**Quarterly Project Progress Review Report**

**DATE: 30 October 2014**

**Award ID: 00074121**

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

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

**Period Covered: Jul – Sep 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*

| **#** | **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 | Sep 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 | Sep 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 | Sep 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*

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **#** | **Description** | **Date Identified** | **Type** | **Impact &**  **Priority** | **Countermeasures / Mngt response** | **Owner** | **Submitted, updated by** | **Last Update** | **Status** |
| 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 IP | MF Specialist | MF Specialist | Sep 2013 | Completed |

**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*

* Microfinance Project Transition strategy has been identified based on consultations with project donors.

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.

* An international legal consultant was continued contracting to prepare a draft transfer agreement for MFP transition.

| **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* |
| Accepted draft transfer agreement | Draft transfer agreement with concise notes  and explanations of relevant issues  and in a form that is presentable to  donors and UNDP senior management. | Aug 30, 2013 | A draft transfer agreement was developed based on the related project documents and agreements; the Microfinance Law dated November 30, 2011; and report of the legal assessment of the UNDP Microfinance Project transition. The draft agreement highlight potential issues in the Myanmar legal context to be clarified and addressed. | Completed | US$ 4,950 | 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.

Retail microfinance is ongoing since 1997 and currently 3 INGOs: Pact, 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 379,225 active borrowers in 6275 villages as of September 2013. During the third quarter of 2013, US$ 39.6 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 September 30, 2013 was MMK 15,877 million (US$ 16.38 million) from 420,135 active clients.

Beneficiary welfare services are delivered together with financial services to strengthen clients’ safety net in times of emergency.

| **Quality Criteria** | **Quality Method** | **Quality Assessment Due Date** | **User Perspective** | **Timelines** | **Resource Usage** | **Gender Perspective** |
| --- | --- | --- | --- | --- | --- | --- |
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| MF Service delivery | Financial Statement;  Quarterly Report;  MIS reports | According to disbursement plan/ AWP | On-going service delivery as per plan | It is mostly completed as per plan. Delivery rate as of September 2013 was 79% to the 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 plan for women leadership development. |
| End of project evaluation for SRG-MF Linkage in Shan Zone | End of project evaluation report for SRG-MF Linkage in Shan Zone | September 2013 | Project end evaluation conducted during September 2013 and draft report accepted at end of September 2013.  This initiation demonstrated Grant and lending model worked side-by-side with continuous monitoring by SRG capacity building team from ICDP. And these wholesale loans raised entrepreneur poor to expand their micro businesses unto small businesses. | Completed on schedule. | US$ 14,341 | Women empowerment |