

Updated 23/3/2005: Draft for Discussion, Executive Team Meeting 24/3/2005

**ACTION PLAN TO FOLLOW-UP CGAP PEER AND PORTFOLIO REVIEWS**

All Actions to Be Completed by 31 December 2005

Key Elements of Effectiveness from Paris High Level Meeting	Recommendations from CGAP Peer Review, Portfolio Review and Paris High Level Meeting	Actions/Service	Task Leader	Additional Resources Needed/ Proposed Source
<b>STRATEGIC CLARITY</b>	<ul style="list-style-type: none"> <li>Develop Vision Statement</li> </ul>	<ul style="list-style-type: none"> <li>Develop draft for comments from microfinance focal points, 'champions', and knowledge networks</li> <li>Administrator to endorse</li> <li>Programme Manual reference center</li> </ul>	UNCDF  RBx & COs OA  OSG	\$6,000 /BDP
<b>STRONG STAFF CAPACITY</b>	<ul style="list-style-type: none"> <li>Increase the number of UNCDF regional advisors in coherence with support strategy to UNDP Country Offices (maintenance of a regional MF expert database)</li> <li>Maintain the technical expertise that UNCDF Microfinance has built up, and insure that any re-organization of UNCDF keeps its principal focus on support for UNDP operations.</li> <li>Provide substantive training opportunities for staff that are responsible for managing microfinance programs.</li> </ul>	<ul style="list-style-type: none"> <li>RBx to consult with UNCDF on the appropriate delivery mechanism based on demand from Country Offices in the region. <b>UNDP Africa has completed.</b></li> <li>Budget for CGAP training (such as Turin) in country programme budgets</li> <li>training staff induction courses: DRR, LEAD, JPO</li> <li>Support to Knowledge Network</li> <li>Donor Briefs/How To Notes</li> </ul>	RBx RBAP RBAS RBLAC RBEC UNCDF  COs  LRC UNCDF BDP UNCDF	\$TBD from RBx, based on demand  \$15,000 per staff COs  \$3,000 per annum/BDP \$34,750 per annum/BDP

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<b>ACCOUNTING FOR RESULTS</b>	<ul style="list-style-type: none"> <li>• Conduct portfolio review (define criteria for identifying the portfolio), and disseminate widely</li> <li>• Conduct post-portfolio review action plan to clean up and consolidate the portfolio</li> <li>• Introduce MF performance standards in the management results framework (ROAR, ERP) and ensure ability to report on size/scope</li> <li>• Increase incentives for good programming and results</li> </ul> <p>See adoption of MicroStart Model (appropriate instruments below)</p> <ol style="list-style-type: none"> <li>1. there is regular <u>reporting</u>,</li> <li>2. <u>MFIs that do not meet performance standards are dropped from the programme.</u></li> </ol>	<p>-ePublish portfolio review in hardcopy and UNDP website; circulate on knowledge networks</p> <p>- Country Offices with large ongoing programmes to align with new policy</p> <p>- WITS Team to make adaptations to Atlas to ensure ability to report on size of current portfolio</p> <p>- OAPR confirms compliance</p>	<p>UNCDF</p> <p>COs</p> <p>WITS UNCDF</p> <p>OAPR</p>	<p>No cost</p> <p>\$TBD from Country Office budgets</p> <p>\$TBD</p>
Key Elements of Effectiveness from Paris High Level Meeting	Recommendations from CGAP Peer Review, Portfolio Review and Paris High Level Meeting	Actions/Service	Task Leader	Additional Resources Needed/ Proposed Source
<b>APPROPRIATE INSTRUMENTS</b>	<ul style="list-style-type: none"> <li>• Develop instruments to work easily with the private sector</li> <li>• Encourage stand-alone microfinance projects whenever possible</li> </ul>	<p>- Revise micro-capital grant agreement</p> <p>- Policy announcement and programme manual</p>	<p>UNCDF BDP</p> <p>OA, OSG, BDP,</p>	<p>\$250 BDP</p> <p>\$10,000 BDP, for all policy and PM changes</p>

<p><b>APPROPRIATE INSTRUMENTS (continued)</b></p>	<ul style="list-style-type: none"> <li>• Offer incentives for seeking specialist advice early on and often (scholarships, good performance highlighted in UNDP publications)</li> <li>• UNCDF strategic direct investments maintained</li> <li>• Create UNCDF managed MF Trust Fund and mobilize resources</li> <li>• UNCDF co-invest with Country Offices to provide incentives for adherence to good practices</li> <li>• Eliminate credit components (large credit lines with subsidized rates) and community-managed revolving loan fund projects</li> </ul> <ul style="list-style-type: none"> <li>• Announce and implement a policy that UNDP will use the MicroStart model whenever it funds, or administers others' funding for, microcredit operations. The key elements of UNCDF's MicroStart approach are that: <ol style="list-style-type: none"> <li>1. project implementation is done, or very closely guided by, a <u>technical service provider</u> from a pre-qualified list of providers that have already demonstrated their ability to produce sustainable microfinance;</li> <li>2. there is regular <u>reporting</u>, including such key indicators as number of clients, average loan size (a very rough proxy for client poverty), repayment, and cost recovery;</li> <li>3. <u>MFIs that do not meet performance standards are dropped</u> from the programme, unless the technical service provider is confident that MFI managers will correct the problems; and</li> </ol> </li> </ul>	<ul style="list-style-type: none"> <li>- Resources mobilized for UNCDF to be reflected in UNDP scorecard</li> <li>- Create Thematic Trust Fund and mobilize resources</li> <li>- Maintain current UNCDF co-investment policy</li> <li>- Policy announcement and programme manual</li> <li>- Policy announcement and programme manual</li> <li>- UNCDF to update list of technical service providers (TSPs)</li> <li>- UNCDF to negotiate with the MIX Market (web-enabled database) to make needed changes to capture all UNDP related reporting</li> <li>- Utilize grant agreement as per current programme manual</li> <li>- RBx to consult with UNCDF on</li> </ul>	<p>UNCDF</p> <p>OA</p> <p>OA BRSP, UNCDF</p> <p>UNCDF</p> <p>OA OSG, BDP UNCDF</p> <p>OA OSG BDP, UNCDF</p> <p>UNCDF ACP</p> <p>UNCDF</p> <p>COs</p> <p>RBx RBAP RBAS RBLAC</p>	<p>noted below</p> <p>\$35,000, in 2005, BDP \$5,000 per annum to maintain</p> <p>\$4,000 p.a. BDP; and \$5,000 per project per annum</p> <p>\$TBD from</p>
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<b>APPROPRIATE INSTRUMENTS (continued)</b>	<p>4. <u>UNCDF Microfinance collaborates closely</u> with the country office in design, implementation, and monitoring of the project.</p> <ul style="list-style-type: none"> <li>Require consultation with government, all other donors, and stakeholders before approving any new support in a specific country or with specific institutions to ensure complementarity and avoid undermining others in the market.</li> </ul>	<p>the appropriate delivery mechanism based on demand from Country Offices in the region. <b>UNDP Africa has completed.</b></p> <p>- Policy announcement and programme manual</p>	<p>RBEC UNCDF</p> <p>OA OSG, BDP UNCDF COs</p>	<p>RBx, based on demand</p>
<b>Key Elements of Effectiveness from Paris High Level Meeting</b>	<b>Recommendations from CGAP Peer Review, Portfolio Review and Paris High Level Meeting</b>	<b>Actions/Service</b>	<b>Task Leader</b>	<b>Additional Resources Needed/ Proposed Source</b>
<b>Paris High Level Meeting Follow-up MOU: Reconvene in February 2006</b>	<ul style="list-style-type: none"> <li><b>Conduct two-year follow-up.</b> In two years' time (February 2006), we plan to reconvene to discuss which steps we are taking, individually and collectively, to implement the Peer Review recommendations.</li> <li>Each of our agencies should assess and track progress towards the recommendations of its Peer Review.</li> <li>As part of the follow up, agencies could choose to undergo a voluntary "checkup" review. These lighter reviews should explicitly incorporate benchmarking of our performance.</li> </ul>	<p>- UNDP Administrator to attend, UNCDF Microfinance to provide support</p> <p>- Monitor and track progress</p> <p>- Schedule checkup for October 2005</p>	<p>OA UNCDF</p> <p>UNCDF</p> <p>UNDP UNCDF</p>	<p>\$5,000 BDP</p> <p>\$7,000 BDP</p>
<b>Financial Summary</b>	<ul style="list-style-type: none"> <li><b>From BDP/GCF (in addition to Core OH function [40] Microfinance Advisor)</b></li> <li><b>From RBx</b></li> <li><b>From Country Programmes</b></li> </ul>	<p>2005: \$100,000 2006-7: \$61,000 TBD based on demand</p> <p>\$30,000 per project</p>		