vision and mission, which would be translated in to outputs, activities, etc. while business plan relates to the operational breakdown of the long term. They complement each other.

The way to organize the strategic planning is to frame the issues around the following three key questions

- Where do we want to go?
- Where are we now?
- How do we close the gap and reach there?

Mission, vision, values, constituent groups to serve, etc. are the things that shape and explain where we want to go, the longer-term direction. To look at where we are now involves SWOT analysis and it is often difficult and requires the assistance of consultants. This gives the critical issues that must be addressed and separate out the less critical ones. The implication for governance is that we have to decide on our constituent groups, to whom you want to respond to and the critical issues to focus on. What flows from action plan is the budget but wonderful action plan is nothing without the necessary funding to realize it.

DAY FOUR

5.3 PLENARY SESSION: Strategic Planning Discussions and Comments

By Patrick McAllister

The fourth day started with results of Day Three evaluation by participants. The likes were participation and presentation of AEMFI, time management, and summaries. But the dislikes were undue flexibility on the meaning of strategic and business plan, curtailing discussion on presentation of AEMFI; the question time not balanced for English and French speakers.

The facilitator briefly reviewed the strategic planning process and models that were suggested as templates. It was emphasized that strategic planning is a domain of the board and cannot be delegated; the ED often plays a key role in the mechanics of putting things together but the board and not the executive makes the ultimate decision.

Critical issues are the issues that need to be addressed, i.e., the priority to focus on and action plan then follows. The plan is presented in a pyramid form and this is to show that usually we have several activities and objectives but all contributing to the realization of one mission and vision.

Q: How much time is does it take to do strategic planning?
A: Less than a year but two month to one year depending on your size

Q: What time frame should be covered in the strategic plan?
A: If you operate in volatile situation, better to keep the planning time shorter and review it frequently, perhaps with in three years or so.

Q: Who owns the strategic plan?
A: The board owns the strategic plan but the members should accept it

6.0 PLENARY SESSION - Fund Raising (Presentation and Discussion)

In breakout groups, participants shared their experience of success strategies for MFA fund raising and came up with the following as list of best strategies.

Presentation of Group One

- prepare strategic plan that shows the identity and image of the
- ensure availability of internal members' contribution
- identify potential donors
- marketing to donors

Presentation of Group Two

- microfinance symposium
- net working with potential donors
- identification of potential donors and create relationship
- positioning of network to address interest of donors
- involve government and central bank

Presentation of Group Three

- comprehensive business plan document
- identify donors with similar vision and market the business plan and to others who may have interest
- introduce service for fee to the members
- identify and secure investment capital

- introduce differentiated membership fee

Presentation of Group Four

- good business plan
- lobbying strategic partners and donors
- good contacts and communication with donors
- portray good image to the public

It was noted that some say strategic plan while others say business plan but which one do we need for fund raising. One may have strategic plan and calls it a business plan if that is what the donors want. But whatever wording we may use, it needs to have detailed financial plan, how you are going to spend the money and the activities to be financed. It is unlikely that donors would read 50 pages strategic plan document and it is necessary to extract a 5 or 6 pages document for fund raising or marketing purposes form the strategic plan.

Some trends were observed to be successful sustainability strategy for networks. For e.g., introducing some kind of stratified funding, for e.g., a large member has its own training facility and does not want that but wants you for lobbying and thus the fee could be structured that way. Networks approach donors with some package to offer, something that is marketable.

Networks need to have specific safeguard when working with governments and the private sector. The private sector expects a lot from the network but does not give much money. Governments have different agenda from you and may want to make the network one of their departments.

6.1 Attributes Common to Most Successful Networks

The experience of SEEP Networks indicates that most successful networks around the world have some of the following attributes in common:

- business plan with objectives and activities including sustainability goals
- about three revenue streams - membership fee, service fees, grants
- stratified (unlike uniform) membership fee with active support of members
- identify long-term donors
- cultivamte relationships with 2-4 donors at times for years
- approach the private sector and governments without sacrificing autonomy

A question was posed whether there are networks that are sustainable. Some networks in Latin America claim so. But there are many networks worldwide that expend a lot of energy on fund raising and marketing works and generate sufficiently large portion of their funding needs.

For African networks like AFMIN, it would be difficult to fund raise to the level of what is being raised by other networks in Asia and Latin America. Because we have to reach the same level of performance in our core activities as others to be able to fund raise at that level. This is a challenge that AFMIN should take up.

The experience of Cote d'Ivoire is that the network does not fundraise from donors because of the country's political situation. It is stated that the network has strong leadership that came up with the right strategies and the network gets sizable funding from the training it organizes to members. Members gave their premises free of charge. The government and others have seen our dedication, effort and performance and came up with contributions.

6.2 PLENARY SESSION - Action Plan (Discussion and Results)

By Andriambalo Monah , APIFM

Participants were asked to prepare an action plan of the things that will propose to implement after their return back home. It was agreed that the Secretariat of AFMIN compiles and consolidates the action plan prepared by the participants and it will be distributed to members by e-mail.

7.0 CLOSING SESSION - Official Closing Remarks

By Mrs. Tigist Tesfaye from AEMFI

Mrs. Tigist Tesfaye made the official closing speech on behalf of AEMFI. She indicated the importance of the workshop in developing common direction towards good governance of networks and in increasing the visibility of their role in development. She said that during this stay the participants have seen the issues to focus on when they return to their institutions. She called upon AMFIN to design intervention to deepen the lessons and country level networks to share their experience mainly through e-mail and publications. Finally, she thanked participants for their lively participation and the organizers for the efforts they put in making the workshop a success. She wished all participants a pleasant and safe journey back home.

7.1 Remarks by the Vice Chairman of AFMIN

Nr. Barry Tidiane Dandua from REGUIPRAM

The Vice chairman of AFMIN thanked AEMFI for the hospitality, the SEEP network for its strong support and for the professionalism of the facilitator Mr. Patrick McAllister along with his co-facilitators. He said that he thought the training to be academic but has seen that everybody offered something and something important to learn from.

Throughout our stay in the workshop, there was a feeling of friendship and brotherhood, as if we knew each other for long time and this demonstrates the extent to which we are close to each other. We started in 1997 with as few as 7 members but the level of today's participation shows our success. Finally, he thanked all for their contribution to bring this success and wished all the best.

Annexe 1. Liste des participants à l'atelier de AFMIN organisé à Addis Ababa

	Name of participants	Network	Position
1	Kasuama Pakinzi wa S'HAKO	RIFIDEC: DR Congo	CEO
2	CAMARA Ibrahim Balla	APIM/Mali	CEO
3	Dr Andah David	GAMFIN Ghana	CEO
4	Cyrille TANOE	AISFD Côte d'Ivoire	CEO
5	BATIONO Pascaline	APIM-BF : Burkina Faso	CEO
6	Godfrey Chitambo	ZAMFI: Zimbabwe	CEO
7	Jestias RUSHWAYA	ZAMFI: Zimbabwe	Chairman
8	Dr Wolday Amha	AEMFI: Ethiopia	AEMFI CEO
9	Abdoul Anziz Said Attoumani	AFMIN	AFMIN CEO
10	Célestin GATERA	AFMIN	AFMIN Programs Director
11	Mathieu Soglonou	ALAFIA: Benin	CEO ALAFIA: Benin
12	Olafa Ignacio	ALAFIA: Benin	ALAFIA: Benin
13	Mark Rostal	AMFI : Kenya	Conseiller Technique
14	Eunice Nderitu	AMFI : Kenya	AMFI Consultant
15	Norah MKAMI	TAMF : Tanzania	CEO
16	Stewart Kondowe	MAMN: Malawi	Board member
17	Sylvester Kadzola	MAMN : Malawi	Board member
18	Charles Kilibo	AMFIU : Uganda	CEO
19	Fabian Kasi	AMFIU : Uganda	Board member
20	Andriambalo Monah	APIFM : Madagascar	CEO
21	Patrick McAllister	SEEP NETWORK	Facilitator
22	Barend Gerrit Coetzee	AE: South Africa	Chairman
23	Tijan Bangura	GAMFINET: Gambia	CEO
24	Mr. Omar Baldeh	GAMFINET: Gambia	Board member
25	Ketor Kossivi Biova	APIMFT- Togo	CEO
26	YACOUBA TINE	ANIP-Niger	Board Treasurer
27	Saikou Yaya Diallo	REGUIPRAM-Guinée	CEO
28	Barry Tidiane Dandia	REGUIPRAM-Guinée	AFMIN Board member
29	Aimable RUMONGI	Symposia Consult (U)Ltd	Interpreter
30	Joseph RURANGWA	Symposia Consult (U) Ltd	Interpreter
31	Ndayishimye Cyprien	RIM: Burundi	CEO
32	Teklewoini Assefa	AEMFI: Ethiopie	AEMFI Chairman
33	Gemechu Dubiso	Oromia Credit and Saving Sh. Co Ethiopia	General Manager
34	Worku Tsega	Wisdom Microfinance Institutions Ethiopia	General Manager
35	Mekonnen Yelewem Wossen	Amhara Credit and Saving Institutions	General Manager
36	Awash Abetew	Addis Credit and Saving Institutions	General Manager
37	Teshome Yohannes	Busa Gonofa Microfinance Institution	General Manager
38	Mulugeta Gashe	Omo Microfinance Institutions	Operation Head

LE RESEAU AFRICAIN DE MICROFINACE (AFMIN) GOUVERNANCE MOBILISATION DES FINANCEMENTS ET PLANNIFICATION STRATEGIQUE POUR LES RESEAUX NATIONAUX ”ADDIS ABABA, 20-23 SEPT,2004

Monday September 20	Tuesday September 21	Wednesday, September .22	Thursday, September 23
8:00-8:30: Departure to Conference Hall 08:30 09:30 Registration of participants & distribution of handouts at conference hall. 09:30 10:00 Opening Ceremony Keynotes Address from : • AEMFI Vice Chairman • AFMIN ED • NBE Supervision Head of Dep.	8:00-8:30: Departure to Conference Hall 08:30 10:00 SESSIONS ON GOVERNANCE IN THE CONTEXT OF MICROFINANCE NETWORKS	8:00-8:30: Departure to Conference Hall 08:30 10:00 SESSIONS ON BOARD GOVERNANCE BEST PRACTICES	8:00-8:30: Departure to Conference Hall 8:30-10:00 SESSIONS ON MEMBERSHIP-FOCUSED STRATEGIC PLANNING AND FUNDRAISING STRATEGIES
10:00-10:30 Tea/coffee break	10:00-10:30 Tea/coffee break	10:00-10:30 Tea/coffee break	10:00-10:30 Tea/coffee break
110:30- 12:30 (ALL PARTICIPANTS) • PARTICIPANT EXPECTATIONS • REVIEW OF TRAINING AGENDA • REVIEW OF HOMEWORK IN PREPARATION FOR TUESDAY	10:30- SESSIONS ON GOVERNANCE IN THE CONTEXT OF MICROFINANCE NETWORKS	10:30 SESSIONS ON BOARD GOVERNANCE BEST PRACTICES	10:30- SESSIONS ON MEMBERSHIP-FOCUSED STRATEGIC PLANNING AND FUNDRAISING STRATEGIES
12:30-14:00 Lunch Break	12:30-14:00 Lunch Break	12:30-14:00 Lunch Break	12:30-14:00 Lunch Break
14:00-18:00 TRAINING OF TRAINERS (ToT)	14:00 SESSIONS ON GOVERNANCE IN THE CONTEXT OF MICROFINANCE NETWORKS	14:00 SESSIONS ON BOARD GOVERNANCE BEST PRACTICES	14:00 SESSIONS ON MEMBERSHIP-FOCUSED STRATEGIC PLANNING AND FUNDRAISING STRATEGIES
	15:30-16:00 Tea/coffee break	15:30-16:00 Tea/coffee break	15:30-16:00 Tea/coffee break
	16:45-17:00: Summary of the day	16:45-17:00: Summary of the day	Closing ceremony