



**UNITED NATIONS DEVELOPMENT PROGRAMME
GOVERNMENT OF MYANMAR
Project Budget**

Project Number: MYA/01/004
Project Title: Sustainable Microfinance to Improve the Livelihoods of the Poor

Start Year: 2002

End Year: 2005

Executing Agent: UNOPS - UNDP Office for Project Services

Implementing Agent: UNOPS - UNDP Office for Project Services

Revision Type: Initial

Budget Financing (in US\$)	
INPUTS	REV "A"
UNDP	
01-UNDP-IPF / TRAC - (Trac 1.1.1 & 1.1.2)	2,272,727
TOTAL INPUTS	2,272,727
ADMINISTRATIVE AND OPERATIONAL SERVICES (AOS)	
UNDP	
01-UNDP-IPF / TRAC - (Trac 1.1.1 & 1.1.2)	227,273
AOS TOTAL	227,273
TOTAL	2,500,000

Brief Description:

The Project is designed to improve the livelihoods of poor and low-income people by developing domestic microfinance capacity in Myanmar. It is envisaged that microfinance institutions that are able to provide sustainable access to a range of microfinance services to poor and low-income people will stimulate the grass root economies thereby raising income of poor and low-income people and creating jobs for the poor. The project will build on the accomplishment of its predecessor MYA/99/005: "Sustainable Livelihoods through microfinance for the poor". Specifically, the Project will support three MFIs to become managerially, technically, financially and institutionally sustainable. The Project will also undertake activities to improve the enabling regulatory environment for an optimal development of the microfinance sector in Myanmar.

Approved by:	Signature:	Date:	Name/Title:
UNDP:		24 DEC 2002	Patrice Coeur-Bizot Resident Representative
Executing Agent:		24 DEC 2002	Patrice Coeur-Bizot Resident Representative
Government:		24 DEC 2002	SEIN THAN DIRECTOR GENERAL COTTAGE INDUSTRIES DEPARTMENT.



UNITED NATIONS DEVELOPMENT PROGRAMME
GOVERNMENT OF MYANMAR

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ATLAS NO. (UNDP)
ATLAS NO. (UNOPS)

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00030723

Project Number: MYA/01/004
Project Title: Sustainable Microfinance to improve the livelihoods of the poor

Start Year: 2002

End Year: 2005

Executing Agency: UNOPS - UN Office for Project Services

Implementing Agency: Cottage Industries Department (CID) Ministry of Co-operatives

Revision Type: Substantive Budget Revision

Budget Financing (In US\$)			
INPUTS	Current	Previous	VARIATION
UNDP			
01-UNDP-IPF / TRAC - (Trac 1.1.1 & 1.1.2)	4,115,254	2,978,750	1,136,504
TOTAL INPUTS	4,115,254	2,978,750	1,136,504
TOTAL	4,115,254	2,978,750	1,136,504

Brief Description:

This revision is prepared to increase the total project budget by \$1,136,504 in order to provide allocations for the expansion of the project to cover project activities in additional 11 townships in Magway, Mandalay, Sagaing and Ayeyarwaddy Divisions as per attached addendum and to maintain the growth and sustainability of the microfinance operations. The project budget now totals \$4,115,254.

Approved by:	Signature:	Date:	Name/Title:
Government:		3 MAR 2005	SEIN THAN DIRECTOR GENERAL Director General, Cottage Industries Department.
Executing Agent:		3 MAR 2005	Sunil Bhargava, Chief, UNOPS Asia Office
UNDP:		3 MAR 2005	Charles Patrie, Resident Representative

Addendum to the Project Document
MYA/01/004: Sustainable Microfinance to Improve the Livelihoods of the Poor

Preamble:

The Microfinance Project has been operating in the same 11 townships of the Dry Zone, Delta, and Shan State, since its inception in 1997. The Project has been achieving a significant progress in terms of outreach to the poor people: the cumulative number of project beneficiaries amounts to 148,000, of which 94% are women, whereas it has disbursed Ks.14 billion of loans (as of 30 June 2004).

However, the Microfinance Operations in the Dry Zone and Delta have already covered most of the villages, where they could possibly reach, in the townships currently served by these two Operations. As a result, it is becoming increasingly difficult for these two Operations to maintain their growth within the same townships in order to keep serving the financial needs of the poor people on a permanent basis. Meanwhile, the two Operations have been continuously receiving a large number of requests from villagers in the nearby townships (adjacent to the current townships), and already confirmed that there exist strong demands for microfinance services in such townships through rounds of their surveys.

Expansion of the Microfinance Project to new townships :

Factors described above necessitate an expansion by the Microfinance Project into nearby townships in order to further extend its outreach to the poor people and maintain the growth and sustainability of the Microfinance Operations. The selection criteria of townships for this horizontal expansion are: (a) proximity and accessibility from the existing Microfinance Operations, (b) concentration of the poor people, (c) potential job opportunities, and (d) existence of strong demands for microfinance services. The list of new townships to which Micro finance Project will expand is given below in *Annex I.a*.

Budget and Inputs:

In order to meet the anticipated costs of the above-mentioned expansion, the UNDP Country Office has allocated an amount of US\$1.14 million for activities in the new townships during 2005. A description of the inputs to be funded by this amount is given below in *Annex I.b*. These inputs represent allocations for the new townships only.

The additional budget and the start of project activities in the new townships will come into effect upon approval of the addition of new townships and necessary funds by UNDP and the Government of the Union of Myanmar.

Annex I.a: New Townships Proposed for Expansion by the Microfinance Project

- I. Magway Division
 - 1. Chauk
 - 2. Yenangyaung
 - 3. Taungdwingyi
- II. Mandalay Division
 - 4. Nyaung U
 - 5. Taung Tha
- III. Sagaing Division
 - 6. Ayardaw
 - 7. Myaung
- IV. Ayeyarwaddy Division
 - 8. Zalun
 - 9. Danubyu
 - 10. Nyaungdon
 - 11. Pantanaw

Annex I. b

Description of Inputs for New Townships

BL	Description	UNDP Input in \$
19	Project Personnel Subtotal	
29	Sub-contracts Total	576,504
39	Training Total	
49	Equipment Total	
59	Miscellaneous Total	
79	Micro-Capital Grant Total	560,000
99	TOTAL	1,136,504



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Start Year: 2002

End Year: 2005

Executing Agent: UNOPS - UNDP Office for Project Services

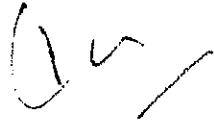

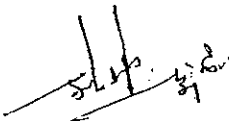
Implementing Agent: UNOPS - UNDP Office for Project Services

Revision Type: Initial

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UNDP:		24 DEC 2002	Patrice Coeur-Bizot Resident Representative
Executing Agent:		24 DEC 2002	Patrice Coeur-Bizot Resident Representative
Government:		24 DEC 2002	SEIN THAN DIRECTOR GENERAL COTTAGE INDUSTRIES DEPARTMENT.

GOVERNMENT OF THE UNION OF MYANMAR
UNITED NATIONS DEVELOPMENT PROGRAMME
UNITED NATIONS OFFICE FOR PROJECT SERVICES

**MYA/01/004: SUSTAINABLE MICROFINANCE TO IMPROVE THE
LIVELIHOODS OF THE POOR**

Project Description:

The Project is designed to improve the livelihoods of poor and low-income households by developing domestic microfinance capacity in Myanmar. It is envisaged that microfinance institutions (MFIs) that are able to provide sustainable access to a range of microfinance services to poor and low-income households will stimulate grass root economies thereby raising income of poor and low-income people and creating jobs and entrepreneurship opportunities. The Project will build on the accomplishments of its predecessor MYA/99/005: "Sustainable Livelihoods Through Microfinance for the Poor". Specifically, the Project will support three microfinance operations to become managerially, technically, financially and institutionally sustainable. The Project will also undertake activities to improve the enabling regulatory environment for the optimal development of the microfinance sector in Myanmar.

January 8, 2002

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List of Acronyms

APM	Agency Project Manager
CGAP	Consultative Group to Assist the Poor
CID	Cottage Industries Department
GDP	Gross Domestic Product
GRET	Groupe de Recherche et d'Echanges Technologique
HDI	Human Development Initiative
HIV/AIDS	Human Immuno Deficiency Virus/Acquire Immuno Deficiency Syndrome
INGO	International Non-Governmental Organization
Ks	Kyat (national currency)
MADB	Myanmar Agricultural Development Bank
MFI	Microfinance Institution
PACT	Private Agencies Collaborating Together
SUM	UNCDF/UNDP Special Unit of Microfinance
UNDP	United Nations Development Programme
UNOPS	United Nations Office for Project Services

I.A. Situation Analysis

General Analysis

Despite its significant human potential and natural resources, Myanmar is classified as a Least Developed Country, with a GDP per capita of 300 dollars. In the year 2000 it was ranked 118 among 162 countries in the Human Development Index. The economy remains basically agrarian, with approximately 75% of a total population of some 50 million residing in rural areas. Inflation is estimated at 30% - 40% per annum.

Agriculture is the mainstay of the national economy and the main source of the recent economic growth. Crops, livestock and fishery products account for about 60 percent of GDP and are employing more than 64 percent of the work force. The impact of falling agricultural yields and local currency purchasing power has hit hardest in rural areas where increases in household income cannot keep pace with rapidly rising commodity prices. Many among the rural population are considered poor, either because they are landless labourers or are farming at subsistence levels. In addition, recent developments such as population growth and environmental degradation have resulted in the shrinking of the average landholding size and in an increase in the number of landless.

Microfinance in Myanmar

As has been demonstrated in many other countries, such as Cambodia and Indonesia, sustainable access to microfinance can boost grass root level economies by capitalizing farming businesses, cottage industries and micro and small businesses. Sustainable access to microfinance provides micro and small business entrepreneurs with the opportunity to increase their income while jobs are created for the non-entrepreneurial poor. It is for this reason that sustainable microfinance is perceived as a powerful tool to alleviate poverty.

In Myanmar the microfinance industry is at a nascent stage. Most farming and non-farming micro and small business entrepreneurs do not have access to credit other than from informal sources (commodity traders, moneylenders, family and friends). (See Annex IX, Rural Financial Sector in Myanmar)

During the second phase of UNDP's Human Development Initiative, HDI-II (1997-1999), a microfinance project was introduced and project activities were initiated in the Delta Zone, Shan State and Dry Zone. In HDI-III (1999-2002) the microfinance activities continued through the microfinance project MYA/99/005: "Sustainable Livelihoods through Microfinance for the Poor". Both projects were funded by UNDP and executed by UNOPS. The project activities were implemented by three international NGOs, namely Grameen Trust from Bangladesh in the Delta Zone, GRET from France in the Shan State and PACT from the United States of America in the Dry Zone. The project objective was to progressively develop locally managed self-sustaining microfinance operations to serve the needs of poor households. During this project the microfinance operations progressively expanded their outreach and became operationally self-sufficient¹.

By 30 June 2001 the three microfinance operations had over 86,585 active clients in 11 townships and 1,262 villages, collected US\$190,000 in savings and disbursed 155,000 loans amounting to Kyats 2,088 Million equivalent to US\$4,641,846. The average loan size was US\$30 and the recovery rate was 99 percent. The percentage of women clients was 94 percent. The project had envisaged that by the end of

¹ The operating incomes of the respective MFIs cover operating costs. However, it is important to note that the institutions are not yet financially sustainable.

the second phase the national staff would be in a position to take managerial responsibilities of the microfinance operations. However, some consolidation of managerial competencies is still required.

Since 1995, GRET operated a village credit scheme in Chin State with UNDP financing. The program established a small network of 12 Village Credit Schemes in 2 townships. From 1998 till April 2001 the programme was extended to 84 Village Credit Schemes in three townships. Per April 2001 the programme operated in 77 villages and had 7,919 members. The programme had 7,317 loans outstanding. On average, the programme experienced around 10 percent late repayments. Around 34 percent of the clients were women. The programme reported to have reached operational self-sufficiency and will now continue to operate with a non-financial overall umbrella but without further funding from UNDP.

These operations demonstrate that there is a high demand for microfinance in Myanmar and that financial products and methodologies can be tailored to guarantee high repayments. Although no comprehensive study has been conducted to estimate the demand for micro loans, the microfinance operations have reported average penetration rates ranging from 40 to 60 percent of the households in the villages in which they operate. If one would assume an average loan outstanding of US\$ 100 for 40 percent of an estimated 10,000,000 rural households in Myanmar, the total demand for micro loans would be US\$ 400 million.

The clients of the microfinance operations expressed that they want permanent access to microfinance as opposed to temporary access during the project period after which they would have to refer back to informal sources of finance. These clients communicated that they are willing to pay the price required for these operations to become financially viable. They advocate permanent institutions that guarantee that they have sustainable access such services

UNDP, as one of the founding members of CGAP, supports the financial system development approach for microfinance. The financial system development approach advocates developing a sustainable and diversified microfinance sector that applies sound microfinance principles. Such a sector will be able to address the lack of sustainable access to microfinance services by large segments of the population. It has been demonstrated that unsustainable microfinance projects or revolving funds that provide temporary and/or subsidized access to microfinance are inadequate approaches.

Development Challenges to be Addressed

The development problem to be addressed by this project is that, at present, Myanmar does not have a sustainable microfinance sector. In order to develop such a sector, it is envisaged at this stage, that the three microfinance operations become leading models of sustainable microfinance institutions. As demonstrated in the development of the microfinance sector in many other countries, such leading models have a major impact on the strength, development and diversity of the microfinance sector.²

The immediate challenges to be addressed are:

- 1) At present the three microfinance operations are not yet managerially, technically, financially and institutionally sustainable.
- 2) The legal and regulatory environment in Myanmar is yet to become conducive to develop a sustainable microfinance sector. The lack of a special legal and regulatory framework for a formal microfinance sector inhibits the microfinance operations to transform themselves into autonomous, viable and regulated

² For instance; Banco Sol in Bolivia, Grameen in Bangladesh, BRI Unit Desa in Indonesia, ACLEDA in Cambodia, Krep in Kenya and CARD in the Philippines

microfinance institutions. The present financial laws do not allow for development of viable financial systems at lower segments of the market (See Annex X, Legal Environment).

The development objective of the project is to develop sustainable domestic microfinance capacity in selected townships of HDI in order to contribute to poverty alleviation. The three microfinance operations that were established under the previous UNDP-funded project can be considered the direct beneficiaries of this Project. Their selected name at the time of the writing of this project document are "Badeidha Microfinance Institution (BDD MFI)" for the Dry Zone; "Credit for Rural Development Institution (CRDI)" for the Shan State and "Micro-Finance Delta (MIFIDA)" for the Delta³. The microfinance operations will continue to provide services in the Delta Zone, Dry Zone and Shan State. The Project will enhance their organizational and institutional capacity and capital base in order to reach full sustainability. The project beneficiaries are also poor and low-income households that can increase their living standards by having sustainable access to demand-oriented microfinance services in their communities. Especially for poor households it is of utmost importance that they can be confident they will have access to microfinance services on a permanent basis. It is envisaged that women entrepreneurs will disproportionately benefit from the Project.

Part IB. Strategy

Host Country Strategy

The new five-year plan (2001 -2006) aims, among other things, to develop rural areas and to ensure a balanced all-round development in other sectors. One of the main objectives of the plan is to stabilize the value of the Kyat by balancing the national budget.

The Government has attempted to stimulate the development of markets in rural areas by allowing for market pricing of agricultural products. A quota delivery system is in place and Government procurement prices of agricultural crops are set below market prices.

Through the MADB the Government supports farmers by providing low cost collateralized seasonal loans. In general these loans are not sufficient to finance the required investments of farmers and the demand outstrips the supply by far. Moreover, no special government programmes are targeting non-farm micro and small businesses with financial products. The Government does not have specific programmes to stimulate the micro and small business sector.

The Government and the Central Bank support the microfinance operations supported by UNDP's Projects through a waiver of the regulations on interest ceiling controls, which apply for commercial banks (see Annex IV, Prior Obligations and Prerequisites). The Government is cognizant of the fact that the administrative costs of providing small loans in close proximity to the clients is high and that the interest rates charges are much less than moneylenders, often the only alternative for the borrowers.

Project Strategy

The overall Project strategy is to provide technical assistance and capital support to the three microfinance operations established under MYA/99/005, the previous project, and to help them attain sustainability. In concert, the Project will provide assistance to improve the environment necessary to stimulate the development of the microfinance sector in Myanmar.

³ In the whole project document, the three institutions will be referred to as "microfinance operations"

Under the proposed strategy, the project will continue the association with the three INGOs (namely GRET, Grameen Trust and PACT). However, the following changes in methodology will be made:

- The international technical input from the respective INGOs will focus on institutional development. It is expected that this input will be phased over the 36 months duration of the project and will not exceed a total of 15 person months per MFI.
- Full day-to-day management and decision-making for the operations will be under the responsibility of locally recruited staff of the subcontracted INGOs.
- A management board will be established to provide strategic direction and overall supervision for the respective microfinance operations. The board will be comprised of local representatives from the INGO (including, the national Managing Director of the microfinance operations, the national head of finance, and the international advisor or local INGO representative), UNDP, UNOPS, and two representatives from civil society or the private sector. This board will also be responsible for approving key staff changes for the microfinance operation.

The project will also concentrate on building the capacity of the microfinance operations to reach full sustainability by:

- strengthening managerial and technical capacities
- expanding the respective capital bases and advising on how to raise profitability in order to become fully self-financing, in line with their business plans as submitted to UNDP-UNOPS in September 2001
- transforming the microfinance operations into autonomous MFIs

In this context, the Project will assist the three microfinance operations by organizing training sessions in the areas of accounting, financial analysis, business planning, product development, market satisfaction surveys, governance and internal controls, organizational structuring, risk management, delinquency management and other relevant topics as may be necessary. Fellowships will be organized for local staff to prime microfinance institutions or key seminars and workshops in the region.

Short-term consultancies will be fielded to assist the microfinance operations to improve their financial management and internal controls; develop additional demand-oriented products and refine existing products; design and adopt appropriate organizational structures for microfinance institutions; improve business planning, profitability, productivity and to apply profit center approaches; develop statutes and policies; and provide legal advice (see annex III, Terms of Reference).

The project will work with the microfinance operations to identify or develop software to further increase their administrative efficiency and to improve their financial management and internal controls.

Based on the business plans submitted to UNDP-UNOPS by the microfinance operations in September 2001, allocations have been made to support the financing of fixed assets and to increase capital for onlending. The funding provided by UNDP will be recorded by the microfinance operations as a liability to UNDP in their respective financial statements. The actual release of the allocated funds for the microfinance operations will occur at intervals and will depend on milestones that will be specified in respective contracts between UNOPS and the INGOs.

The Project will also provide assistance to create an environment conducive to the development of the three microfinance operations in particular and the microfinance sector in general.

A UNDP Microfinance Committee will be established (see Annex VI, Terms of Reference). This Committee will review whether the microfinance operations are operating in line with sound

microfinance practices and will ensure that they take into account common prudential requirements as generally applied in bank regulations for microfinance institutions.

To increase the awareness of the potential of a sustainable microfinance sector in Myanmar, a series of workshops and seminars will be organized by the Project for practitioners and policy makers.

At the very start of the Project, the Central Bank authorities will be approached to get involved in the Project. In this respect, the Project will request the Central Bank to establish a Microfinance Technical Focal Point or Unit. The role of this focal point will be to engage in a dialogue on microfinance with the different operators and institutions concerned in Myanmar (see Annex VII, Terms of Reference).

The Project will assist in the establishment of a MF working group comprised of representatives of the microfinance operations, representatives of the Central Bank and other relevant actors in microfinance. This MF working group will organize regular meetings to discuss reporting standards, prudential requirements, auditing methodology and standards and other relevant issues.

It is expected that regular exchanges between microfinance practitioners and the Central Bank could form the foundation of a special category of laws conducive for the development of the microfinance sector. It is envisaged that the Project will provide short-term consultancies to complement the long-term process of formulating a legal and regulatory framework for microfinance.

Acknowledging the principle that markets should shape regulations, it is not recommended to rush into regulating the MFIs. Instead, a careful and well thought-out approach is required to ensure that regulations optimally support the development of the microfinance sector in Myanmar.

II. Results Framework

End of Project Expectations

At the end of the Project, the three microfinance operations will have become fully sustainable MFIs that are managerially, technically, financially and institutionally sustainable. The three microfinance operations could serve as leading models in the further development of the domestic microfinance capacity in Myanmar.

At the end of the Project, it is expected that sensitisation and advocacy activities, especially with policy-makers and Central Bank, would lead to a conducive legal and regulatory framework by the Central Bank to regulate the microfinance sector. It is expected that this framework will take into account the unique characteristics of microfinance and that it will allow for an optimal development of a sustainable microfinance sector.

With respect to the establishment of a microfinance regulatory framework, it should be acknowledged that this requires a cautious and participatory long-term process, especially given the young stage of the microfinance sector in Myanmar. It is widely perceived that a microfinance sector should be allowed to mature before putting banking regulations in place to avoid premature and inadequate regulations that could stifle an optimal development of the sector. In case a legal and regulatory framework has not been established at the end of the Project period, it is expected that a follow-up project will be formulated to address this issue. Under this scenario, the UNDP Loan Fund (cumulative loan funds provided by UNDP-UNOPS to the microfinance operations) would be transferred to this follow-up project to secure the continued use of the UNDP Loan Fund by the microfinance operations. Thereby, it will be ensured that the microfinance operations are allowed to continue to operate in line with sound microfinance principles.

Development Objective and Immediate Objectives

The development objective is to develop a sustainable domestic microfinance capacity in selected townships in order to contribute to poverty alleviation.

The first immediate objective is to build the capacity of the three microfinance operations to become sustainable indigenous microfinance entities.

The second immediate objective is to support the emergence of a coalition on microfinance to advocate for a conducive environment for the development of a microfinance sector.

Outcomes, Outcome Indicators

The first expected outcome of the project is that the three microfinance operations will be able to continue their growth independent of financial grants and technical/managerial inputs. The outcome indicators would be:

- more than 100 % financial self-sufficiency,
- operations fully managed by nationals through a well-structured and accountable organization,
- accurate and timely financial reporting, and
- a range of microfinance services adequately meeting clients' various requirements.

The second expected outcome of the project is increased awareness of all stakeholders regarding the importance of microfinance in poverty alleviation. The main indicators will be the emergence of a consensus among stakeholders on various dimensions of microfinance and more discussion on microfinance in relevant forums. This outcome will be essential for the eventual adjustment of the legal and regulatory framework of Myanmar to become conducive to, and favorable for, MFIs.

These above outcomes will contribute to the overall SRF outcome "increased access to productive resources and assets by the poor with a focus on women".

The intended outputs, output targets for 2002-2005, indicative activities and inputs are described in the following Project Results and Resources Framework.

PROJECT RESULTS AND RESOURCES FRAMEWORK

<p>Intended Outcome as stated in the Country Results Framework: Increased access to productive resources and assets by the poor with a focus on women Project outcomes:</p> <p>Outcome 1.: Three operational MFIs able to continue their growth independent of financial grants and technical/managerial inputs</p> <p>Outcome 2.: Increased awareness of all stakeholders of the importance of microfinance in poverty alleviation and the need for a conducive regulatory framework for MFIs.</p> <p>Applicable Strategic Area of Support: Access to productive resources and assets</p> <p>Partnership Strategy: The EB mandate requires UNDP to have only 'grassroot-level-impact' interventions. Thus UNDP's main partners are communities and their local organizations. UNDP's role is that of a key player and facilitator at community level.</p> <p>Project title and number: SUSTAINABLE MICROFINANCE TO IMPROVE THE LIVELIHOODS OF THE POOR - MYA/01/004</p>			
Intended Outputs	Output Targets for 2002 - 2005	Indicative Activities	Inputs (in US Dollar)
<p>Output 1.1: Three MFIs operate under the basis of sound management principles and functioning well without external managerial support (managerial sustainability).</p>	<ul style="list-style-type: none"> • Management Board established • Manuals produced • Staff trained 	<p>1.1.1 Install proper governance/management systems</p> <p>1.1.2 Install proper business/financial management practices</p> <p>1.1.3 Organize training/fellowships on financial management</p> <p>1.1.4 Field consultancies</p>	<p>International staff: 85,200</p> <p>National staff: 31,740</p> <p>International consultant: 18,000</p> <p>Travel costs: 21,240</p> <p>Operation and maintenance: 30,000</p> <p>Miscellaneous: 12,000</p> <p>Competitive bidding: 19,800</p> <p>International NGO: 62,502</p> <p>Subtotal 1.1: 280,482</p>
<p>Output 1.2: Three MFIs have adequate portfolio to carry out activities without external grants and to expand their client base (financial sustainability)</p>	<ul style="list-style-type: none"> • A cumulative number of : 65,000 households provided with microfinance services • \$ 743,900 loan funds injected 	<p>1.2.1 Conduct quarterly productivity analyses</p> <p>1.2.2 Review financial projections quarterly</p> <p>1.2.3 Prepare profit center plans</p> <p>1.2.4 Review quality and risk loan portfolios</p> <p>1.2.5 Field consultancies on key areas</p> <p>1.2.6 Provide sustainable microfinance services to the poor</p>	<p>International staff: 85,200</p> <p>National staff: 31,740</p> <p>Travel costs: 21,240</p> <p>International consultant: 18,000</p> <p>Operation and maintenance: 11,100</p> <p>Miscellaneous: 20,000</p> <p>Competitive bidding: 19,800</p> <p>Loan funds: 977,692</p> <p>International NGO: 62,502</p> <p>Subtotal 1.2: 1,247,274</p>

<p>Output 1.3: Three MFIs have the technical capacity to design loan products appropriate to clients' needs (technical sustainability)</p>	<ul style="list-style-type: none"> • Loan products to match the clients demand developed 	<p>1.3.1 Conduct market satisfaction surveys 1.3.2 Conduct demand surveys 1.3.3 Test new product methodologies 1.3.4 Field consultancies</p>	<p>International staff: 85,200 National staff: 31,740 International consultant: 18,000 Travel costs: 21,240 Operation and maintenance: 11,100 Miscellaneous: 6,000 Competitive bidding: 19,800 International NGO: 62,502 Subtotal 1.3: 255,582</p>
<p>Output 2.1: Advocacy based on analysis of various microfinance issues and on best practices</p>	<ul style="list-style-type: none"> • A series of workshops, seminars, forums and working groups organised • IEC materials developed 	<p>2.1.1 Establish UNDP Microfinance Committee 2.1.2 Regularly review MFIs progress 2.1.3 Address enabling environment issues, organize workshops and seminars, produce IEC materials</p>	<p>International staff: 83,600 National staff: 20,000 International consultant: 165,000 Travel costs: 75,000 Operation and maintenance: 40,000 Miscellaneous: 50,000 Competitive bidding: 20,000 Subtotal 2.1: 453,600</p>
<p>Output 2.2: Groundwork prepared for institutionalization of MFIs</p>	<ul style="list-style-type: none"> • A technical focal point established in Central bank • Organisational structure decided • Institutional type determined • Brand name decided • Type of legalisation determined • International control system fully established 	<p>2.2.1 Assist MF technical focal point in CB 2.2.2 Conduct review on legal/regulatory environment 2.2.3 Draft report to address MF characteristics 2.2.4 Conduct seminars on regulatory framework 2.2.5 Field consultancies</p>	<p>International staff: 56,800 National staff: 21,160 International consultant: 50,000 Travel costs: 25,000 Operation and maintenance: 25,000 Miscellaneous: 9,400 Competitive bidding: 13,200 International NGO: 62,502 Subtotal 2.2: 263,062</p>

ANNUAL INPUT OUTPUT BUDGET

YEAR 1: 2002

Conditions of success :

- MFIs management board well functioning
- The Government will respect and honour provisions of the project document to allow the MFIs to operate according to internationally accepted best practices in microfinance.
- Highly motivated staff
- Products attractive and competitive with clear benefits

OUTPUT 1.1

ACTIVITY DESCRIPTION	INPUTS DESCRIPTION	BUDGET LINE	BUDGET In US Dollar
1.1.1 Install proper governance/management system	International staff:	011	18,930
1.1.2 Install proper business/financial management practices	National staff:	013, 017	7,050
1.1.3 Organize training/fellowship on financial management	International consultant:	011	4,000
1.1.4 Field consultancies	Travel costs:	015, 016	4,720
	Operation and maintenance:	045	7,000
	Miscellaneous:	053	2,700
	Competitive bidding:	045	4,400
	International NGO:	021.01	13,900
TOTAL Output 1.1			62,700

OUTPUT 1.2

ACTIVITY DESCRIPTION	INPUTS DESCRIPTION	BUDGET LINE	BUDGET In US Dollar
1.2.1 Conduct a quarterly productivity analysis	International staff:	011	18,930
1.2.2 Review financial projections quarterly	National staff:	013, 017	7,050
1.2.3 Prepare profit center plan	International consultant:	011	4,000
1.2.4 Review quality and risk loan portfolio	Travel costs:	015, 016	4,720
1.2.5 Field consultancies on key areas	Operation and maintenance:	045	2,470
1.2.6 Provide sustainable microfinance services to the poor	Miscellaneous:	053	4,440
	Competitive bidding:	045	4,400
	Loan funds:	071.01	217,265
	International NGO:	021.01	13,900
TOTAL Output 1.2			277,175

OUTPUT 1.3

ACTIVITY DESCRIPTION	INPUTS DESCRIPTION	BUDGET LINE	BUDGET In US Dollar
1.3.1 Conduct a market satisfaction survey	International staff:	011	18,930
1.3.2 Conduct demand survey	National staff:	013, 017	7,050
1.3.3 Test new product methodology	International consultant:	011	4,000
1.3.4 Field consultancies	Travel costs:	015, 016	4,720
	Operation and maintenance:	045	2,470
	Miscellaneous:	053	1,330
	Competitive bidding:	045	4,400
	International NGO:	021.01	13,900
TOTAL Output 1.3			56,800

OUTPUT 2.1

ACTIVITY DESCRIPTION	INPUTS DESCRIPTION	BUDGET LINE	BUDGET In US Dollar
2.1.1 Establish UNDP Microfinance Committee	International staff:	011	18,580
2.1.2 Regularly review MFIS progress	National staff:	013, 017	4,440
2.1.3 Address enabling environment issues, organise workshops and seminars, produce IEC materials	International consultant:	011	36,670
	Travel costs:	015, 016	17,000
	Operation and maintenance:	045	8,880
	Miscellaneous:	053	10,000
	Competitive bidding:	045	4,440
TOTAL Output 2.1			100,010

OUTPUT 2.2

ACTIVITY DESCRIPTION	INPUTS DESCRIPTION	BUDGET LINE	BUDGET In US Dollar
2.2.1 Assist MF technical focal point in CB	International staff:	011	12,620
2.2.2 Conduct review on legal/regulatory environment	National staff:	013, 017	4,700
2.2.3 Draft report to address MF characteristics	International consultant:	011	10,000
2.2.4 Conduct seminar on regulatory framework	Travel costs:	015, 016	5,000
2.2.5 Field consultancies	Operation and maintenance:	045	5,000
	Miscellaneous:	053	2,090
	Competitive bidding:	045	2,935
	International NGO:	021.01	13,900
TOTAL Output 2.2			56,245

YEAR 2: 2003

Conditions of success :

- MFIs management board well functioning
- The Government will respect and honour provisions of the project document to allow the MFIs to operate according to internationally accepted best practices in microfinance.
- Highly motivated staff
- Products attractive and competitive with clear benefits

OUTPUT 1.1

ACTIVITY DESCRIPTION	INPUTS DESCRIPTION	BUDGET LINE	BUDGET In US Dollar
1.1.1 Install proper governance/management system	International staff:	011	28,400
1.1.2 Install proper business/financial management practices	National staff:	013, 017	10,580
1.1.3 Organize training/fellowship on financial management	International consultant:	011	6,000
1.1.4 Field consultancies	Travel costs:	015, 016	7,080
	Operation and maintenance:	045	10,000
	Miscellaneous:	053	4,000
	Competitive bidding:	045	6,600
	International NGO:	021.01	20,830
TOTAL Output 1.1			93,490

OUTPUT 1.2

ACTIVITY DESCRIPTION	INPUTS DESCRIPTION	BUDGET LINE	BUDGET In US Dollar
1.2.1 Conduct a quarterly productivity analysis	International staff:	011	28,400
1.2.2 Review financial projections quarterly	National staff:	013, 017	10,580
1.2.3 Prepare profit center plan	International consultant:	011	7,080
1.2.4 Review quality and risk loan portfolio	Travel costs:	015, 016	6,000
1.2.5 Field consultancies on key areas	Operation and maintenance:	045	3,700
1.2.6 Provide sustainable microfinance services to the poor	Miscellaneous:	053	6,660
	Competitive bidding:	045	6,600
	Loan funds:	071.01	325,900
	International NGO:	021.01	20,830
TOTAL Output 1.2			415,750

OUTPUT 1.3

ACTIVITY DESCRIPTION	INPUTS DESCRIPTION	BUDGET LINE	BUDGET In US Dollar
1.3.1 Conduct a market satisfaction survey	International staff:	011	28,400
1.3.2 Conduct demand survey	National staff:	013, 017	10,580
1.3.3 Test new product methodology	International consultant:	011	6,000
1.3.4 Field consultancies	Travel costs:	015, 016	7,080
	Operation and maintenance:	045	3,700
	Miscellaneous:	053	2,000
	Competitive bidding:	045	6,600
	International NGO:	021.01	20,830
TOTAL Output 1.3			85,190

OUTPUT 2.1

ACTIVITY DESCRIPTION	INPUTS DESCRIPTION	BUDGET LINE	BUDGET In US Dollar
2.1.1 Establish UNDP Microfinance Committee	International staff:	011	27,870
2.1.2 Regularly review MFIS progress	National staff:	013, 017	6,660
2.1.3 Address enabling environment issues, organise workshops and seminars, produce IEC materials	International consultant:	011	55,000
	Travel costs:	015, 016	25,000
	Operation and maintenance:	045	13,320
	Miscellaneous:	053	17,000
	Competitive bidding:	045	6,660
TOTAL Output 2.1			151,510

OUTPUT 2.2

ACTIVITY DESCRIPTION	INPUTS DESCRIPTION	BUDGET LINE	BUDGET In US Dollar
2.2.1 Assist MF technical focal point in CB	International staff:	011	18,930
2.2.2 Conduct review on legal/regulatory environment	National staff:	013, 017	7,055
2.2.3 Draft report to address MF characteristics	International consultant:	011	17,000
2.2.4 Conduct seminar on regulatory framework	Travel costs:	015, 016	8,500
2.2.5 Field consultancies	Operation and maintenance:	045	8,500
	Miscellaneous:	053	3,135
	Competitive bidding:	045	4,400
	International NGO:	021.01	20,830
TOTAL Output 2.2			88,350

YEAR 3: 2004

Conditions of success :

- MFIs management board well functioning
- The Government will respect and honour provisions of the project document to allow the MFIs to operate according to internationally accepted best practices in microfinance.
- Highly motivated staff
- Products attractive and competitive with clear benefits

OUTPUT 1.1

ACTIVITY DESCRIPTION	INPUTS DESCRIPTION	BUDGET LINE	BUDGET In US Dollar
1.1.1 Install proper governance/management system	International staff:	011	28,400
1.1.2 Install proper business/financial management practices	National staff:	013, 017	10,580
1.1.3 Organize training/fellowship on financial management	International consultant:	011	6,000
1.1.4 Field consultancies	Travel costs:	015, 016	7,080
	Operation and maintenance:	045	10,000
	Miscellaneous:	053	4,000
	Competitive bidding:	045	6,600
	International NGO:	021.01	20,830
TOTAL Output 1.1			93,490

OUTPUT 1.2

ACTIVITY DESCRIPTION	INPUTS DESCRIPTION	BUDGET LINE	BUDGET In US Dollar
1.2.1 Conduct a quarterly productivity analysis	International staff:	011	28,400
1.2.2 Review financial projections quarterly	National staff:	013, 017	10,580
1.2.3 Prepare profit center plan	International consultant:	011	7,080
1.2.4 Review quality and risk loan portfolio	Travel costs:	015, 016	6,000
1.2.5 Field consultancies on key areas	Operation and maintenance:	045	3,700
1.2.6 Provide sustainable microfinance services to the poor	Miscellaneous:	053	6,660
	Competitive bidding:	045	6,600
	Loan funds:	071.01	325,900
	International NGO:	021.01	20,830
TOTAL Output 1.2			415,750

OUTPUT 1.3

ACTIVITY DESCRIPTION	INPUTS DESCRIPTION	BUDGET LINE	BUDGET In US Dollar
1.3.1 Conduct a market satisfaction survey	International staff:	011	28,400
1.3.2 Conduct demand survey	National staff:	013, 017	10,580
1.3.3 Test new product methodology	International consultant:	011	6,000
1.3.4 Field consultancies	Travel costs:	015, 016	7,080
	Operation and maintenance:	045	3,700
	Miscellaneous:	053	2,000
	Competitive bidding:	045	6,600
	International NGO:	021.01	20,830
TOTAL Output 1.3			85,190

OUTPUT 2.1

ACTIVITY DESCRIPTION	INPUTS DESCRIPTION	BUDGET LINE	BUDGET In US Dollar
2.1.1 Establish UNDP Microfinance Committee	International staff:	011	27,870
2.1.2 Regularly review MFIS progress	National staff:	013, 017	6,660
2.1.3 Address enabling environment issues, organise workshops and seminars, produce IEC materials	International consultant:	011	55,000
	Travel costs:	015, 016	25,000
	Operation and maintenance:	045	13,320
	Miscellaneous:	053	17,000
	Competitive bidding:	045	6,660
TOTAL Output 2.1			151,510

OUTPUT 2.2

ACTIVITY DESCRIPTION	INPUTS DESCRIPTION	BUDGET LINE	BUDGET In US Dollar
2.2.1 Assist MF technical focal point in CB	International staff:	011	18,930
2.2.2 Conduct review on legal/regulatory environment	National staff:	013, 017	7,055
2.2.3 Draft report to address MF characteristics	International consultant:	011	17,000
2.2.4 Conduct seminar on regulatory framework	Travel costs:	015, 016	8,500
2.2.5 Field consultancies	Operation and maintenance:	045	8,500
	Miscellaneous:	053	3,135
	Competitive bidding:	045	4,400
	International NGO:	021.01	20,830
TOTAL Output 2.2			88,350

YEAR 4: 2005

Conditions of success :

- MFIs management board well functioning
- The Government will respect and honour provisions of the project document to allow the MFIs to operate according to internationally accepted best practices in microfinance.
- Highly motivated staff
- Products attractive and competitive with clear benefits

OUTPUT 1.1

ACTIVITY DESCRIPTION	INPUTS DESCRIPTION	BUDGET LINE	BUDGET In US Dollar
1.1.1 Install proper governance/management system	International staff:	011	9,470
1.1.2 Install proper business/financial management practices	National staff:	013, 017	3,530
1.1.3 Organize training/fellowship on financial management	International consultant:	011	2,000
1.1.4 Field consultancies	Travel costs:	015, 016	2,360
	Operation and maintenance:	045	3,000
	Miscellaneous:	053	1,300
	Competitive bidding:	045	2,200
	International NGO:	021.01	6,942
TOTAL Output 1.1			30,802

OUTPUT 1.2

ACTIVITY DESCRIPTION	INPUTS DESCRIPTION	BUDGET LINE	BUDGET In US Dollar
1.2.1 Conduct a quarterly productivity analysis	International staff:	011	9,470
1.2.2 Review financial projections quarterly	National staff:	013, 017	3,530
1.2.3 Prepare profit center plan	International consultant:	011	2,360
1.2.4 Review quality and risk loan portfolio	Travel costs:	015, 016	2,000
1.2.5 Field consultancies on key areas	Operation and maintenance:	045	1,230
1.2.6 Provide sustainable microfinance services to the poor	Miscellaneous:	053	2,240
	Competitive bidding:	045	2,200
	Loan funds:	071.01	108,627
	International NGO:	021.01	6,942
TOTAL Output 1.2			138,599

OUTPUT 1.3

ACTIVITY DESCRIPTION	INPUTS DESCRIPTION	BUDGET LINE	BUDGET In US Dollar
1.3.1 Conduct a market satisfaction survey	International staff:	011	9,470
1.3.2 Conduct demand survey	National staff:	013, 017	3,530
1.3.3 Test new product methodology	International consultant:	011	2,000
1.3.4 Field consultancies	Travel costs:	015, 016	2,360
	Operation and maintenance:	045	1,230
	Miscellaneous:	053	670
	Competitive bidding:	045	2,200
	International NGO:	021.01	6,942
TOTAL Output 1.3			28,402

OUTPUT 2.1

ACTIVITY DESCRIPTION	INPUTS DESCRIPTION	BUDGET LINE	BUDGET In US Dollar
2.1.1 Establish UNDP Microfinance Committee	International staff:	011	9,280
2.1.2 Regularly review MFIS progress	National staff:	013, 017	2,240
2.1.3 Address enabling environment issues, organise workshops and seminars, produce IEC materials	International consultant:	011	18,330
	Travel costs:	015, 016	8,000
	Operation and maintenance:	045	4,480
	Miscellaneous:	053	6,000
	Competitive bidding:	045	2,240
TOTAL Output 2.1			50,570

OUTPUT 2.2

ACTIVITY DESCRIPTION	INPUTS DESCRIPTION	BUDGET LINE	BUDGET In US Dollar
2.2.1 Assist MF technical focal point in CB	International staff:	011	6,320
2.2.2 Conduct review on legal/regulatory environment	National staff:	013, 017	2,350
2.2.3 Draft report to address MF characteristics	International consultant:	011	6,000
2.2.4 Conduct seminar on regulatory framework	Travel costs:	015, 016	3,000
2.2.5 Field consultancies	Operation and maintenance:	045	3,000
	Miscellaneous:	053	1,040
	Competitive bidding:	045	1,465
	International NGO:	021.01	6,942
TOTAL Output 2.2			30,117

III. Management Arrangements

Institutional Arrangements

UNDP will make available funding required for the Project as described in the Project budget or any revisions thereof. The UNDP Loan Fund, made available to the microfinance operations during past phases of this Project, will continue to be used for onlending to poor and low-income households, including landless or small farmers with a repayment capacity. UNDP will retain ownership of the UNDP Loan Fund.

The Cottage Industry Department (CID) has been acting as the national counterpart agency for the predecessor of this Project (MYA/99/005 - Sustainable Livelihoods through Microfinance for the Poor) funded by UNDP. CID has continuously demonstrated strong commitment to the successful implementation of UNDP projects in microfinance. The CID will continue to be the National Implementing Agency of the Project.⁴

UNOPS will be the executing agency of the Project and will be responsible for the execution of the Project. UNDP will continue to be responsible for arranging common premises, storage facilities and administrative, financial and logistic support at the township level in HDI townships. Standard procedures are already instituted which UNDP and UNOPS follow. This will result in more efficient use of human and financial resources, and greater uniformity among projects in terms of administrative, operational and logistic services. Details of specific support to be provided by the UNDP Country Office to the project for the implementation of inputs will be discussed with UNDP Yangon and the relevant cost to the executing agency finalised and agreed to in writing prior to the signing of the project document.

A UNDP Microfinance Committee will be established, comprised of representatives of UNDP and UNOPS. This Committee will meet at regular intervals. The Committee will monitor that all UNDP-funded activities adhere to the UNDP Microfinance Policy. The Committee will review the progress made by the MFIs and discuss strategies to address constraints and opportunities to improve the enabling environment for an optimal development of sustainable microfinance. (see annex VI, Terms of Reference for UNDP Microfinance Committee).

The three INGOs of MYA/99/005 will be subcontracted as stated in Part I(b)ii of this document. Their main priority will be to strengthen institutional capacity of the respective microfinance operations, paving the way for the development of strong and autonomous MFIs.

Coordination Arrangements

The Project is a stand-alone thematic intervention project. In order to create an optimal environment for the microfinance operations to become sustainable, the Project can enter into coordination arrangements with other UNDP supported projects (within the UNDP Microfinance policy framework). In particular, the project will coordinate closely with the Integrated Community Development Project (ICDP) in the selection of target villages that will be supported by ICDP's grants for livelihoods/income generation. The selection of target villages in this respect

⁴ The terms "National Counterpart Implementing Agency" and "National Project Director" are to be used in the context of the UNDP Governing Council and Executive Board mandate currently governing UNDP activities in Myanmar.

will be carried out in accordance with the principle whereby ICDP will target more remote villages while this project focuses on less remote villages.

The Project will closely coordinate with the Central Bank and other relevant authorities to facilitate a dialogue between MFIs at grass root level and the authorities in order to advance the establishment of an enabling environment for the development of the microfinance sector in general and the MFIs in particular.

The project will initiate and facilitate an informal MF working group to discuss relevant microfinance issues.

The Project will coordinate the institutional assessment missions with the UNCDF/UNDP Special Unit of Microfinance (SUM). The Project can request SUM's technical advice on issues related to microfinance.

Monitoring and Evaluation

The Project will monitor and evaluate on a continued basis the progress made by the three microfinance operations to become sustainable and the establishment of an enabling environment for the development of the microfinance sector. The UNDP Microfinance Committee will review the progress made by the MFIs and advise the Project on a regular basis.

An institutional assessment mission will be conducted in the first year of the Project to review the progress of the three microfinance operations and to provide recommendations for further strengthening of their sustainability. A second institutional assessment mission will be conducted towards the end of the Project. This mission will also function as an evaluation mission by evaluating the progress made by the Project against the overall the objectives.

The microfinance operations will submit to the Project a balance sheet, income and expense account, cash flow statement, portfolio report (aging report and portfolio composition report) and key indicators on a monthly basis. In addition, updated business plans together with financial projections will be provided to the Project on a quarterly basis. A Draft Terminal Report will be prepared by UNOPS and submitted to UNDP within two months before the end of the project.

The Project will submit regular Result-Based Management reports to UNDP based on performance indicators and periodicity agreed to previously by all parties, as part of the UNDP country office electronic Result Based Management system. In addition, the Project should give training to the MFIs to conduct impact assessment studies. Impact assessment studies will be carried out at appropriate intervals by the Project.

IV. Legal Context

This document shall be the instrument referred to as such in Article I of the Standard Basic Agreement between the Government of the Myanmar and the United Nations Development Programme, signed by the parties on 17 September 1987.

The following types of revisions may be made to this project document with the signature of the UNDP Resident Representative only, provided he or she is assured that the other signatories of the Project document have no objections to the proposed changes:

- a) Revisions in, or addition of, any of the annexes of the project document
- b) Revisions which do not involve significant changes in the immediate objectives, outputs and activities of the project, but are caused by the rearrangements of inputs already agreed to or by cost increases due to inflation.
- c) Mandatory annual revisions that rephrase the delivery of agreed inputs or increased expert or other costs due to inflation or take into account agency expenditure flexibility.

The Project will be subject to audit according to UNDP rules and regulations.

ANNEXES

Annex I.	Budget
Annex II.	Indicative Workplan
Annex III.	Terms of Reference for Project Staff and International Consultants
Annex III(a)	TOR Agency Project Manager
Annex III(b)	TOR National Microfinance Specialist
Annex III(c)	TOR National IT/Database Specialist
Annex III(d)	TOR National Legal Advisor
Annex III(e)	TOR International Consultant MFI Accounting
Annex III(f)	TOR International Consultant MFI Product Development
Annex III(g)	TOR International Consultant MFI Organizational Structures
Annex III(h)	TOR International Consultant MFI Business Planning
Annex III(i)	TOR International Consultant MFI Legal Environment
Annex IV.	Prior Obligations and Prerequisites
Annex V.	Risks
Annex VI.	Terms of Reference for UNDP Microfinance Committee
Annex VII.	Terms of Reference for Central Bank Technical Unit on Microfinance
Annex VIII.	General Guidelines for Governance by Management Board
Annex IX.	Rural Financial Sector in Myanmar
Annex X.	Legal Environment
Annex XI.	Components of Sustainability
Annex XII.	UNDP's Policy on Microfinance in Myanmar



Main Source of Funds: 01 - UNDP-IPF / TRAC - (Trac 1.1.1 & 1
 Executing Agency: UNOPS - UNDP Office for Project Services

SBLN	Description	Implementing	Funding	Total	2002	2003	2004	2005
010.	PERSONNEL							
011.	International Consultants							
011.01	Agency Project Manager	UNOPS	UNDP	396,000	88,000	132,000	132,000	44,000
				36.0	8.0	12.0	12.0	4.0
				39,600	8,800	13,200	13,200	4,400
				435,600	96,800	145,200	145,200	48,400
011.02	Consultant MFI Accounting	UNOPS	UNDP	30,000	30,000			
				2.0	2.0			
				3,000	3,000			
				33,000	33,000			
011.03	Consultant MFI Product Development	UNOPS	UNDP	15,000	15,000			
				1.0	1.0			
				1,500	1,500			
				16,500	16,500			
011.04	Consultant MFI Organizational Struc	UNOPS	UNDP	30,000		30,000		
				2.0		2.0		
				3,000		3,000		
				33,000		33,000		
011.05	Consultant MFI Legal Environment	UNOPS	UNDP	25,500	22,500	3,000		
				2.0	1.5	0.5		
				2,550	2,250	300		
				28,050	24,750	3,300		
011.06	Consultants to be identified	UNOPS	UNDP	30,000	15,000	15,000		
				2.0	1.0	1.0		
				3,000	1,500	1,500		
				33,000	16,500	16,500		
011.99	Line Total			526,500	170,500	180,000	132,000	44,000
				45.0	13.5	15.5	12.0	4.0
				52,650	17,050	18,000	13,200	4,400
				579,150	187,550	198,000	145,200	48,400
013.	Administrative Support							
013.01	Project Assistant	UNOPS	UNDP	14,400	3,200	4,800	4,800	1,600
				36.0	8.0	12.0	12.0	4.0
				1,440	320	480	480	160
				15,840	3,520	5,280	5,280	1,760
013.02	Project Secretary	UNOPS	UNDP	10,900	2,400	3,600	3,600	1,200



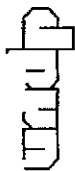
Main Source of Funds: 01 - UNDP-IPF / TRAC - (Trac 1.1.1 & 1
Executing Agency: UNOPS - UNDP Office for Project Services

SBLN	Description	Implementing	Funding	Total	2002	2003	2004	2005
013.02	Project Secretary	UNOPS	UNDP	36.0	8.0	12.0	12.0	4.0
				1,080	240	360	360	120
				11,880	2,640	3,960	3,960	1,320
				15,840	3,520	5,280	5,280	1,760
013.03	Clerks (2)	UNOPS	UNDP	72.0	16.0	24.0	24.0	8.0
				1,584	352	528	528	176
				17,424	3,872	5,808	5,808	1,936
				12,960	2,880	4,320	4,320	1,440
013.04	Drivers (2)	UNOPS	UNDP	72.0	16.0	24.0	24.0	8.0
				1,296	288	432	432	144
				14,256	3,168	4,752	4,752	1,584
013.05	Temporary Assistants	UNOPS	UNDP	3,000	1,000	1,000	1,000	
				300	100	100	100	
				3,300	1,100	1,100	1,100	
				57,000	13,000	19,000	19,000	6,000
015.99	Line Total			216.0	48.0	72.0	72.0	24.0
				5,700	1,900	1,900	1,900	600
				62,700	14,300	20,900	20,900	6,600
015.	Monitoring and Evaluation	UNOPS	UNDP	65,300	18,000	21,000	21,000	5,300
015.01	Duty Travel			6,530	1,800	2,100	2,100	530
				71,830	19,800	23,100	23,100	5,830
015.99	Line Total			65,300	18,000	21,000	21,000	5,300
				6,530	1,800	2,100	2,100	530
				71,830	19,800	23,100	23,100	5,830
016.	Mission Costs	UNOPS	UNDP	20,000	6,000	7,000	7,000	
016.01	Mission Costs			2,000	600	700	700	
				22,000	6,600	7,700	7,700	
016.02	Backstopping mission	UNOPS	UNDP	21,000	7,000	7,000	7,000	
				2,100	700	700	700	
				23,100	7,700	7,700	7,700	
016.99	Line Total			41,000	13,000	14,000	14,000	
				4,100	1,300	1,400	1,400	
				45,100	14,300	15,400	15,400	



Main Source of Funds: 01 - UNDP-IPF / TRAC - (Trac 1.1.1 & 1
Executing Agency: UNOPS - UNDP Office for Project Services

SBLN	Description	Implementing	Funding	Total	2002	2003	2004	2005
017.	National Consultants							
017.01	Microfinance Specialists (3)	UNOPS	UNDP	64,800	14,400	21,600	21,600	7,200
				108.0	24.0	36.0	36.0	12.0
				6,480	1,440	2,160	2,160	720
				71,280	15,840	23,760	23,760	7,920
017.02	Data base Specialist	UNOPS	UNDP	18,000	4,000	6,000	6,000	2,000
				36.0	8.0	12.0	12.0	4.0
				1,800	400	600	600	200
				19,800	4,400	6,600	6,600	2,200
017.03	Legal Advisors	UNOPS	UNDP	5,400	1,800	1,800	1,800	
				6.0	2.0	2.0	2.0	
				540	180	180	180	
				5,940	1,980	1,980	1,980	
017.04	National Consultants (diverse)	UNOPS	UNDP	18,900	6,300	6,300	6,300	
				21.0	7.0	7.0	7.0	
				1,890	630	630	630	
				20,790	6,930	6,930	6,930	
017.99	Line Total			107,100	26,500	35,700	35,700	9,200
				171.0	41.0	57.0	57.0	16.0
				10,710	2,650	3,570	3,570	920
				117,810	29,150	39,270	39,270	10,120
019.	PROJECT PERSONNEL TOTAL			796,900	241,000	269,700	221,700	64,500
				432.0	102.5	144.5	141.0	44.0
				79,690	24,100	26,970	22,170	6,950
				876,590	265,100	346,670	243,870	70,950
020.	CONTRACTS							
021.	Contract A							
021.01	Subcontract for INGOs (5)	UNOPS	UNDP	312,500	125,000	125,000	62,500	
				31,250	12,500	12,500	6,250	
				343,750	137,500	137,500	68,750	
021.02	Subcontract for microfinance trng	UNOPS	UNDP	50,000	25,000	25,000		
				5,000	2,500	2,500		
				55,000	27,500	27,500		
021.03	Subcontract for impact assessment	UNOPS	UNDP	20,000	10,000		10,000	
				2,000	1,000		1,000	



Main Source of Funds: 01 - UNDP-IPF / TRAC - (Trac 1.1.1 & 1
 Executing Agency: UNOPS - UNDP Office for Project Services

SBLN	Description	Implementing	Funding	Total	2002	2003	2004	2005
021.03	Subcontract for impact assessment	UNOPS	UNDP					
021.99	Line Total							
	Total			22,000	11,000		11,000	
	Net Amount			382,500	160,000	150,000	72,500	
	AOS			38,250	16,000	15,000	7,250	
	Total			420,750	176,000	165,000	79,750	
029.	SUBCONTRACTS TOTAL							
	Net Amount			382,500	160,000	150,000	72,500	
	AOS			38,250	16,000	15,000	7,250	
	Total			420,750	176,000	165,000	79,750	
030.	TRAINING							
031.	Fellowships							
031.01	Fellowships	UNOPS	UNDP					
	Net Amount			75,000	25,000	25,000	25,000	
	AOS			7,500	2,500	2,500	2,500	
	Total			82,500	27,500	27,500	27,500	
031.99	Line Total							
	Net Amount			75,000	25,000	25,000	25,000	
	AOS			7,500	2,500	2,500	2,500	
	Total			82,500	27,500	27,500	27,500	
032.	Other Training							
032.01	Training	UNOPS	UNDP					
	Net Amount			40,000	15,000	15,000	10,000	
	AOS			4,000	1,500	1,500	1,000	
	Total			44,000	16,500	16,500	11,000	
032.99	Line Total							
	Net Amount			40,000	15,000	15,000	10,000	
	AOS			4,000	1,500	1,500	1,000	
	Total			44,000	16,500	16,500	11,000	
034.	Conferences & Meetings							
034.01	Seminars, Conferences	UNOPS	UNDP					
	Net Amount			50,000	25,000	25,000		
	AOS			5,000	2,500	2,500		
	Total			55,000	27,500	27,500		
034.99	Line Total							
	Net Amount			50,000	25,000	25,000		
	AOS			5,000	2,500	2,500		
	Total			55,000	27,500	27,500		



United Nations Development Programme
 MYAUNTH - Maintenance Project
 Budget "A"

Main Source of Funds: 01 - UNDP-IPF / TRAC - (Trac 1.1.1 & 1
 Executing Agency: UNOPS - UNDP Office for Project Services

SBLN	Description	Implementing	Funding	Total	2002	2003	2004	2005
039.	TRAINING TOTAL							
	Net Amount			165,000	65,000	65,000	35,000	
	AOS			16,500	6,500	6,500	3,500	
	Total			181,500	71,500	71,500	38,500	
040.	EQUIPMENT							
045.	Equipment							
045.01	Local Procurement	UNOPS	UNDP	15,000	15,000			
	AOS			1,500	1,500			
	Total			16,500	16,500			
045.02	Vehicles	UNOPS	UNDP	25,000	7,000	8,000	8,000	2,000
	AOS			2,500	700	800	800	200
	Total			27,500	7,700	8,800	8,800	2,200
045.04	Equipment MFIs	UNOPS	UNDP	60,000	60,000			
	AOS			6,000	6,000			
	Total			66,000	66,000			
045.05	Operations & Maintenance	UNOPS	UNDP	54,427	14,427	20,000	14,000	6,000
	AOS			5,443	1,443	2,000	1,400	600
	Total			59,870	15,870	22,000	15,400	6,600
045.99	Line Total			154,427	96,427	28,000	22,000	8,000
	AOS			15,443	9,643	2,800	2,200	800
	Total			169,870	106,070	30,800	24,200	8,800
049.	EQUIPMENT TOTAL			154,427	96,427	28,000	22,000	8,000
	AOS			15,443	9,643	2,800	2,200	800
	Total			169,870	106,070	30,800	24,200	8,800
050.	MISCELLANEOUS							
053.	Sundries							
053.01	Sundries	UNOPS	UNDP	30,000	8,000	9,500	9,500	3,000
	AOS			3,000	800	950	950	300
	Total			33,000	8,800	10,450	10,450	3,300
053.99	Line Total			30,000	8,000	9,500	9,500	3,000
	AOS			3,000	800	950	950	300
	Total			33,000	8,800	10,450	10,450	3,300



Main Source of Funds: 01 - UNDP-IPF / TRAC - (Trac 1.1.1 & 1
 Executing Agency: UNOPS - UNDP Office for Project Services

SBLN	Description	Implementing	Funding	Total	2002	2003	2004	2005
059.	MISCELLANEOUS TOTAL			30,000 3,000 33,000	8,000 800 8,800	9,500 950 10,450	9,500 950 10,450	3,000 300 3,300
070.	MICRO-CAPITAL GRANTS							
071.	Micro-Capital Grants (credits)	UNOPS	UNDP	743,900 74,390 818,290	345,000 34,500 379,500	195,000 19,500 214,500	203,900 20,390 224,290	
071.99	Line Total			743,900 74,390 818,290	345,000 34,500 379,500	195,000 19,500 214,500	203,900 20,390 224,290	
079.	MICRO-CAPITAL GRANTS TOTAL			743,900 74,390 818,290	345,000 34,500 379,500	195,000 19,500 214,500	203,900 20,390 224,290	
099.	BUDGET TOTAL			2,272,727 432.0 227,273 2,500,000	915,427 102.5 91,543 1,006,970	717,200 144.5 71,720 788,920	564,600 141.0 56,460 621,060	75,500 44.0 7,550 83,050



Main Source of Funds: 01 - UNDP-IPF / TRAC - (Trac 1.1.1 & 1
Executing Agency: UNOPS - UNDP Office for Project Services

SBLN	Donor	Funding	Total	2002	2003	2004	2005
999.	NET CONTRIBUTION						
		Net Contrib.	2,272,727	915,427	717,200	564,600	75,500
		AOS	227,273	91,543	71,720	56,460	7,550
		Total	2,500,000	1,006,970	788,920	621,060	83,050

TERMS OF REFERENCE FOR PROJECT STAFF

Job description

Project	: Sustainable microfinance to improve the livelihoods of the poor
Title of Post	: Agency Project Manager
Country	: Myanmar
Duration	: 36 months

1. Background

As a part of UNDP supported Human Development Initiative Projects in Myanmar, microfinance projects have been implemented in the Delta Zone, Dry Zone and Shan State from 1997. The objective was to progressively develop self-sustaining microfinance to serve the needs of poor households. During this phase the microfinance operations progressively expanded their outreach and became operationally self-sufficient. By the end of June 2001 the three microfinance operations had 86,585 active clients and had become operationally self-financing.

The present Project will support the microfinance operations to become managerially, technically, financially and institutionally sustainable. The Project will provide funding, management advice, training and fellowships in order to address all relevant issues related to the objective to develop the microfinance operations into fully sustainable MFIs at the end of the Project. The legal and regulatory environment in Myanmar is not yet fully conducive to develop a sustainable microfinance sector. The present Project will provide support to improve the environment to become conducive for the development of a sustainable microfinance institution.

It is expected that, at the end of the Project, the three MFIs will have become managerially, technically, financially and institutionally sustainable. It is perceived that these three microfinance operations could serve as leading models in the further development of the microfinance sector in Myanmar.

Under the general guidance of UNDP's Resident Representative and the direct supervision of the Executing Agency, the Agency Project Manager bears overall managerial responsibility of the implementation of the Project. The Agency Project Manager will coordinate and supervise all financial and technical assistance project inputs to ensure they are fully effective. As the international staff of INGOs will not continue under HDI-IV, professional and technical assistance by the Agency Project Manager will be needed to help and coach the MFIs. The Agency Project Manager will have the following specific duties:

2. Description of duties

- Actively assist UNDP to put on the map the pioneering and successful MFI work in Myanmar.
- Regularly liaise with donors, other microfinance operators and other key people to advocate and facilitate an enabling environment for the MFIs to become sustainable.
- Supervise information sharing and publishing of newsletters of microfinance activities of the project.
- Prepare a work plan to execute the Project and regularly review the work plan
- Prepare and regularly update for approval the project budget
- Prepare RBM reports as required by UNDP
- Identify, select and arrange recruitment of Project personnel, short term consultants and sub-contracting for MFI training courses

Project : Sustainable microfinance to improve the livelihoods of the poor
Title of Post : National Micro Finance Specialist
Country : Yangon, with a frequent travel in country
Duration : 3 * 36 months

1. Background

As a part of UNDP supported Human Development Initiative Projects in Myanmar, microfinance projects have been implemented in the Delta Zone, Dry Zone and Shan State from 1997. The objective was to progressively develop self-sustaining microfinance to serve the needs of poor households. During this phase the microfinance operations progressively expanded their outreach and became operationally self-sufficient. By the end of June 2001 the three microfinance operations had 86,585 active clients and had become operationally self-financing.

The present Project will support the microfinance operations to become managerially, technically, financially and institutionally sustainable. The Project will provide funding, management advice, training and fellowships in order to address all relevant issues related to the objective to develop the microfinance operations into fully sustainable MFIs at the end of the Project. The legal and regulatory environment in Myanmar is not (yet) fully conducive to develop a sustainable microfinance sector. The present Project will provide support to improve the environment to become conducive for the development of a sustainable microfinance institutions.

It is expected that, at the end of the Project, the three MFIs will have become managerially, technically, financially and institutionally sustainable. It is perceived that these three microfinance operations could serve as leading models in the further development of the microfinance sector in Myanmar.

Under the direct supervision of the Agency Project Manager (APM) and in close coordination with the MFI assigned, the Micro Finance Specialist will provide support in all relevant activities required to assist the MFIs to become sustainable within the framework of the Project. The microfinance specialist will have the following specific duties:

2. Description of duties

- Assist the APM in inception of the Project.
- Assist the APM in preparing for the agreement/MOU between the MFI and UNOPS for execution/implementation of the Project.
- Assist the MFI assigned to prepare an annual work plan and budget to be submitted to the project.
- Based on the work plan submitted by the MFI, assist the APM in formulating a detailed project work plan for the MFI, including the MFI's activities as well coverage, disbursement, collection, as well as performance indicators.
- Assist the APM in establishing close working relationship and linkages among the MFIs, counterpart departments, local NGOs, INGOs and other relevant agencies.
- Assist APM in establishing a comprehensive and effective Management Information System (MIS) to monitor the overall performance of the MFI, including those performance indicators agreed upon under the execution/implementation agreement between UNOPS and the MFI.

- Based on the agreement with the MFI, analyze monthly, quarterly and yearly progress reports.
- Provide the data base specialist with all relevant data needed for the Project's MIS.
- Assist the APM and the data base specialist in establishing a standard MIS.
- Visit the MFI's working areas as well as the clients at least once every month for monitoring the overall aspects of the microfinance.
- On the basis of requests from the MFI, provide necessary backstopping.
- Conduct participatory monitoring and evaluation (PME)
- Assist the APM in planning and conducting training, workshops, seminars and forums.
- Assist the APM in planning and fielding of missions
- Assist APM in designing an Impact Monitoring and Evaluation methodology and measuring of the impact of the micro finance services on the people's livelihoods at the household level.
- Represent the project as and when designated by APM or in the absence of APM.
- Carry out any other duties as required.

Qualifications required

1. A university graduate level qualification in relevant disciplines, and minimum of ten years of experience in microfinance, community development, rural finance, and/or small enterprise development.
2. An ability and willingness to work as a team and smooth communication skill at all levels with a sense of diplomacy.
3. Fluency in written and spoken English.

Project : Sustainable microfinance to improve the livelihoods of the poor
 Title of Post : National IT/Data Base Specialist
 Country : Yangon, with frequent travels in country
 Duration : 36 months

1. Background

As a part of UNDP supported Human Development Initiative Projects in Myanmar, microfinance projects have been implemented in the Delta Zone, Dry Zone and Shan State from 1997. The objective was to progressively develop self-sustaining microfinance to serve the needs of poor households. During this phase the microfinance operations progressively expanded their outreach and became operationally self-sufficient. By the end of June 2001 the three microfinance operations had 86,585 active clients and had become operationally self-financing.

The present Project will support the microfinance operations to become managerially, technically, financially and institutionally sustainable. The Project will provide funding, management advice, training and fellowships in order to address all relevant issues related to the objective to develop the microfinance operations into fully sustainable MFIs at the end of the Project. The legal and regulatory environment in Myanmar is not (yet) fully conducive to develop a sustainable microfinance sector. The present Project will provide support to improve the environment to become conducive for the development of a sustainable microfinance institutions.

It is expected that, at the end of the Project, the three MFIs will have become managerially, technically, financially and institutionally sustainable. It is perceived that these three microfinance operations could serve as leading models in the further development of the microfinance sector in Myanmar.

Under the direct supervision of the Agency Project Manager (APM) and in close coordination with the MFI assigned, the data base specialist will be responsible to upgrade the MIS of the Project and to improve the MIS of the MFIs. The data base specialist will have the following specific duties:

2. Description of duties

- Establish a LAN in the project headquarter, train its staff and operate and maintain the system for smooth sharing of the data.
- Review the existing MIS system and design formats/system to routinely collect required data from the MFIs;
- Train MFI staff in data collection and data entry, and other as requested by the MFI
- Assist the MFIs in implementation of a computerization of accountings as designed by international consultants.
- Retrieve, process, tabulate, and analyze data, and produce reports as required by the project;
- Plan and conduct training, seminars, workshops on MIS for the MFI staff
- Visit the MFIs at least once every three months for assisting them in the field of hardware and software related in general and monitoring the overall aspects of the microfinance.
- On the basis of requests from the MFI, provide necessary backstopping on the hardware, software as well as other aspects related to the MIS etc.
- Supervise and work together with other staff to carry out impact assessment.
- Represent the project as and when designated by APM or in the absence of APM.
- Carry out any other duties as required

Qualifications required

1. University degree in computer sciences.
2. Good knowledge of database management is essential.
3. A minimum of 5 years experience in data processing.
4. Experience with a Government Agency is an advantage.
5. Excellent knowledge of computer hardware and software
6. Past experience with HDI projects will be highly desirable.
7. Excellent knowledge of reading, writing and spoken English

Project : Sustainable microfinance to improve the livelihoods of the poor
Title of Post : National Legal Advisor
Country : Myanmar
Duration : 4 months

1. Background

As a part of UNDP supported Human Development Initiative Projects in Myanmar, microfinance projects have been implemented in the Delta Zone, Dry Zone and Shan State from 1997. The objective was to progressively develop self-sustaining microfinance to serve the needs of poor households. During this phase the microfinance operations progressively expanded their outreach and became operationally self-sufficient. By the end of June 2001 the three microfinance operations had 86,585 active clients and had become operationally self-financing.

The present Project will support the microfinance operations to become managerially, technically, financially and institutionally sustainable. The Project will provide funding, management advice, training and fellowships in order to address all relevant issues related to the objective to develop the microfinance operations into fully sustainable MFIs at the end of the Project. The legal and regulatory environment in Myanmar is not (yet) fully conducive to develop a sustainable microfinance sector. The present Project will provide support to improve the environment to become conducive for the development of sustainable microfinance institutions.

It is expected that, at the end of the Project, the three MFIs will have become managerially, technically, financially and institutionally sustainable. It is perceived that these three microfinance operations could serve as leading models in the further development of the microfinance sector in Myanmar.

Under supervision of the Agency Project Manager the National Legal Advisor will assist the Consultant on Legal Environment and the MFI's in issues related to legalization and regulation. The National Legal Advisor will have the following specific duties:

2. Description of duties

- Collect all information required on the present laws on organizational forms and taxation and on the Central Bank regulatory framework
- Assist the Consultant on Legal Environment with the review and analysis the legal implications and the taxation ramifications of the different options for organization forms available for the microfinance sub-projects
- Assist the Consultant on Legal Environment with the review and analysis of present regulatory environment for the sub-projects to become entities regulated by the Central Bank at later stage.
- Assist the Consultant on Legal Environment in the prepare a paper on the findings of legal and regulatory framework that addresses all relevant issues related to the unique characteristics of microfinance including recommendations to adapt/improve the legal and regulatory environment for the microfinance sector in Myanmar in general and the MFI's in particular
- Assist the Consultant on Legal Environment in conducting workshops and seminars on this paper
- Assist and advice the MFI's in all issues related to meeting legal and regulatory requirements on a regular basis

3. Qualifications required

1. Advanced university degree in business law
2. Strong knowledge of the legal and regulatory framework in Myanmar
3. Experience with microfinance and/or banking consultancy to Central Banks on regulatory issues, preferably on microfinance
4. Strong and proven research capabilities
5. Fluency in written and spoken English.

TERMS OF REFERENCE FOR INTERNATIONAL CONSULTANTS

Job description

Project	: Sustainable microfinance to improve the livelihoods of the poor
Title of Post	: Consultant MFI Accounting
Country	: Myanmar
Duration	: 3 weeks per MFI

1. Background

As a part of UNDP supported Human Development Initiative Projects in Myanmar, microfinance projects have been implemented in the Delta Zone, Dry Zone and Shan State from 1997. The objective was to progressively develop self-sustaining microfinance to serve the needs of poor households. During this phase the microfinance operations progressively expanded their outreach and became operationally self-sufficient. By the end of June 2001 the three microfinance operations had 86,585 active clients and had become operationally self-financing.

The present Project will support the microfinance operations to become managerially, technically, financially and institutionally sustainable. The Project will provide funding, management advice, training and fellowships in order to address all relevant issues related to the objective to develop the microfinance operations into fully sustainable MFIs at the end of the Project. The legal and regulatory environment in Myanmar is not (yet) fully conducive to develop a sustainable microfinance sector. The present Project will provide support to improve the environment to become conducive for the development of a sustainable microfinance institutions.

It is expected that, at the end of the Project, the three MFIs will have become managerially, technically, financially and institutionally sustainable. It is perceived that these three microfinance operations could serve as leading models in the further development of the microfinance sector in Myanmar.

Under supervision of the Agency Project Manager and in close collaboration with the senior management of the MFI, the consultant on MFI accounting will review the entire accounting system and framework for management information of an MFI and will make detailed recommendations to adapt and develop these systems to meet standards required in line with internationally accepted accounting standards. The consultant will have the following specific duties:

2. Description of duties

- Review and upgrade present accounting policies and procedures in line with internationally accepted accounting standards and common microfinance practices (booking, filing, cash-management, internal audit, internal control, policies on rescheduling, provisioning and write-off, asset and liability management, authority and responsibilities of staff, prudential segregation of duties and appropriate functional relationship between head office and branch offices).
- Design an accounting manual that includes chart of accounts with detailed description of nature and handling of accounts, including account codes according to a recognized classification system and to define the policies which have an impact on the account. To address present subsidies in a transparent way, adjustments bookings should be made for subsidized costs (imputed costs).

- Review the memorandum and articles of association of each MFI and make detailed recommendations
- Prepare a paper on the findings of legal and regulatory framework and explicitly address all relevant issues related to the unique characteristics of microfinance including recommendations to adapt/improve the legal and regulatory environment for the microfinance sector in Myanmar in general and the MFI's in particular based on best practices in legal and regulatory environment in other countries with a thriving microfinance sector. With respect to the regulatory framework, highlight the differences between prudential requirements for the commercial banks and microfinance institutions.
- Conduct a seminar with relevant key decision makers, donors and MFI operators on the findings and recommendations

3. Qualifications required

1. Advanced university degree in business law
2. At least five years of relevant banking experience
3. Experience with consultancy to Central Banks on regulatory issues, preferably on microfinance
4. Experience with transformation of MFI's into regulated legal financial institutions
5. Strong and proven research capabilities
6. Fluency in written and spoken English.

Job description

Project	: Sustainable microfinance to improve the livelihoods of the poor
Title of Post	: Consultant MFI Product Development
Country	: Myanmar
Duration	: 3 weeks per MFI

1. Background

As a part of UNDP supported Human Development Initiative Projects in Myanmar, microfinance projects have been implemented in the Delta Zone, Dry Zone and Shan State from 1997. The objective was to progressively develop self-sustaining microfinance to serve the needs of poor households. During this phase the microfinance operations progressively expanded their outreach and became operationally self-sufficient. By the end of June 2001 the three microfinance operations had 86,585 active clients and had become operationally self-financing.

The present Project will support the microfinance operations to become managerially, technically, financially and institutionally sustainable. The Project will provide funding, management advice, training and fellowships in order to address all relevant issues related to the objective to develop the microfinance operations into fully sustainable MFIs at the end of the Project. The legal and regulatory environment in Myanmar is not (yet) fully conducive to develop a sustainable microfinance sector. The present Project will provide support to improve the environment to become conducive for the development of a sustainable microfinance institutions.

It is expected that, at the end of the Project, the three MFIs will have become managerially, technically, financially and institutionally sustainable. It is perceived that these three microfinance operations could serve as leading models in the further development of the microfinance sector in Myanmar.

Under supervision of the Agency Project Manager and in close collaboration with the senior management of the MFI, the Consultant on Product Development will review the product methodologies of the MFI and will make detailed recommendations to adapt and develop these methodologies to meet standards required in line with internationally accepted best practices to provide sustainable microfinance. The consultant will have the following specific duties:

2. Description of duties

- Conduct market surveys to assess potential and nature of demand for microfinance in the areas served; the type of demand for the present group guarantee loan and the demand for potential individual collateralized cottage industry loans in particular
- Conduct workshops with key staff on improvement of present product methodology and development of additional products.
- Review and upgrade the product manual on present product(s)
- Draft in detail potential strategies, policies, selection criteria and terms for additional products. If applicable, for the individual collateralized MSE loan product in particular. These draft should be worked out as in the form of a manual.
- Submit the drafts of the output produced under point 2-3 to the senior management for their review and comments.
- Train key staff in the upgraded product-methodology and device testing methodology.

- Design a handbook on key management reports based on international best practices and reporting requirements of the Central Bank. This will include specification of the origin of data, lay out of reports, organizational level to report to and timing thereof.
- Submit the drafts of output produced under point 2-3 to the senior management for their review and comments.
- Train key staff in the use of the accounting manual and preparation and use of key management reports.

Qualifications required

1. Advanced university degree in accounting, business economics or related discipline
2. At least five years of professional experience in accounting systems and management reporting for microfinance institutions, preferably in Asean.
3. Experience with accounting systems and reporting requirements for microfinance institutions and a working knowledge with CGAP handbooks on Management Information Systems and External Audit .
4. Experience in developing and conducting training programmes
5. Strong computer skills especially in accounting software, Excel and Word
6. Fluency in written and spoken English.

Job description

Project	: Sustainable microfinance to improve the livelihoods of the poor
Title of Post	: Consultant on MFI Organizational Structures
Country	: Myanmar
Duration	: 3 weeks per MFI

1. Background

As a part of UNDP supported Human Development Initiative Projects in Myanmar, microfinance projects have been implemented in the Delta Zone, Dry Zone and Shan State from 1997. The objective was to progressively develop self-sustaining microfinance to serve the needs of poor households. During this phase the microfinance operations progressively expanded their outreach and became operationally self-sufficient. By the end of June 2001 the three microfinance operations had 86,585 active clients and had become operationally self-financing.

The present Project will support the microfinance operations to become managerially, technically, financially and institutionally sustainable. The Project will provide funding, management advice, training and fellowships in order to address all relevant issues related to the objective to develop the microfinance operations into fully sustainable MFIs at the end of the Project. The legal and regulatory environment in Myanmar is not (yet) fully conducive to develop a sustainable microfinance sector. The present Project will provide support to improve the environment to become conducive for the development of a sustainable microfinance institutions.

It is expected that, at the end of the Project, the three MFIs will have become managerially, technically, financially and institutionally sustainable. It is perceived that these three microfinance operations could serve as leading models in the further development of the microfinance sector in Myanmar.

Under supervision of the Agency Project Manager and in close collaboration with the senior management of the MFI, the Consultant on MFI Governance will review the present structure and distribution of tasks and responsibilities at the MFI. The consultant will conduct a functional analysis of the MFI in order to design a detailed organizational structure, including functions, authority, responsibilities and duties of departments, divisions, committees and individual staff (job descriptions) which meets internationally accepted professional standards for financial institutions. The consultant will also assess and specify the needs at the head office for upgrading of skills and design an action plan to successfully develop the proposed structures. The consultant will have the following specific duties:

2. Description of duties

- Review with senior management corporate objectives, strategy and main policies
- Review present functions, authority, responsibilities and duties of committees, departments, divisions and individual staff at head office and branches and review the present functional relationship between head office and branches.
- Define and analyze strength and weaknesses of the present organizational structure
- Define alternative suggestions/strategies for improvement of the organizational structure.
- Define potential areas where upgrading of staff's skills seems required
- Conduct a workshop with senior management to discuss the output under point 3 to 5 above and actions required to implement and manage change in the organizational structure.

Qualifications required

1. Advanced university degree in business economics or related discipline
2. Experience in conducting market research for microfinance products
3. At least five years of professional experience in product development for microfinance institutions, preferably in Asean
4. Experience in developing and conducting training programmes
5. Fluency in written and spoken English.

Project : Sustainable microfinance to improve the livelihoods of the poor
Title of Post : Consultant MFI Business Planning
Country : Myanmar
Duration : 3 weeks per MFI

1. Background

As a part of UNDP supported Human Development Initiative Projects in Myanmar, microfinance projects have been implemented in the Delta Zone, Dry Zone and Shan State from 1997. The objective was to progressively develop self-sustaining microfinance to serve the needs of poor households. During this phase the microfinance operations progressively expanded their outreach and became operationally self-sufficient. By the end of June 2001 the three microfinance operations had 86,585 active clients and had become operationally self-financing.

The present Project will support the microfinance operations to become managerially, technically, financially and institutionally sustainable. The Project will provide funding, management advice, training and fellowships in order to address all relevant issues related to the objective to develop the microfinance operations into fully sustainable MFIs at the end of the Project. The legal and regulatory environment in Myanmar is not (yet) fully conducive to develop a sustainable microfinance sector. The present Project will provide support to improve the environment to become conducive for the development of a sustainable microfinance institutions.

It is expected that, at the end of the Project, the three MFIs will have become managerially, technically, financially and institutionally sustainable. It is perceived that these three microfinance operations could serve as leading models in the further development of the microfinance sector in Myanmar.

Under supervision of the Agency Project Manager and in close collaboration with the senior management of the MFI, the Consultant on Business Planning will review business strategies with management of the MFI and will prepare with the MFI management a fully fledged business plan to become fully self-financing and to expand outreach. The consultant will have the following specific duties:

2. Description of duties

- Review with management alternative strategies for further development of the pilot institution into a sustainable microfinance delivery mechanism.
- Conduct SWOT analysis of the MFI.
- Conduct a workshop with management on identification and validity potential strategies
- Conduct a workshop for key staff to improve profitability and productivity.
- Conduct a workshop on profit center approach; testing and developing performance measures appropriate to profit centers; recommend staff-incentive systems
- Assist in pricing of services and its transfers and pricing of funds moving between branches according to set priorities for the uses of funds and the performance of branches

- Based on the outcome of this workshop draft a final report which includes:

- a) The present organizational structure at head office and branches
- b) An analysis of strength and weaknesses of the present structure at head office and branches
- c) A proposed organizational structure ("blueprint")
- d) Proposed functions, authority, responsibilities and duties of the Board, committees, departments, units and individual staff members (job descriptions) at head office and branches
- e) Proposed functional relationships between departments
- f) Proposed functional relationships between head office and branches
- g) Proposed potential areas of required skill upgrading
- h) Action plan to implement the organizational restructuring
- i) Conclusions and recommendations
- j) Submit and discuss draft final report with senior management

3. Qualifications required

1. Advanced university degree in bank management, corporate finance, business economics or related discipline
2. At least five years of senior level professional experience in the operations and management of micro-finance institutions and in the design of governance/organizational structures in particular.
3. Extensive experience in human resource management and institutional development .
4. Flucncy in written and spoken English.

Project : Sustainable microfinance to improve the livelihoods of the poor
Title of Post : Consultant MFI Legal Environment
Country : Myanmar
Duration : 6 weeks

1. Background

As a part of UNDP supported Human Development Initiative Projects in Myanmar, microfinance projects have been implemented in the Delta Zone, Dry Zone and Shan State from 1997. The objective was to progressively develop self-sustaining microfinance to serve the needs of poor households. During this phase the microfinance operations progressively expanded their outreach and became operationally self-sufficient. By the end of June 2001 the three microfinance operations had 86,585 active clients and had become operationally self-financing.

The present Project will support the microfinance operations to become managerially, technically, financially and institutionally sustainable. The Project will provide funding, management advice, training and fellowships in order to address all relevant issues related to the objective to develop the microfinance operations into fully sustainable MFIs at the end of the Project. The legal and regulatory environment in Myanmar is not (yet) fully conducive to develop a sustainable microfinance sector. The present Project will provide support to improve the environment to become conducive for the development of a sustainable microfinance institutions.

It is expected that, at the end of the Project, the three MFIs will have become managerially, technically, financially and institutionally sustainable. It is perceived that these three microfinance operations could serve as leading models in the further development of the microfinance sector in Myanmar.

Under supervision of the Agency Project Manager and in close collaboration with the senior management of the MFIs and the National legal Advisor, the Consultant on MFI Legal Environment will support the MFIs in reviewing the legal consequences of the legalization and regulation process, with respect to its organizational form, its constitutions and the tax implications. The consultant will have the following specific duties:

2. Description of duties

- Review the present laws on organizational forms and taxation
- Review the legal implications and the taxation ramifications of the different options for organization forms available for the microfinance sub-projects
- Categorize a list of options on organizational forms addressing the advantages, disadvantages, obstacles and requirements for the sub-projects to become legal entities and provide recommendations.
- Review the present banking laws and regulations
- Categorize the advantages, disadvantages, obstacles and requirements of the present regulatory environment for the sub-projects to become entities regulated by the Central Bank at later stage.
- Discuss the findings with the Project and MFI's

- Conduct a workshop for key staff on business planning and financial projections.
- Prepare financial projections and sensitivity analysis for alternative strategies.
- Conduct business plan workshops for the Board and key staff of the MFI
- Prepare an action plan for the Board and key staff based on the outcome of the workshops.
- Prepare draft business plan which will include: executive summary, background, market situation, governance and internal control systems, organization chart, financial products, business strategy, financial projections, assumptions financial projections, sensitivity analysis, key indicators, legal environment, risks and its mitigation.

3. Qualifications required

1. Advanced university degree in business economics or finance.
2. At least five years of professional experience with management of microfinance institutions, preferably in Asean.
3. Extensive experience in writing business plans for microfinance institutions
4. Experience in developing and conducting training programmes
5. Fluency in written and spoken English.

Annex IV

PRIOR OBLIGATIONS AND PREREQUISITES

Prior obligation to the signing of the project document is that the Government shall make formal provision for the counterpart funds for national personnel, training and other costs in the national and international budget appropriations.

The microfinance operations supported by this Project, hereinafter referred to as MFIs, will apply internationally accepted best practices in microfinance. In particular, the MFIs will be allowed to charge an interest rate which allows for full financial sustainability and the potential for continuation of expanding their outreach.

The Government of Myanmar and UNDP will promote best practices in microfinance to support the development of sustainable microfinance institutions in Myanmar.

The Government of Myanmar and UNDP will apply their best efforts to ensure proper legalization of the MFIs and their evolution into financial institutions regulated by the Central Bank. In this respect, a regulatory framework conducive for an optimal development of microfinance institutions will be designed.

RISKS

It might prove to be difficult to identify the most appropriate organizational legal form for the MFIs, especially since sustainable MFIs are a new concept in Myanmar. This risk is mitigated by conducting an in-depth research on the advantages and disadvantages of alternative organizational forms within the existing legal environment, at the early stages of the Project. This risk is further mitigated by the understanding that the Government supports the establishment of a legal environment conducive for an optimal development of the microfinance sector.

Another risk is that no special regulatory framework, conducive for microfinance, will be established. The consequence could be that the MFIs would be declared illegal once they are not considered as experiments under the Project. The present financial laws and regulations are not yet suitable for providing microfinance institutional and financial sustainability. This risk is mitigated by working closely with the Central Bank on the development of a legal and regulatory framework for microfinance and the Project providing advice on MFI regulations to the Central Bank. In case, such framework is not yet in place at the end of the Project, a small follow-up project would be required, solely to ensure that the MFIs could continue as an experiment until a special category of laws for microfinance is in place. For the optimal development of the microfinance sector it is generally acknowledged that this sector has to mature sufficiently before adopting a regulatory framework. It is envisaged that the market will shape regulations.

There is a risk that the macro-economic environment deteriorates and that, in particular the inflation rate will be high or further increase. This risk could be partially offset by the MFI's adapting their interest rates. In this respect, it was observed that in some cases local authorities pressured MFIs to lower their interest rate to unsustainable levels. An understanding between the UNDP and the Government that the MFI's should apply internationally accepted best practices in microfinance and should be allowed to charge interest rates that are sufficient to reach full financial sustainability within the Project period, mitigates this risk. This risk is further mitigated by the Project organizing seminars to increase the awareness of best practices in microfinance for key decision makers.

TERMS OF REFERENCE UNDP MICROFINANCE COMMITTEE

This committee could be composed of the Deputy Resident Representative for programme or the Assistant Resident Representative, Programme Manager, the Agency Project Manager and one national Microfinance Specialist, with a revolving chair.

- 1) Ensure adherence of all UNDP supported projects to its microfinance policy
- 2) Review issues brought forward by MFIs, UN-agencies and other relevant entities on matters of inconsistency with UNDP's general policy and/or the MF-policy in particular
- 3) Undertake any action with respect to issues related to point 1 and 2, deemed appropriate, to address discrepancies with the objectives of the Project and/or the UNDP Policy on microfinance.
- 4) Review of UNDP capital disbursements to MFIs as described in the Project document based on their business plans and performance
- 5) Review the progress made by the MFIs supported by the Project
- 6) Review quarterly reports of the MFIs to ensure that they operated in line with common prudential standards for financial institutions
- 7) Review the external audit reports and the institutional assessment mission reports
- 8) The Committee will provide, based on their review of point 4 to 7, their advice to the APM of the project, who bears overall responsibility for the Project
- 9) Adjust the UNDP Policy on microfinance, if required. Any adjustment is based on a majority vote.

Annex VII

TERMS OF REFERENCE TECHNICAL UNIT ON MICROFINANCE

The Central Bank will establish a focal point which will act as a technical unit for microfinance. The objective of the technical unit is to engage in a dialogue with microfinance operators and institutions in order to exchange knowledge and experiences on prudential requirements for financial institutions and best practices in microfinance at grass root level.

The technical unit will collaborate with the Project and the MFIs in workshops and seminars that promote best practices in microfinance and sound banking principles

The technical unit will collaborate with the Project and Project consultants to review the present banking laws and regulations. The technical unit will collaborate with the Project to identify prudential requirements appropriate for microfinance and the obstacles of present regulation for microfinance institutions.

The technical unit will assist in the design of a special category of regulations appropriate for a conducive and prudential development of microfinance institutions

GENERAL GUIDELINES FOR MFI GOOD GOVERNANCE BY MANAGEMENT BOARD

1. Governance

Governance is the system by which institutions are directed and controlled. Governance relates to issues as responsibility and influence, accountability and supervision where integrity and transparency play an important role. The governance structure provides a system of checks and balances through independent supervision on one hand and accountability of the implemented policy on the other hand.

Good governance requires procedures which specify authority, responsibilities and tasks to ensure transparency and accountability of the management of the institution. At the core of the governance structure lies the institutional objectives of the institution. Governance should ensure that the institution is optimally fulfilling its institutional objectives.

2. Responsibilities and tasks of the Board.

The Board has the responsibility to safeguard the interests of all the institution's stakeholders. The Board serves as a check and balance to provide confidence to the major stakeholders that the management will operate in the best interest of the institution. In this role the Board safeguards the legitimacy of the company as perceived by its stakeholders and the public.

The Board discusses the institutional strategy, the risks and the functioning of the internal control systems. The Board reviews and approves management's business plans.

The Board delegates the authority for operations to the management through the General Manager. The Board supervises management in the execution of the approved business plans and evaluates the performance of management in the context of the goals and time frame in the plan. The Board supervises the selection, evaluation and compensation of the senior management team. This includes the succession planning for the General manager and senior management. The Board supports the Executive Committee through its supervisory function, its experience, expertise and contacts.

3. Composition of the Board

- 1) The Board should have a diversity of proven skills to give effective guidance to senior management and to critically analyze management's plans and report.
- 2) The Board should have full confidence of its stakeholders.
- 3) The Board members should not receive any personal or material gain other than the approved remuneration. Remuneration will be independent of the performance of the institution.
- 4) The Board members should not have political agenda's that could negatively influence the sustainability of the institution.
- 5) The Board is composed of members which can operate critically and independently among themselves and towards the senior management.
- 6) The Board is composed of members which can operate without mandate of a specific certain stakeholder, thereby able to make decisions in the interest of all the institution's stakeholders.
- 7) Every appearance of a conflict of interest between the institution and the Board members should be avoided.
- 8) The majority of the board members should have a good educational background and extensive experience in one of the following areas: banking, accounting, private sector business management, micro-finance.

RURAL FINANCIAL SECTOR

Formal Rural Financial Sector

Private banks have been operating in Myanmar since 1988. At present there are 20 licensed private banks operational in mostly urban areas. Despite the growth of private financial institutions, the banks have pursued a cautious credit strategy due to existing restrictions on interest and savings rates.

There are four state-owned commercial banks. In the rural areas, the Myanmar Agricultural Development Bank (MADB) dominates the formal banking sector. The MADB was established under a special act as a specialized bank under the Ministry of Agriculture and Irrigation. The bank primarily makes seasonal crop loans with a maturity period of a maximum of 12 months for a specified number of 9 crops of export importance. Because of the paucity of funds, only about 10 percent of farmer's costs can be financed. Total annual lending currently is Ks 12 billion. It is reported that about 10 percent of MADB's portfolio consists of term loans, and a very small share of lending is under a special scheme to lend to six border areas at a rate of 1 percent per annum. The MADB generally lends at the lending rate of 15 percent effective per annum.

MADB's main sources of funds for lending come primarily from refinancing from the central bank at 10 percent as well as a deposits of about Ks 2.5 billion from rural savers who are offered an interest at 9 percent per annum, and another Ks 1 billion belonging to the erstwhile Village Banks. All the term loans are collateralized, and their size is determined by the amount of deposits (e.g. four times in the case of pumps, five times for power-tillers etc.) Until 1998, the bank acted as a wholesaler to Village Banks, which retailed to farmers, and retaining a margin of 4 percent. Owing to change in its policy, currently the MADB lends directly through the township branches to about 1.5 million farmers organized in groups of 5 to 10 who are jointly liable for loans. The secretaries of the groups bring repayments to the township branch and are reimbursed for traveling expenses. The repayment rate is reported to be almost 100 percent. The MADB does not serve the landless, which constitute 40 percent of the rural population.

Cooperative credit societies are another existing institutional structure for the delivery of credit and savings services in rural areas. A new cooperative law was introduced in 1992 that permitted greater freedom for financial cooperatives. At present, about 1,986 credit cooperatives are operational¹, of which 216 are newly formed since 1992 and 1,770 are restructured cooperative institutions.

¹ Independent analysis of their financial status and viability is not available at this time.

Informal Rural Financial Sector

As is the experience elsewhere in countries with similar socio-economic status, the informal rural finance sector plays an important role in both rural and urban areas. An average interest rate of 5 percent per month is charged for loans secured with gold or similar secure collateral. Interest rates of up to 10 percent per month are charged when borrowers are unable to offer any such collateral. Field studies undertaken by the predecessor of this Project revealed that the informal financial sector is still the predominant source of borrowing for the majority of the households that do not have access to the formal sources. The informal finance sector can be broadly classified into three categories: (i) commodity traders and employers, (ii) independent lenders and (iii) friends and relatives. The first group lends against some future productive output (e.g. grain or labour). The other two categories lend in cash or kind and, most often, are based at village level. All categories tailor their loans to meet borrower repayment capacity. Sources that are operating at village level usually offer a higher degree of credit flexibility to their clients with regard to timing, length and repayment schedule of loans.

LEGAL ENVIRONMENT

The Financial Institutions Law classifies four types of financial institutions: commercial banks, development banks, finance companies and credit societies. Finance companies provide primarily financing for the purchase of goods and services with funding other than deposits from the public. Credit societies provide primarily financing to individuals who are members, using funds collected from members.

The Financial Institutions Law does not have a special category of regulations for microfinance institutions. Such special category of regulations as adopted in other countries has adjusted prudential and non-prudential requirements to address the unique characteristics of microfinance institutions as compared with conventional commercial banking. One of the biggest impediments for microfinance is article S61 of the Central Bank Law that allows the Central Bank to set a ceiling on interest rates, which, at present, is 15 percent per annum. This rate is far too low to ensure financial sustainability for microfinance institutions. Given the cost structure of microfinance, interest rate ceilings and restrictive usury laws undermine the development of a viable microfinance sector. This has a consequence that poor borrowers will not have sustainable and unsubsidized access to microfinance or that they will have to borrow at much higher interest rates from informal sources than could have been obtained from viable microfinance institutions.

COMPONENTS OF SUSTAINABILITY

Managerial Sustainability

- Governance (Board, management structure; organization structure, job descriptions)
- Leadership and strategy (vision, business plan; competence and commitment of the leadership to execute business plan)
- Human resources (competence and commitment of the staff to support reaching the objective and implementation of strategy)
- Systems and procedures (timely/accurate management information, reliable administrative systems, effective internal control)

Technical sustainability

- Product methodology (client oriented, transaction costs, risk, efficiency)
- Outreach (number of low income clients, growth)
- Market (demand, competition)

Financial sustainability

- Profitability (past, present, future return on equity or assets)
- Quality of portfolio (health of portfolio, diversification)
- Efficiency (how productive do you use your resources)

Institutional sustainability

- Legal form (type of ownership, legal framework, licensing, legitimacy)
- Brand recognition (brand name, brand familiarity, consistency organizational style)

UNDP'S POLICY ON MICROFINANCE IN MYANMAR

1. UNDP will only provide technical assistance and capital support to microfinance operations that are able to provide in a timely and accurate manner, adequate reports (balance sheets, income and expense accounts, cashflow reports, portfolio reports)
2. UNDP will only provide technical assistance and capital support to microfinance operations that operate in line with generally accepted sound microfinance principles as promoted by CGAP and UNDP SUM.
3. In line with the UN Social Summit held in Copenhagen on March 1995, UNDP will, with respect to microfinance, adopt a broad definition of poverty alleviation in light of the interdependencies of actors in grass root economies.
4. UNDP will classify projects that provide support to the microfinance sector in Myanmar as projects having a primary focus on financial system development a secondary focus on poverty alleviation through grass root economic development
5. The microfinance operations and /or MFI's supported by UNDP will be managed by capable national staff.
6. The microfinance operations and/or MFI's should determine their own product mix and product methodologies provided they are in harmony with sound microfinance principles and generally accepted banking regulations on microfinance.
7. The microfinance operations and/or MFI's supported by UNDP determine the composition of their client base and the areas in which they operate in light of the objective to provide sustainable access to microfinance in order to alleviate poverty.
8. The microfinance operations will charge an interest rate which allows for full financial sustainability and the potential for continuation of expanding its outreach at the end of the microfinance Project.
9. Any contractor's and/or implementers of UNDP's supported microfinance operations should comply with UNDP's objectives, policies and strategy on microfinance.

**MYA/01/004: Sustainable Microfinance to Improve the Livelihoods of
the Poor**

ADDENDUM TO THE PROJECT DOCUMENT

Upon final review of the HDI-IV project documents, of which this document is one, the Foreign Economic Relations Department and UNDP agreed on the need to update in the project document to be consonant with the current development context. It was also agreed that the updating would be effected by means of an addendum to be attached to the documents.

Accordingly, this addendum provides the following update to the project document.

I. The following to be inserted at the bottom of page 8 as fourth paragraph after the third paragraph in End of Project Expectations of Results Framework:

"UNDP retains ownership of loan funds during the life of the project and efforts are being made to establish an enabling environment for a sustainable microfinance in Myanmar. Once this environment is established or when the project comes to an end with no follow-up phase, a decision will be made in coordination with the counterpart departments, executing agency, on the transfer of ownership of the loan funds to an appropriate institution."

All other elements and provisions of the project document remain unchanged.

Date: ...

MYA/01/004: Sustainable Microfinance to Improve the Livelihoods of the Poor

Project Work Plan

In order to facilitate smooth and effective implementation of HDI-IV projects of which this project is one, the Foreign Economic Relations Department (FERD) and UNDP agreed (on 20 September 2002) on the need to define detailed working relationships and arrangements to be followed or observed by relevant parties in the implementation of the project Work Plan.

At the operational level, on day-to-day matters, the *Agency Project Manager (APM)* from the UN executing agency will work in close consultation with the *Programme Manager (PM)* concerned from the UNDP Country Office as well as the *National Project Director (NPD)* from the national counterpart agency. In this context, the *NPD* is responsible for keeping the Director General of the national counterpart department fully apprised on project related matters. The draft Terms of Reference (TOR) for the *NPD* are attached to this document as annex (A).

Within the framework of the signed project document and in the context of the above:

- ◆ The *APM*, *NPD* and the *PM* will collaborate in the preparation and revision of work plans and project budgets as and when required, and will be responsible for obtaining timely clearance of these documents by their agencies concerned;
- ◆ The *APM*, *NPD* and the *PM* will agree upon and undertake joint field monitoring visits as appropriate and necessary, and will review and comment upon project progress reports and technical reports promptly;
- ◆ The *NPD* will be the focal point and the primary communication channel for liaising/coordinating with other national agencies (e.g., Immigration, Customs, etc.) as well as with regional and local administrative bodies for obtaining necessary visa, clearances and permits, and including the preparation and dissemination of project status reports as required by national authorities, in order to ensure timely and effective implementation of planned project activities;
- ◆ The *NPD* will participate in project evaluation exercises which may be organized from time to time;
- ◆ The *NPD* will participate in the review of candidatures for project staff positions, as well as on the appraisal of sub-contract proposals submitted by local and international NGOs to undertake project activities;
- ◆ GRAMEEN TRUST has discontinued its contract with UNOPS since May 2002. A most suitable INGO will be selected in close consultation among the counterpart department, UNOPS and UNDP to operate microfinance activities in the Delta once the project document is signed by all parties;
- ◆ The Project shall share information and coordinate with the counterpart department on formation of MFIs in terms of institutional structure, strength of staff, duties, selection of areas of operations, remuneration scales;

- ◆ Interest rates applied by MFIs on experimental basis will be reviewed, monitored and analysed to provide a basis at the end of the project to recommend an interest rate policy;
- ◆ The project shall work together with all stake holders to register the MFIs at the earliest possible date;
- ◆ The implementing partners, such as INGOs and would-be-MFIs shall coordinate with respective regional authorities, organizations and technically related bodies, and report regularly through coordination meetings;

The above working relationships and arrangements will be reviewed and revised, through discussion and mutual agreement between the concerned parties, as necessary or during the preparation of the next annual project Work Plan.

TERMS OF REFERENCE (Draft)

TITLE OF POSITION: National Project Director (NPD)

NATURE OF ASSIGNMENT: To be selected and assigned by the government cooperating agency .

DUTY STATION: Yangon

RESPONSIBILITIES: Within the framework of MYA/01/ project document, and under the guidance of the Director General of Department, the National Project Director (NPD) closely collaborates with Agency Project Manager (APM) of the Executing Agency and Programme Manager (PM) of UNDP to facilitate the overall planning, implementation and monitoring of the project. His/her specific responsibilities include:

1. To participate/collaborate in the preparation and revision of project annual work plans and project budgets;
2. To participate in the review and selection of candidatures of project staff positions at all levels, as well as project sub-contracts;
3. To participate in project launching and co-ordinating meetings at Yangon and the project sites;
4. To take active role in liaising/coordinating (including in the preparation and dissemination of project status reports as required by national and regional authorities) with the offices of related Central/State and Division/Township line departments, and other local administrative bodies to enable the project efficiently and effectively implement the workplans prepared;
5. To review and give comments on the project progress/technical reports;
6. To participate in joint monitoring field visits with APM, PM and others to observe project activities at respective project sites; and
7. To participate in the project evaluation exercises.

QUALIFICATIONS: The National Project Director should have proven experience in planning and monitoring UN/internationally assisted community development projects and should also possess good communication skills.

NOTE : The project will support the NPD to successfully carry out the above project-related responsibilities.