**Quarterly Project Progress Review Report**

**DATE: 8 July 2013**

**Award ID: 00074121**

**Description: Capacity of Livelihood Institution including Microfinance**

**Implementing Partner: Pact Institute; GRET; Save the Children**

**Period Covered: April – June 2013**

**1. Project Risks and Issues logs:**

Project Risk log: *Please integrate the latest project risk log (from previous quarter or original project risk log if this is the first QPR for the project) and update as relevant*

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| **#** | **Description** | **Date Identified** | **Type** | **Impact &**  **Probability** | **Countermeasures / Mngt response** | **Owner** | **Submitted, updated by** | **Last Update** | **Status** |
| 1 | **Government counterpart does not accept transition proposal** | February 2013 | Political/Strategic | Acceptance of the transition proposal by the government counterpart is a major prerequisite for finalizing the transition and if not obtained can lead to serious delays and have potential wider effects on UNDP programmes  P = 3  I =5 | Consultation with counterpart department (SSID) before submission of transition proposal and advocacy to address relevant concerns | MF Specialist | MF Specialist | June 2013 | No change  (in consultation process) |
| 2 | **Delay in transition process** | January 2013 | Operational | Delay could also be caused by late response of HQ to clearance requests or procedural issues in implementing the transition agreement  P = 2  I = 3 | Follow up HQ responses on relevant issues and make necessary preparations for implementing the transition agreement in a timely manner | MF Specialist | MF Specialist | June 2013 | No change  (in follow up process) |
| 3 | **Insufficient institutional capacity of organization to which MFP assets are transferred** | February 2013 | Organizational | If the organization to which MFP assets are transferred is unable to manage these properly, this would impact future sustainability and reputation of the project.  P = 2  I = 4 | Appropriate assessment of the organization to which MFP assets are to be transferred | MF Specialist | MF Specialist | June 2013 | No change  (in process) |

Project Issues Log: *Please integrate the latest project issues log (from previous quarter) and update as relevant – or if this the first QPR of the project, fill in the below template*

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| 2 | **Identification of transition strategy with donors** | March 2013 | Other | Discussions with donors have resulted in a draft strategy, however this still needs to be accepted by government counterpart and is dependent on the selected IP providing the required deliverables  Priority = 4 | Continued consultation with all stakeholders and coordination with IPs | MF Specialist | MF Specialist | June 2013 | Pending |

**2. Project Performance: Strengthened Institutional capacity to support sustainable livelihoods and reintegration programmes**

Project ID: 00086667

Description: Microfinance Transition

Implementing Partner: Pact Institute; GRET; Save the Children

Baseline: *as per CP*

Indicator: *as per CP*

[2013] Target: Micro-finance operations and ownership transferred to

selected financial intermediary

[2013] Achievement: *Narrative – please describe achievements at the output level, taking into account all activities*

UNDP is now drafting a proposal for the MF transition based on consultation with Donors and Implementation Partners, which will be presented to and discussed with the government counterpart department.

How has the gender dimension been addressed: *Please describe specific results achieved in the area of gender mainstreaming (if any) with a brief narrative*

N/A

**2.1 Activity Performance: Increased institutional capacity to promote inclusive rural financial services**

Activity ID: 1.3

Start date: Jan 1, 2013

End date: Dec 31, 2013

Purpose: Transition of UNDP’s current retail microfinance portfolio in support of a

competitive and effective microfinance sector

Description: *describe the big chunks of activities that are to take place under this activity ID during the year. Depending on how detailed the AWP targets are, these could be used here.*

The set of activities consists in transferring the management and ownership of the funds that UNDP has invested in communities through INGO institutions like PACT, GRET and Save the Children, to sustainable institution(s) that can promote the interest of further developing inclusive financial services. A transition strategy has been developed to this effect, based on consultations with project donors.

To undertake and complete this activity result, the current MoU between the Foreign Economic Relations Department, Ministry of National Planning and Economic Development and UNDP was extended until end of 2013, to allow the transition arrangement to be developed and implemented.

A national microfinance workshop was held to provide the necessary context for the transition and to raise awareness of related issues by sharing experiences from regional MFIs.

As part of the MF transition, an international legal consultant was contracted to review all project documents and to provide a legal assessment report to UNDP due in July 2013.

| **Quality Criteria** | **Quality Method** | **Quality Assessment Due Date** | **User Perspective** | **Timelines** | **Resource Usage** | **Gender Perspective** |
| --- | --- | --- | --- | --- | --- | --- |
| **(Date – Rating: Comments)** |  |
| *Please enter activity result here* | *Please indicate how you will establish what really happened, i.e. source of information (e.g. project manager’s reports, training surveys, etc.)* | *Please indicate the planned completion date for the result activity (as per AWP)* | *By date, please provide a short narrative of project activities that were undertaken, including some detail as to what exactly was done/happened, as well as feedback on success/impression of the project activity* | *Please indicate whether the activity was completed on time* *as per AWP* | *Please indicate whether this required any additional funding/resources, or made use of special funds, etc.* | *Please describe how the gender dimension has been addressed in the implementation of the project activity* |
| *Same as above* | *Same as above* | *Same as above* | *Same as above* |
| *Same as above* | *Same as above* | *Same as above* | *Same as above* |
| *Same as above* | *Same as above* | *Same as above* | *Same as above* |
| MoU extension with FERD, Ministry of Planning and Economic Development until Dec 31, 2013 for Microfinance Normal Operations. | MoU Extension Agreement Letter dated 11th April 2013 | 31st Mar 2013 | The MoU extension letter was submitted to FERD, Ministry of National Planning and Economic Development and copy to SSID, Ministry of Co-Operatives on the 21st February 2013.  Agreement from FERD has been received on April 11th 2013. | MF transition is under the new Country Programme Action Plan that was signed up on the 8th April 2013 thus the activity was completed after CPAP signing activity. | No additional funding required. | N/A |
| National Microfinance Workshop conducted | The first National Microfinance Workshop  Report | May 9-10, 2013 | The two day workshop on the first National Microfinance was conducted in Nay Pyi Taw at Myanmar International Convention Centre focusing on Regional Lessons on selected issues organized by UNDP and Ministry of Finance, Co-organized by CGAP and Ministry of Co-Operatives. 172 participants from concerned Ministries, donors, MF providers, UN agencies, and bankers attended. | Completed on schedule. | US$ 38,165 | N/a |
| Donor meetings to discuss transition options | 3 rounds of consultations held | Meetings were conducted on 8th & 28th March and 19th June 2013 | The meetings served to identify the positions of different donors, review the specific options for the transition, select an option to be followed and conduct a risk mitigation exercise for this option. | Completed on schedule. | No additional funding needed. | N/A |
| Legal Assessment on MF project documents | Legal Assessment Report on MF project documents | July 14, 2013 | Contractual agreement with legal consultant was done in June 26 2013 with the agreement of legal assessment report submission on the 14th July 2013. | In-progress | US$ 4,800 | N/A |

Activity ID: LIFTII-CW & LIFTII-Delta

Start date: Jan 1, 2013

End date: Dec 31, 2013

Purpose: Sustainable Microfinance to improve the Livelihoods of the Poor

Description: *describe the big chunks of activities that are to take place under this activity ID during the year. Depending on how detailed the AWP targets are, these could be used here.*

UNDP Myanmar has implemented its microfinance project under the legal framework of the signed project document. This activity is the extension of HDI IV under Microfinance Project which has been conducted under contractual arrangement with Ministry of Co-Operatives through Foreign Economic Relation Department since 1997 during HDI II implementation period.

However, with the enactment of a Microfinance law in 2011 and the ending of the project under the HDI-IV, UNDP and its implementing partners in cooperation with relevant stakeholders are required to process the transfer of the project assets as stipulated under the legal framework of the project document. Before the MF project transition option becomes clear, it is needed to continue providing the retail micro financing for uninterrupted and continuous financial services to the targeted community.

Currently, 3 INGOs namely Pact Institute, GRET, and Save the Children are providing microfinance services under UNDP contractual agreements in 4 regions: Shan; Dry; Delta; and Chin in 30 townships covering 375,325 active borrowers in 6215 villages as of June 2013.

During the second quarter of 2013, US$ 48.63 million was disbursed to the MF project members across the 4 regions mentioned above for Agriculture and non-agricultural businesses including SRG wholesale loans and social loans for health care and education.

Saving and beneficiary welfare services are delivered together with financial services to strengthen clients’ coping stagey in times of emergency. Total accumulated saving as of June 30, 2013 was MMK 13,974 million (US$ 14.83 million) from 415,611 active clients.

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| *Same as above* | *Same as above* | *Same as above* | *Same as above* |
| *Same as above* | *Same as above* | *Same as above* | *Same as above* |
| Contract signing with PACT for project extension until December 2013 | Contractual Agreement between UNDP and Pact Institute dated 7th May 2013 | 4th Jan 2013 | Prior to signing the project extension, PACT was required to provide its annual budget for approval. Once this was done, the extension was signed. | Pact Institute 2013 budget was revised with feedbacks from UNDP, which took some time to resolve and finalized in early May 2013. | No additional funding required. | N/A |
| MF Service delivery | Financial Statement;  Quarterly Report;  MIS reports | According to disbursement plan | On-going service delivery as per plan | It is completed as per plan.  Delivery rate as of June 2013 was 69% to the total AWP. | According to contractual agreement between UNDP & donors (LIFT & USAID), it covered fund requirement for 2013.  No additional funding required. | More than 90% of MF clients are women.  Democratic governance practices have been built up with women leadership development plan. |
| 2012 audit of microfinance project | 2012 Annual Audit Report | 31st April 2013 | Annual Operation Audit was conducted by Mazars Vietnam Co., Ltd. On the 1st April to 12th April 2013 and work from Vietnam until 31st April 2013. | Completed on schedule. | US$ 22,430 | N/A |
| 2012 audit follow up | Based on 2012 annual audit recommendation and management response of IPs | End of June 2013 and December 2013 | Some findings were resolved | To follow up according to time commitment from IPs | No additional funding needed | N/A |