



**Government of the Kingdom of Lesotho  
United Nations Development Programme  
United Nations Capital Development Fund**

**SUPPORT TO FINANCIAL INCLUSION IN LESOTHO  
(SUFIL)**

**August 2010**

**UNDAF Outcome 3:**

National Institutions able to develop and adopt sustainable pro poor economic development, environmental management and household food security policies and strategies with special focus on vulnerable groups including women, young men and the disabled.

**Expected output:**

Government institutions have the capacity to create an enabling environment for a vibrant microfinance industry.

**Joint Programme outcome:**

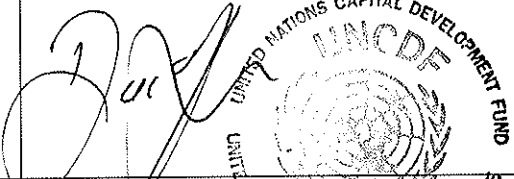
- Improved and expanded of access to sustainable financial services in urban and rural areas by the low segment of the market, particularly women;
- Contributed to the achievement of the Millennium Development Goals, particularly the goal of halving extreme poverty by year 2015.

**Joint Programme Expected outputs:**

- **At the macro level: Regulatory and Policy Environment Improved:** through increased sector coordination and leadership role of the Ministry of Finance and Development Planning.
- **At the Meso level: Supportive Meso Financial Infrastructure Strengthened:** through capacity building of selected Technical Service Providers, financial literacy and knowledge dissemination.
- **At the micro level: Access to a Broader Range of Financial Services Improved and Accelerated:** through innovations and support to sustainable inclusive finance providers and market leaders.

**National partners:**

The national partners are the Central Bank of Lesotho, the Ministry of Finance and Development Planning, the Ministry of Trade and Industry, Marketing and Cooperatives, the financial services providers and the Rural Financial Intermediation Programme (RUFIP).

<p><b>Programme duration:</b> 2010 - 2012</p> <p><b>Anticipated start/end dates:</b> 1<sup>st</sup> July 2010</p> <p><b>Fund management options:</b> parallel</p> <p><b>Execution modality</b></p> <p>UNCDF: DIM UNDP: NIM</p>	<p><b>Total estimated budget for three years:</b> USD 4,085,000</p> <p><b>Out of which:</b></p> <p>1. <b>Funded budget:</b> US\$ 1,555,000</p> <p>2. <b>Unfunded budget</b> : US\$ 2,530,000</p> <p>Total estimated budget includes both programme costs and indirect support costs</p> <p><b>Source of funded budget</b></p> <p>UNCDF: US\$ 800,000 UNDP: US\$ 450,000 Government of Lesotho US\$ 210,000 Central Bank of Lesotho US\$ 95,000</p> <p><b>Total</b> US\$ 4,085,000</p> <p><b>Parallel funding</b></p> <p><b>RUFIP (IFAD/GOL) US\$ 10,700,000 (parallel funding)</b></p>
<p><b>United Nations Development Programme</b> Resident Representative</p>	<p><b>Government of Lesotho</b> Minister of Finance and Development Planning</p>
<p><b>United Nations Capital Development Fund</b> Executive Secretary</p>	

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## ABREVIATIONS AND ACRONYMS

<b>BDS</b>	Business Development Services
<b>BEDCO</b>	Basotho Development Enterprise Corporation
<b>CBL</b>	Central Bank of Lesotho
<b>CTA</b>	Chief Technical Advisor
<b>FIRST</b>	Initiative Financial Sector Reform and Strengthening Initiative
<b>GOL</b>	Government of Lesotho
<b>IFAD</b>	International Fund for Agricultural Development
<b>ILO</b>	International Labour Organization
<b>JPCC</b>	Joint Programme Coordination Committee
<b>JPMU</b>	Joint Programme Management Unit
<b>LCCUL</b>	Lesotho Cooperative and Credit Union League
<b>LPB</b>	Lesotho Post Bank
<b>LYCI</b>	Lesotho Youth Credit Initiative
<b>M</b>	Maloti, plural of Loti, Lesotho Currency (1M=1 South African Rand)
<b>MCC</b>	Millennium Challenge Corporation
<b>MDGs</b>	Millennium Development Goals
<b>MFI</b>	Microfinance Institution
<b>MMCT</b>	Moliko Micro-Credit Trust
<b>MOFDP</b>	Ministry of Finance and Development Planning
<b>NBFI</b>	Non-Bank Financial Institutions
<b>PSDFA</b>	Private Sector Development and Financial Affairs
<b>ROSCAs</b>	Rotating Saving and Credit Associations
<b>RUFIP</b>	Rural Financial Intermediation Programme
<b>RUSCGs</b>	Rural Saving and Credit Groups
<b>SACCOs</b>	Saving and Credit Cooperatives
<b>SMMEs</b>	Small, medium and micro enterprises
<b>TA</b>	Technical Assistance
<b>TOT</b>	Training of Trainers
<b>UNCDF</b>	United Nations Capital Development Fund
<b>UNDAF</b>	United Nations Development Assistance Framework
<b>UNDP</b>	United Nations Development Programme



## Executive Summary

**Despite numerous challenges facing the country, Lesotho is striving to put systems and policies in place to address poverty and increase economic growth.** In 2004, the Government adopted the National Vision 2020 as the Basotho long-term development framework. This led to the revision and re-clustering of Poverty Reduction Strategy (PRS) which emphasizes new priority clusters including HIV/AIDS, gender and youth, human development, economic growth, natural resource and environmental management. The PRS has been phased out by the Government and a National Development Framework has been put in place as a precursor to the National Development Plan Government **To address the economic growth pillar, the Government of Lesotho has to face important challenges related to the non-conduciveness and non - inclusiveness of the overall financial sector in Lesotho.**

The joint Programme of UNCDF and UNDP to Support Financial Inclusion in Lesotho (SUFIL) is consistent with the National Vision 2020 of Lesotho and the revised UNDAF Outcome 3 ("National Institutions able to develop and adopt sustainable pro poor economic development, environmental management and household food security policies and strategies with special focus on vulnerable groups including women, young men and the people with disabilities"). The programme also supports the UNCDF Strategic Objective 1 that aims at **"Strengthening the enabling environment and capacities of financial service providers (FSPs) in 25 LDCs to provide pro-poor products"**. Through its interventions at macro, Meso and micro levels, SUFIL will also facilitate access to the financial services for women who require the same to enhance their livelihoods.

**The key Outputs of the Joint Programme are as follow:**

- **At the macro level: Regulatory and policy environment improved:** through increased sector coordination and leadership role of the Ministry of Finance and Development Planning.
- **At the meso level: Supportive meso financial infrastructure strengthened:** through capacity building of selected Technical Service Providers, financial literacy and knowledge dissemination.
- **At the micro level: Access to a broader range of financial services improved and accelerated:** through innovations and support to sustainable inclusive finance providers and market leaders.

At the macro level, SUFIL will work very closely with a designated focal unit in the Ministry of Finance and Development Planning to pass on skills to the relevant officers. This would enable the Government by the end of the Programme, to take on the leadership of guiding the sector through developing appropriate policies and strategies for an enabling environment.

At the meso level, SUFIL will particularly endeavor to institutionalize the Microfinance Forum and build its capacity so that by the end of the Programme, the Forum would be able to effectively coordinate interventions and support players, such as Technical Services Providers (TSP). These, in turn, would provide demand driven services and support to financial services providers.

At the Micro level, the Programme will build the capacity of selected Financial Services Providers (FSPs) so that by the end of the Programme, the supported FSP will either be sustainable or will be well on their way to sustainability.

The total **cost of the Joint Programme** to implement the above components is estimated at **US\$ 4,085,000 for a period of 3 years (2010 – 2012)**. This estimated amount is expected to complement the funding committed by RUFIP in support to the improvement of the financial inclusion macro environment and the strengthening of the retail financial service providers targeting the rural areas (US\$ 1,835,000).

In addition to the RUFIP, the programme will benefit from the partnership with the Central Bank of Lesotho, the Ministry of Finance and Development Planning, the Ministry of Trade and Industry, Marketing and Cooperatives.

## **1. Situation analysis**

### **1.1 Lesotho – Country Context**

Located in Southern Africa, Lesotho is a landlocked country of 30,355 sq km completely surrounded by the Republic of South Africa. With a population of approximately 2,067,000, the population distribution of Lesotho is 25 percent urban and 75 percent rural. However, it is estimated that the annual increase of urban population is 3.5%. Population density is lower in the highlands than in the western lowlands. Although the majority of the population—60.2 percent—is between 15 and 64 years of age, Lesotho has a substantial youth population numbering around 34.8 percent. The annual population growth rate is 0.116%. The Human Development Index (HDI) for Lesotho is 0.514, which gives the country a rank of 156<sup>th</sup> out of 182 countries. Lesotho's Gender Development Index (GDI) value, 0.509 should be compared to its HDI value of 0.514. Its GDI value is 99.0% of its HDI value. Out of the 155 countries with both HDI and GDI values, 80 countries have a better ratio than Lesotho's. Under the Global Hunger Index, Lesotho is classified as "serious" – a serious hunger problem, with a score of 12. Thus despite significant economic progress from 2006 to 2008 and a Gross National Income per capita (2008) of USD 1,970 (PPP dollars, current prices), about 50% of the population lives below the international poverty line of US\$1.25 a day.<sup>1</sup>

Agriculture represents the main source of employment and revenue generation in rural areas, but is restricted by poor crop husbandry practices, lack of mechanization and limited access to farm inputs and credit especially among the smallholder farmers. Sources of income for the majority of rural households include wool and mohair; sale of agricultural produce such as wheat, maize and vegetables; sale of livestock that include culling of old sheep/goat; casual labour; and limited remittances from people working in South Africa. Although, there was access to relatively better remittance resources from men working in the mines in South Africa, it has shown a significant reduction recently and many of the mine workers have been victims of retrenchment.

The country is regularly exposed to severe droughts and other natural disasters, HIV/AIDs, limited resources, high unemployment rate, and heavy dependence on South African economy. The Lesotho Government's Poverty Reduction Strategy Paper identified lack of credit as one of the major constraints to "employment creation and income generation". In order to help the rural poor "break out of the poverty cycle", the Government of the Kingdom of Lesotho has reaffirmed its commitment to facilitate the process to "provide the poor with necessary financial services" within the National Development Framework, through "demand-led and market-driven" approaches.

### **1.2 Financial sector**

The financial sector in Lesotho is dominated by 3 commercial banks (branches of South African Banks) 11 insurance companies, 12 insurance brokers, about 141 Saving and Credit Cooperatives (SACCOs), 51 licensed moneylenders (licensed under the Moneylenders Act of 1989), one Postal Bank, burial societies, Rural Saving and Credit Groups (RSCGs) and Stockvels. The formal banks are currently limiting their operations in urban and semi-urban areas. The Central Bank of Lesotho is the regulatory authority for the formal financial services providers. In terms of the availability of formal financial products, the overall emphasis is on services for salaried (and specifically Government-employed) individuals, who tend to be urban-based. A significant unsatisfied demand exists, especially for MSMEs and the rural/agricultural sector. Many Basotho therefore resort to accessing services from the semi and informal financial services providers, mainly moneylenders and SACCOs, RSCGs, Stockvels and burial societies. These, however, have very limited capacity to

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<sup>1</sup> Source: world Bank, World Development Indicators.

provide financial services/products needed by the market to engage in productive activities and to meet other market driven financial services.

The profile of financial intermediation - who is who in the delivery of financial services, is summarized in this section. The key players in the delivery of inclusive finance in Lesotho are summarized in Table 1 below:

**Table 1: Overview of formal/semi-formal financial institutions currently operating in Lesotho**

Institutional type	Number of institutions	Licensed by	Supervised by	Permitted range of services
Banks	4	CBL	CBL	Savings and credit
Insurance companies	6	CBL	CBL	Life and non-life insurance
Insurance brokers	12	CBL	n/a	Products
Moneylenders	51	CBL	n/a	Credit only
NGO	I	Ministry of Justice	n/a	Credit only
Savings and Credit Cooperatives (SACCOs)	141	Commissioner for Cooperatives	Commissioner for Cooperatives	<ul style="list-style-type: none"> <li>Savings and credit</li> <li>Deposit from both members and non-members</li> </ul>
Rural Savings and Credit Groups, Village savings and Loan Associations (VSLAs)	Not Known	Ministry of Justice	n/a	<ul style="list-style-type: none"> <li>Savings and credit</li> <li>Deposit from members only</li> </ul>

There is only one NGO which is providing micro-credit in Lesotho. It is very small and presently serves about 720 clients with loans, mainly targeting the youth. However it recently developed a business plan for its growth and expansion for the next five years. The growth will entail transformation, developing more products, including savings, micro-insurance and opening more branches for geographical expansion. The loan balance as at end of 2009 was USD110, 000.

The cooperative sector has been dormant and therefore the exact number of SACCOs is not known but it is estimated that by the end of 2008 there were 141 SACCOs totalling 34,000 members. The loan balance as at the end of 2009 was estimated to be at USD7, 720,000 with almost the same amount of savings.

The total number of Rural Savings and Credit Groups in the country is not known. Care Lesotho and the Catholic Relief Services are presently running programmes to support local communities, mainly in remote rural areas, to form groups using the Village Savings and Loan Associations model. These are informal groups but they have the potential to provide vehicles for access to financial services for the rural population. Presently the number of groups supported by these two NGOs is 450 with a



total numbers of members of about 5,400 people with a total savings balance of about USD120, 000 and the same amount for loan balance.

Presently Lesotho Postal Bank (LPB) has 70,000 savers with amount saved being over USD20 millions. It should be noted that LPB was only recently issued with a full banking licence which would allow it to provide credit products as well. It is anticipated that LPB will launch credit products later this year after putting in place processes and systems in place for the credit products.

### **1.3 Main challenges and gaps in the building of an inclusive finance Sector in Lesotho**

Access to finance is recognized by the Government of Lesotho as the main challenge and barrier to sustainable growth and employment creation for poverty reduction.

According to the microfinance stakeholders, including the Central Bank, the Government, the financial services providers, the donors, etc., the main gaps and challenges in delivering inclusive financial services in Lesotho include the following:

- Absence of a policy, appropriate strategy, and regulatory framework for inclusive finance activities;
- Lack of an effective legal system to enforce contracts;
- Lack of clear property rights;
- Lack of loan capital;
- Limited interest of banks to downscale their activities and the weak linkages between banks and micro and rural finance service providers;
- Lack of financial education;
- Absence of sustainable micro and rural finance institutions;
- Weak primary financial cooperatives and;
- A weak Apex organization for the cooperatives - the Lesotho Cooperative Credit Union League;
- Lack of retail financial service providers working in the area of microfinance;
- Erosion of the culture of non-repayment of loans
- Lack of marketing and other business development services (BDS);
- Lack of micro-insurance products;
- Limited capacity of technical service providers at Meso level;
- Absence of an apex organization to coordinate and advocate for inclusive finance activities;
- High portfolio at risk due to poor loan monitoring strategies especially in the context of high HIV/AIDS prevalence;
- Poor savings culture

### **1.4 Current Support to the Microfinance Sector**

The Government of Lesotho, in partnership with its development partners, has recently embarked on the reforms and modernization of the financial sector with a view to create a better regulatory and policy environment to expand financial access to the poor and the entrepreneurs, particularly in the rural areas.

Critical reforms and modernization include the transformation of the Lesotho Post Bank into a fully fledged commercial bank with particular focus on rural population and low segment market, the development of a National Policy for Non Bank Financial Institutions (NBFIs), revision and adoption of the regulatory and supervisory framework, the capacity building of strengthening of existing financial service providers and the emergence of new players. In doing so, the Government has set up, under the leadership of the Ministry of Finance and Development Planning, a financial sector steering committee mandated to lead and coordinate the process.

The Government also concluded partnership with dedicated development partners, including IFAD, WB, MCC and DFID to assist the Ministry of Finance and Development Planning and the Central

Bank of Lesotho to carry out the required reforms and modernization of the financial sector. Assistance secured so far includes:

- Developing a new and comprehensive framework for NBFIs regulation and supervision consisting of the following: (i) a NBFIs development policy; (ii) NBFIs regulation; (iii) Supervisory system for NBFIs; and (iv) Training of staff in the NBFIs Supervision Division (World Bank's FIRST Initiative; \$376,000);
- Enhance access to efficient financial services by rural poor on a sustainable basis (RUFIP); IFAD and Government of Lesotho; USD 10.7 millions);
- Implementing a national ID, establishing a credit bureau, implementing an automated payment settlement system, and introducing Debt Smart card for Lesotho Post Bank (MCC).

**Table 2: Summary of Development partners funding support to the microfinance sector in Lesotho**

Organizations	Focus	Projects	Funding (USD)	Duration	Geographic Area
IFAD/Government of Lesotho	Access to financial services	Rural Financial Intermediation programme (RUFIP)	10,700,000	7 years (from 2008)	National but currently in 4 pilot districts – of Maseru, Leribe, Berea and Quthing
World Bank – First Initiative Project	Regulation of the Non Bank Financial Institution	First Initiative/RUFIP	376,000	2 years (from 2008)	National
CARE International	Support for the community based microfinance finance groups	Village Savings and Loan Associations (VSLA)	800,000	3 years- from 2009	Mokhotlong, Qacha, Sneek, Quthing
Catholic Relief Services (CRS)	Support for the community based microfinance finance groups	Savings and Internal Lending Communities (SILCs)	17,000	2 years – phasing out	Thaba Tseka, Mophale shoek
Commonwealth/ UNDP/ILO/GOL	Support for the youth to have access credit	Youth Employment promotion- Micro finance Linkages	135,000(GOL) 60,000 (loan) C-Wealth 22,000 (Kellogg Foundation)	1 year	National

### 1.5 The justification of the Joint Programme

Significant progress has been made in addressing some challenges in the process of building a more inclusive financial sector in Lesotho by RUFIP and the Government. However there are still critical areas in which SUFIL will need to complement the RUFIP and provide additional support to the Government and to the sector as a whole to address the gaps for which there are no interventions by the current players – RUFIP and the Government, particularly with regard to:

- the limited capacity of technical service providers at Meso level;
- The absence of an apex organization to coordinate and advocate for inclusive finance activities;

- The lack of retail financial service providers working in the area of microfinance to provide responsive financial products including credit, savings, etc;
- The erosion in the culture of repayment;
- The lack of financial education and consumer protection regulations; and
- The lack of adequate risk management and mitigation measures in the context of high HIV/AIDS prevalence.

### **1.6 Experience and comparative advantage of the UN system**

The UN System has been very active in supporting the Government of Lesotho in the building of an inclusive financial sector through initiatives from IFAD, UNDP and UNCDF. Support has consisted of:

- Contributing to the development of an enabling Policy and Regulatory environment (World Bank, IFAD, UNCDF, UNDP,);
- Assisting in the transformation of the Lesotho Post Bank into a fully fledged commercial bank (IFAD);
- Fostering policy dialogue and sector coordination (IFAD, UNDP, UNCDF);
- Improving financial access for the Youth (UNDP);
- Building the capacity of SACCOs and other community and member-based financial services organizations, e.g. RSCG (IFAD).

As a matter of fact, the comparative advantage of the UN System is seen in the capacity of the three agencies to pull together their resources to Deliver as One with a view to enhance synergy, increase leverage and deepen impact, in the context of the UNDAF 2008 – 2012. The partnership and collaboration between the three agencies has proven to be very effective in many contexts and countries, particularly with regard to the complementarities of the mandates and the sector based approach promoted by the three organizations worldwide.

**Box : Rural Financial Intermediation Programme (RUFIP)**

**The Rural Financial Intermediation Programme is a seven year Programme** which became effective on 31 March 2008. RUFIP is financed by the International Fund for Agricultural Development (IFAD)- USD8.7million- a loan and grant of 4.35 million each and the Government of Lesotho counterpart financing and beneficiary contribution of approximately USD2million(mostly funding for the rehabilitation of own cooperative societies).

RUFIP has a national outlook but the programme activities are currently being implemented in the four pilot districts of: Maseru – Rural, Berea, Leribe, and Quthing. These will later expand to other districts of the country but the focus will continue to on rural areas.

**Budget details:**

<b>Component 1: Development of Member Based Financial Institutions</b>	<b>USD</b>
Sub-component 1.1.: Capacity Building of Financial Cooperatives	800,000
Sub-component 1.2 : Capacity Building of Rural Savings and Credit Groups	1,200,000
Sub- component1.3 : Capacity Building of informal financial groups	160,000
<b>Sub –total for component 1</b>	<b>2,160,000</b>
<b>Component 2: Development of Formal Financial Institutions for Rural outreach</b>	
Sub-component 2.1: Capacity Building of Lesotho Post bank	3,500,000
Sub-component 2.2: Linkage programme to Commercial banks	100,000
<b>Sub-total</b>	<b>3,600,000</b>
<b>Component 3: Development of an Enabling Environment for Rural and Micro finance</b>	
Sub-Component 3.1: Capacity Building for the Department of Cooperatives	700,000
Sub-Component 3.2: Capacity Building for the CBL	1,200,000
Sub-component 3.3: Capacity Building of Service providers promoting Financial Groups	140,000
Sub-component 3.4 Policy Dialogue for Enabling Environment	1,100,000
<b>Sub-total</b>	<b>3,100,000</b>
<b>Programme Coordination</b>	<b>1,800,000</b>
<b>Grand Total</b>	<b>10,700,000</b>

**Achievement and progress to date:**

- Lesotho Post Bank has acquired a full banking license and loan disbursement commenced February 2010.
- The Central Bank of Lesotho has secured the support of FIRST Initiative (funded by the World Bank) to assist in the development of a national Policy and appropriate regulations for the Non Bank financial Institutions. The draft national policy is out for comments from stakeholders.
- Key staff in implementing partner agencies has been trained in a range of relevant skills areas.
- A baseline survey for member based financial institutions and their respective members has been completed.

## **2. Strategy, objectives, and results of the Joint Programme**

### **2.1 Strategy**

The Joint Programme will follow a sector based approach that will look holistically at the different levels of inclusive finance building blocks at the macro, meso and micro levels. In doing so, the Joint Programme will look at:

- Strengthening the leadership of the Ministry of Finance and Development Planning to actively and effectively participate in building an inclusive financial sector by:
  - o increasing the awareness and knowledge of the Financial Affairs Unit in the MFDP on the key issues related to the development of the microfinance sector worldwide and in Lesotho;
  - o ensuring its participation in the preparation of the Annual Work plan and Budget as well as in the production of the progress report and annual report;
  - o Involving the focal point person from the Financial Affairs Unit in the matters of the Investment Committee (e.g. calls meetings, prepares agenda, takes minutes, report achievements, etc.);
  - o Participating in the different meetings or workshops related to the development of the microfinance sector such as the Microfinance Forum or thematic national or international workshops;
  - o associating the Unit in the performance monitoring and evaluation of the FSPs;
- Supporting the emergence and expansion of market leaders who can effectively innovate to offer a variety of financial services including savings, credit, micro-insurance, remittances, money transfer to a large population of unbanked and under-banked in urban and rural areas on a sustainable basis;
- Empowering potential clients through business development support, consumer education and financial literacy;
- Building a strong Meso supportive infrastructure to assist with capacity building, auditing, ICT and industry standards; and
- Fostering partnership and collaboration with key stakeholders including the Government, the Central Bank, the Financial Service Providers and their associations, the Technical Service Providers, the funding partners, investors etc.

### **2.2 Overall objective**

The purpose of the joint UNCDF/UNDP Programme in Lesotho is to contribute to poverty reduction and promotion of economic growth toward the achievement of the Millennium Development Goals, by working with the Government and the related stakeholders to strategically and effectively address the gaps and bottlenecks that have impeded so far financial inclusion in Lesotho.

In that respect, the Programme will strive to address the critical gaps identified in the sector diagnosis and complement existing donors and Government initiatives and support to the sector at macro, meso and micro levels, through selected strategic interventions.

### **2.3 Joint Programme outcome and outputs**

The Joint Programme outcome is to contribute to the achievement of the Millennium Development Goals, particularly the goal of halving extreme poverty by year 2015, through improvement and expansion of access to sustainable financial services in urban and rural areas by the lower segment of the market, particularly the low income population and the vulnerable groups to allow broad based economic growth and employment creation.

The outcome will be measured by the following indicators:

- a. Number of poor and low income population, particularly women, that have access to sound, affordable and sustainable financial services including savings, loans, leasing, micro-insurance, money transfer and remittances;
- b. Number of financial service providers supported to graduate to regulated non bank financial institutions;
- c. Number of MSMEs financed by the supported Financial Service Providers;
- d. Percentage of market rate penetration.

It will be supported by three specific outputs tracking the macro, meso and micro levels in compliance with the sector based approach pursued.

**The three specific outputs are:**

- **Output 1: At the macro level: Regulatory and policy environment improved:** through increased sector coordination and leadership role of the Ministry of Finance and Development Planning;
- **Output 2: At the Meso level: Supportive Meso financial infrastructure strengthened:** through capacity building of selected Technical Service Providers, financial literacy and knowledge dissemination;
- **Output 3: At the micro level: Access to a broader range of financial services improved and accelerated:** through innovations and support to sustainable inclusive finance providers and market leaders.

**Output 1:**

The Joint Programme will contribute to improve the Inclusive Finance Regulatory and Policy environment by:

- Providing sound advisory services to Ministry of Finance and Development Planning to effectively coordinate and lead the building process of Inclusive Financial Sector, and exercise its leadership;
- Supporting the implementation and institutionalization of the newly created National Microfinance Forum to increase sector coordination and improve policy dialogue;
- Participating to the technical discussions on the drafting of the microfinance regulatory framework and on the formulation of the national policy for financial inclusion.

**Output 2:**

The Joint Programme will contribute to the strengthening of the supportive meso financial infrastructure by:

- Strengthening the capacity of the Technical Service Providers;
- Negotiating and implementing a consumer education programme in partnership with the Microfinance Forum, the Central Bank, UNICEF, the Ministry of Education and the Coalition of Client Protection;
- Establishing a microfinance resource for the industry, including a sector data base meant to track progress and performance of financial service providers.

**Output 3:**

The Joint Programme will contribute to the improvement and acceleration of access to a broader range of financial services by:

- Assisting the MFDP to establish a Joint Investment Committee consisting of key Ministries and Development partners that will lead to enhanced synergies and accrued investment opportunities in the sector;
- Assisting potential financial service providers to transform into microfinance deposit taking institutions or launch leading start-ups;
- Enhancing transparency and performance monitoring of key financial service providers.

**3. Result framework - See table 1 below.**

**Table 1: Result Framework**

<p><b>National Priority Goals: 1) Accelerating shared and sustainable economic growth</b></p> <p><b>UNDAF Outcome 3:</b> National institutions able to implement sustainable pro-poor economic development, environmental management and household food security policies and strategies with special focus on vulnerable groups including women, children, young men and disabled.</p> <p>National output 3.2.3: Government has the capacity to create enabling environment for a vibrant micro-finance industry</p>
<p><b>Joint Programme Outcome:</b> To contribute to the achievement of the Millennium Development Goals, particularly the goal of halving extreme poverty by year 2015, through the improvement and expansion of financial access in urban and rural areas by the low segment of the market, particularly the low income population and the vulnerable groups.</p> <p>Indicators:</p> <ul style="list-style-type: none"><li>- Number of poor and low income population, particularly women that have access to sound and sustainable financial services including savings, loans, leasing, micro-insurance, money transfer and remittances;</li><li>- Number of financial service providers supported to graduate to regulated non bank financial institutions;</li><li>- Number of MSMEs financed by the supported Financial Service Providers;</li><li>- Number of market rate penetration;</li><li>- Number of poor and low income population that have access to sound and sustainable financial services including savings, loans, leasing, micro-insurance, money transfer and remittances;</li></ul> <p>The outcome will be achieved through the following three (3) outputs:</p> <p><u>Output 1: At the macro level: Regulatory and policy environment improved:</u> through increased sector coordination and leadership role of the Ministry of Finance and Development Planning;</p> <p><u>Outcome 2: At the Meso level: Supportive Meso financial infrastructure strengthened:</u> through capacity building of selected Technical Service Providers, financial literacy and knowledge dissemination;</p> <p><u>Outcome 3: At the micro level: Access to a broader range of financial services improved and accelerated:</u> through innovations and support to sustainable inclusive finance providers and market leaders.</p>

JP Outputs  (Give corresponding indicators and baselines)	Source of fund	Implementing Partner	Indicative activities for each Output	Resource allocation and indicative time frame*			
				USD			
				Y1	Y2	Y3	Total
<u>Output 1:</u> Regulatory and policy environment improved  <u>Indicators:</u> 1 Policy and regulatory framework developed with participation of stakeholders (Year 1)  <u>Baseline:</u> No regulatory framework No Policy framework	IFAD	RUFIP	❖ Support policy dialogue and advocacy for enabling environment –sub-total				
	IFAD/Gov Lesotho	RUFIP	❖ Support the implementation and institutionalization of the Microfinance Forum – sub-total –below				
	IFAD/Gov Lesotho	RUFIP	❖ Develop Action Plan				
	IFAD/Gov Lesotho	RUFIP	❖ Organize meetings				
	IFAD/Gov Lesotho	RUFIP	❖ Organize exchange visits				
	IFAD/Gov Lesotho	RUFIP	❖ Support Secretariat				
		UNCDF	❖ Participate in the technical discussions on the drafting of the regulatory framework and national policy				
		UNCDF	❖ Provide TA to RUFIP to enhance Policy dialogue for Enabling Environment				



JP Outputs (Give corresponding indicators and baselines)	Source of fund	Implementing Partner	Indicative activities for each Output	Resource allocation and indicative time frame*			
				USD			
				Y1	Y2	Y3	Total
<b>Output 2:</b> Supportive Meso financial infrastructure strengthened  <b>Indicators</b> 5 Technical Service Providers trained <i>(Year 2: 2; Year 2: 2; Year 3:1)</i> 5 TOT on client protection trained <i>(Year 2: 2; Year 2: 2; Year 3:1)</i> 5 TOT on financial literacy trained <i>(Year 2: 2; Year 2: 2; Year 3:1)</i> A microfinance resource centre established <i>(Year 1)</i> A database developed <i>(Year 1)</i> A website developed <i>(Year 1)</i> 3 Annual Sector Report published <i>(Year 1: 1; Year 2: 1; Year 3: 1)</i> <b>Baseline:</b> None	UNCDF	UNCDF	❖ <i>Strengthen the capacity of Technical Service Providers</i>				<b>50,000</b>
	UNCDF	UNCDF	▪ <i>Assess the capacity of TSPs</i>	10,000			10,000
	UNCDF	UNCDF	▪ <i>Provide TOT</i>	15,000	15,000	10,000	40,000
	UNCDF	UNCDF	▪ <i>Create a pool of capable TSP</i>				
	UNCDF CBL		❖ <i>Negotiate and implement a consumer education programme</i>				<b>210,000</b>
	UNCDF	UNCDF	▪ <i>Conduct baseline study</i>	20,000			20,000
	UNCDF	UNCDF	▪ <i>Develop National financial literacy Policy, strategic Framework and action plan</i>	10,000			10,000
	UNCDF	UNCDF	▪ <i>Develop Client Protection Policy and Strategy</i>	10,000			10,000
	UNCDF	UNCDF	▪ <i>Organize trainings on client protection</i>	10,000	10,000	10,000	30,000
	UNCDF	UNCDF	▪ <i>Conduct client protection campaign</i>	10,000	10,000	10,000	30,000

JP Outputs (Give corresponding indicators and baselines)	Source of fund	Implementing Partner	Indicative activities for each Output	Resource allocation and indicative time frame*			
				Y1	Y2	Y3	Total
	CBL	MFDP	<ul style="list-style-type: none"> <li>▪ Train a pool of trainers on financial literacy</li> </ul>	10,000			10,000
	CBL	MFDP	<ul style="list-style-type: none"> <li>▪ Organize radio Programme and documentary films</li> </ul>	5,000	10,000	10,000	25,000
	CBL	MFDP	<ul style="list-style-type: none"> <li>▪ Disseminate publications</li> </ul>	5,000	5,000	5,000	15,000
	CBL	MFDP	<ul style="list-style-type: none"> <li>▪ Establish investment/savings clubs in schools</li> </ul>	15,000	15,000	15,000	45,000
	Others	MFDP MOET	<ul style="list-style-type: none"> <li>• Evaluate performance and impact</li> </ul>			15,000	15,000
	UNDP UNCDF	MFDP	<ul style="list-style-type: none"> <li>❖ Establish a microfinance resource centre and sector database</li> </ul>				<b>75,000</b>
	Others	MFDP	<ul style="list-style-type: none"> <li>▪ Collect resources and materials on microfinance</li> </ul>	5,000	5,000	5,000	15,000
	Others	UNCDF	<ul style="list-style-type: none"> <li>▪ Equip resource centre</li> </ul>	20,000			20,000
	UNCDF	UNCDF	<ul style="list-style-type: none"> <li>▪ Develop data base</li> </ul>	15,000			15,000
	UNCDF	UNCDF	<ul style="list-style-type: none"> <li>▪ Develop web base gateway</li> </ul>	10,000			10,000
	UNCDF	UNCDF	<ul style="list-style-type: none"> <li>▪ Capture data and maintain database as well as website</li> </ul>	0	5,000	5,000	10,000
	Others			5,000			5,000

JP Outputs  (Give corresponding indicators and baselines)	Source of fund	Implementing Partner	Indicative activities for each Output	Resource allocation and indicative time frame*			
				Y1	Y2	Y3	Total
<b>Output 3:</b> Access to a broader range of financial services improved and accelerated							<b><u>3,032,500</u></b>
<b>Indicators:</b> One Joint Investment Committee set up (Year 1) 15 Financial Cooperatives at least assisted for capacity building (Year 1: 5; Year 2: 5; Year 3: 5) 30 Rural Saving and Credit groups assisted for capacity building (Year 1: 10; Year: 10; Year 3: 10) 1 NGO at least or another FSP is transformed into deposit taking MFIs to provide financial services to 10,000 clients (Year 1) 1 foreigner market leader has established operation to reach out 30,000 clients in rural and urban areas (Year 2) 3 FSPs trained on financial analysis and performance monitoring (Year 2) 3 leading FSPs at least have their data posted on the MIX Market (Year 2: 1; Year 3: 2)		MFDP	<ul style="list-style-type: none"> <li>▪ Set up a Joint Investment Committee</li> </ul>				
	UNCDF UNDP GOL Others	MFDP	<ul style="list-style-type: none"> <li>❖ Review situation, challenges and opportunities for delivering inclusive finance</li> <li>❖ Identify current and potential FSPs</li> <li>❖ Carry out Needs Assessment</li> <li>❖ Provide TA and Trainings to the FSPs</li> <li>❖ Identify prospective Investors in the FSPs-</li> <li>❖ Organize training on performance monitoring and financial analysis</li> </ul>	<b>1,215,000</b> (UNCDF=110,000 GOL=105,000 Others=1,000,000)	<b>1,137,500</b> (UNCDF=100,000 UNDP=57,500, GOL=55,000 Others= 925,000)	<b>680,000</b> (UNCDF=10,000 UNDP=70,000 GOL=50,000 Others=550,00)	<b>3,032,500</b> (UNCDF= 220,000 UNDP= 127,500 GOL= 210,000 Others=2,475,000)

JP Outputs  (Give corresponding indicators and baselines)	Source of fund	Implementing Partner	Indicative activities for each Output	Resource allocation and indicative time frame* USD			
				Y1	Y2	Y3	Total
Output 4: The Programme is efficiently managed and implemented							<b>717,500</b>
	UNCDF	UNCDF	▪ Recruit a Chief Technical Advisor	90,000	180,000		270,000
	UNDP		▪ Recruit a UNV	60,000	60,000	60,000	180,000
	UNDP	MFDP	▪ Contribute to CTA salary UNDP overheads	90,000	10,000	20,000	90,000 30,000
	UNCDF	UNCDF	▪ Programme evaluation			70,000	70,000
	UNCDF		▪ Programme monitoring	5,000	5,000	5,000	15,000
	UNCDF	UNCDF	▪ Management fees	40,000			40,000
	UNDP		▪ Management fees		22,500		22,500

## Summary of the Funding Sources

Agency	Year1	Year2	Year3	Total
UNDP	150,000	150,000	150,000	450,000
UNCDF	355,000	325,000	120,000	800,000
GoL	105,000	55,000	50,000	210,000
Central Bank of Lesotho	35,000	30,000	30,000	95,000
Others to be mobilized	1,030,000	930,000	570,000	2,530,000
<b>Total</b>	<b>1,675,000</b>	<b>1,490,000</b>	<b>920,000</b>	<b>4,085,000</b>

## 4. Management and coordination arrangements

### 4.1 Coordination

UNDP, UNCDF and IFAD have been collaborating since 2007 in relation to the design and formulation of the RUFIP, which is co-sponsored by IFAD and the Government of Lesotho. UNDP and UNCDF also anticipated further support to the same Ministry to address the building of an inclusive financial sector in Lesotho. The parties agreed to recruit one Chief Technical Advisor to the MOFDP to assist with the implementation of RUFIP and the building of an inclusive financial sector.

The Joint Programme management and coordination arrangements will be handled through the RUFIP existing structure and infrastructure to avoid duplication of efforts and resources. RUFIP and the Joint Programme will therefore use:

- the same offices;
- the same Chief Technical Advisor;
- the same Programme Coordination Committee;
- the same Programme Coordinator;
- the same Steering Committee; and
- the same Investment Committee.

### 4.2 Roles and Responsibilities of the key parties

#### 4.2.1 UNCDF

- a) Recruit, supervise and assist the Chief Technical Advisor to be placed at the MFDP;
- b) Provide Programme backstopping, monitoring and desk support;
- c) Produce annual report and quarterly progress report;
- d) Share information on Programme implementation, progress and challenges with relevant stakeholders including, RUFIP, IFAD, FIRST initiative, MCA, IFC, etc;
- e) Organize training and capacity building of staff members, government partners and RUFIP team on performance monitoring and evaluation, financial analysis, etc;
- f) Organize at least two supervision missions a year;
- g) Organize the final evaluation of the Programme;
- h) Facilitate Programme learning agenda including impact assessment, studies, publications, etc;
- i) Support resource mobilization at national, regional and global levels;

- j) Ensure that Programme implementation conforms to UNCDF regulations and rules;
- k) Support UNDP's resource mobilization efforts at the country level and develop global options for further expanding Programme funding;
- l) Ensure that best practices are adhered to by supported financial service providers and funding partners.

#### **4.2.2 UNDP**

- a) Maintain good relationship with government through frequent meetings with government officials to collect feedback on Programme implementation and perception;
- b) Develop and sign the Joint Annual Work Plan and Budget with the MFD with support from the RUFIP Project Coordinating Unit;
- c) Support with UNCDF resource mobilization at country level;
- d) Review annual report and quarterly report to provide feedback;
- e) Organize annual audit;
- f) Provide logistical and technical support to UNCDF local and regional team where necessary;
- g) Ensure that contributions of UNCDF are recognized and inform UNDP Programmatic work;
- h) Undertake joint Programme monitoring and evaluation with the government Executing Agent and UNCDF;
- i) Ensure effective coordination among UN agencies;
- j) Ensure conformity with UNDP regulations and rules in implementation of the Programme;
- k) Participate in the Joint Investment Committee.

#### **4.2.3 RUFIP**

- a) Maintain good relationship with UNCDF, UNDP and together funding partners involved in the strengthening and modernization of the financial sector;
- b) Participate to the Programme Advisory Committee;
- c) Share information and feedback with UNDP and UNCDF on Programme implementation, progress and challenges;
- d) Participate to the Joint Investment Committee to be set up under the leadership of the DPSDFA;
- e) Provide secretariat support to the Joint Investment Committee as well as performance monitoring and evaluation of supported partners;
- f) Support the organization and institutionalization of the Microfinance Forum to foster policy dialogue;
- g) Contribute to the establishment of the Microfinance Resource Centre;
- h) Contribute to the development of a national Data Base for microfinance in Lesotho;
- i) Review annual report and quarterly report to provide feedback;
- j) Provide logistical and technical support to the CTA where applied;
- k) Undertake joint Programme monitoring and evaluation with the government Executing Agent and UNCDF;

#### **4.2.4 Ministry of Finance and Development Planning<sup>2</sup>**

- a) Review and approve the Joint Programme annual work plan as well as progress reports and audits reports through the Financial Sector Steering Committee;
- b) Enhance the coordination among the Joint Programme, the RUFIP and other government initiatives to support the sector including the WB FIRST Initiative, MCC, etc.;
- c) Participate to the deliberations and decision making pertaining the Joint Investment Committee;

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<sup>2</sup> See TORs = Annex C Terms of reference for the Focal point Unit

- d) Facilitate procurement, financial management and preparation of annual work plan and budget as well as annual report and audits through the Private Sector Development and Financial Affairs Department;
- e) Contribute to the funding of the Joint Programme where possible;
- f) Share information with UNCDF and UNDP on potential funding partners and opportunities;
- g) Raise funds within the context of the Joint Programme to meet the gaps.

#### **4.2.5 Communication**

Each participating organization shall take appropriate measures to publicize the joint programme and to give due credit to the other participating organizations. Information given to the press, to the beneficiaries of the joint programme, all related publicity material, official notices, reports and publications, shall acknowledge the role of the host government, the donors, the participating UN organizations and any other relevant parties. In particular, this will include due recognition of the role of each participating organization and national partner in all external communications relating to the joint programme.

### **5. Funds management**

UNDP, UNCDF and RUFIP funds will be managed separately through parallel funding mechanism. However decisions pertaining to funding to Financial Service Providers will be made through a Joint Investment Committee meant to review funding proposals and to decide on grant and/or loan allocation to successful applicants. The Joint Investment Committee will be set up under the leadership of the Ministry of Finance and Development Planning. Each entity will be then responsible to transfer directly agreed funds to the financial services providers as per the contract agreements where applied. While UNDP preferred modality is the National Implementation, UNCDF preferred modality is the Direct Implementation. UNDP will contract with the MFDP who will be responsible for implementation of funds and accounting and reporting.

### **6. Monitoring, evaluation and reporting**

The monitoring and evaluation (M&E) of the Programme would be the responsibility of the Ministry of Finance and Development Planning through the Private Sector Development and Financial Affairs department. The Programme M&E activities would generate data and information on progress, constraints, and lessons learnt based on benchmark data and performance indicators geared to facilitate impact assessment. The key monitoring indicators are presented in Table 2.

**Baseline Surveys:** Being a national Programme, the joint UNCDF/UNDP Programme would delimit its baseline survey in order to generate only the most relevant information that would allow the managing agent and other parties to assess the performance and impact of the Programme. This would be done through baseline surveys focusing on individual components and often the specific investment activities. The scope of each baseline survey would be determined by the size and complexity of the target group and the number of agreed monitoring indicators. Whenever possible, the baseline surveys would be conducted in conjunction with participatory processes that form part of the initial work of the managing agent and its contracted service providers in a specific area. By adopting this approach, the financial and time input would be reduced and the information gathered more directly linked to the activities that would be carried out. It would be necessary to integrate gender-specific and poverty disaggregated information in the baseline surveys.

**Monitoring:** The managing agent would have overall responsibility for the oversight of the Programme monitoring system, and ensure that the implementation partners deliver up-to-date monitoring information to the managing agent. The logical framework and the monitoring

indicators on which Programme monitoring are based are contained in Table 1 and Table 2 respectively. The main weight of monitoring would fall on the service providers who would execute contracts on behalf of the Programme. Contracted service providers and relevant implementers would submit their data quarterly to the managing agent: (i) Programme activities undertaken in the last quarter and cumulatively over the fiscal year; (ii) all movements on the accounts in the period (statement of accounts); (iii) physical acquisitions made with the expenditures; and (iv) implementation progress and impact, expressed in terms of the agreed M&E indicators. To facilitate an effective flow of information, each contract would specify the activity targets, a set of the appropriate performance indicators, an agreed implementation time schedule and the procedures and format for the delivery of information, including the requirements of narrative sections analyzing the critical factors of success/failure and some case studies.

**Evaluation:** Programme evaluation would aim at assessing the activities' impact on the target group, with a particular focus on financial sector strengthening and poverty alleviation. The joint Programme would prefer organizing independent evaluations. Evaluations would follow a participatory approach through active involvement of the target groups, and take place mainly in three sets of activities:

- (i) Micro-level: those directly related with delivery inclusive finance at the grassroots level;
- (ii) Meso-level: those interventions related with support of technical providers; and
- (iii) Macro-level: those directly related with capacity building of the Ministry of Finance and Development Plan. An overall final evaluation of the Programme will be carried in year three under the leadership of the UNCDF Evaluation Unit.



**Table 2: Joint Programme Monitoring Framework**

Narrative Summary	Key performance indicators	Means of verification	Assumptions/Risks
<p><b>Overall goals:</b></p> <p>Poverty alleviation through sustainable increase in income and contribute to achieving the MDGs</p>	<ul style="list-style-type: none"> <li>• Income increased</li> <li>• Poverty incidence and severity reduced</li> <li>• Agricultural output increased</li> <li>• Micro enterprises in rural and urban areas increased</li> </ul>	<ul style="list-style-type: none"> <li>• Macro and district level statistics</li> <li>• Poverty assessment survey</li> <li>• Programme monitoring reports</li> <li>• Baseline surveys/impact studies</li> </ul>	<ul style="list-style-type: none"> <li>• Political and civil stabilization is maintained</li> <li>• Macroeconomic stability is maintained</li> </ul>
<p><b>Objective:</b></p> <p>Strengthen the financial sector to enhance financial access to the unbanked</p>	<ul style="list-style-type: none"> <li>• Number of inclusive finance providers and number of branches opened</li> <li>• Number and volume of loans provided by the supported MFIs</li> <li>• Number of saving account and volume of saving deposited in the supported MFIs</li> <li>• Number of saving account opened and volume of saving by finance providers</li> <li>• Number of people covered by micro-health insurance</li> <li>• Number and volume of loans covered by micro-credit insurance</li> <li>• Number of women with both savings and loans accounts</li> </ul>	<ul style="list-style-type: none"> <li>• Data from the finance providers</li> <li>• Monitoring reports</li> <li>• Joint Programme reports</li> <li>• Baseline surveys</li> <li>• Evaluation and impact studies conducted by the Programme</li> </ul>	<ul style="list-style-type: none"> <li>• Commitment of the government to support inclusive finance</li> <li>• CBL has developed the regulatory and supervision framework for the NBFIs</li> </ul>

Topics	Key performance indicators	Means of verification	Assumptions/Risks
<p><b>Macro level output: Output 1:</b> Regulatory and Policy environment improved</p>	<ul style="list-style-type: none"> <li>• 1 policy and regulatory framework developed with participation of stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>• Workshop Proceedings</li> <li>• Bills</li> </ul>	<ul style="list-style-type: none"> <li>• The Department of Private sector Development and financial Affairs is supportive.</li> <li>• The Forum has a strong and active Secretariat capable of organizing and facilitating meeting, and follow up decisions</li> <li>• The MFDP values the CTA advices and recommendations</li> <li>• CBL has developed the regulatory and supervision framework for the NBFIs</li> </ul>
<p><b>Meso level output: Output 2:</b> Supportive Meso financial infrastructure strengthened</p>	<ul style="list-style-type: none"> <li>• 5 Technical Service Providers trained</li> <li>• 5 TOT on client protection trained</li> <li>• 5 TOT on financial literacy trained</li> <li>• A microfinance resource centre established</li> <li>• A database developed</li> <li>• A website developed</li> <li>• 3 Annual Sector Report published</li> </ul>	<ul style="list-style-type: none"> <li>• Progress report from service providers</li> <li>• JPMU progress reports</li> <li>• Supervision mission reports</li> <li>• Evaluation and impact studies</li> <li>• Equipments bought and used</li> <li>• Data collected and disseminated on the sector</li> </ul>	<ul style="list-style-type: none"> <li>• The right service providers are selected to train the technical service providers</li> </ul>

Topics	Key performance indicators	Means of verification	Assumptions/Risks
<p>Micro level output: <u>Output 3</u>: Access to a broader range of financial services improved and accelerated</p>	<ul style="list-style-type: none"> <li>• One Joint Investment Committee set up</li> <li>•</li> <li>• 15 Financial Cooperatives at least assisted for capacity building</li> <li>•</li> <li>• 30 Rural Saving and Credit groups assisted for capacity building</li> <li>•</li> <li>• 1 NGO at least or another FSP is transformed into deposit taking MFIs to provide financial services to 10,000 clients</li> <li>•</li> <li>•</li> <li>• 1 foreigner market leader has established operation to reach out 30,000 clients in rural and urban areas</li> <li>•</li> <li>• 30 FSPs trained on financial analysis and performance monitoring</li> <li>• 3 leading FSPs at least have their data posted on the MIX Market</li> </ul>	<ul style="list-style-type: none"> <li>• Minutes of meetings</li> <li>• Manual of policies and procedures</li> <li>•</li> <li>• Baseline surveys</li> <li>•</li> <li>• Progress report from finance providers</li> <li>•</li> <li>• JPMU progress reports</li> <li>•</li> <li>• CBL reports</li> <li>•</li> <li>• Supervision mission reports</li> <li>•</li> <li>• Evaluation and impact studies</li> <li>•</li> <li>• Baseline surveys</li> <li>•</li> <li>• Progress report from insurance providers and financial services providers</li> <li>•</li> <li>• JPMU progress reports</li> <li>•</li> <li>• CBL reports</li> <li>•</li> <li>• Supervision mission reports</li> <li>•</li> <li>• Evaluation and impact studies</li> <li>•</li> <li>• Proceeding of Training workshops</li> <li>•</li> <li>• Mix market report</li> </ul>	<ul style="list-style-type: none"> <li>• Donors willing to strengthen coordination</li> <li>• CBL has developed regulatory framework for NBFIs</li> <li>• There is full support of CBL</li> <li>• CBL has developed the regulatory and supervision framework for the NBFIs</li> <li>• 3 market leaders are established, including LPB, 1 NGO or FSP and 1 Foreigner FSP</li> </ul>



## 7. Legal Context

This document together with the CPAP, signed by the Government and UNDP, and which is incorporated by reference, constitute a Project Document as referred to in the SBAA [Standard Basic Assistance Agreement between the Government of the Kingdom of Lesotho and UNDP of 31 December 1974]. All CPAP provisions apply to this document. The basic conditions under which UNCDF, UNDP and its executing agencies shall provide assistance to the Government in carrying out its projects and under which the Programme shall be undertaken are spelt out in CPAP. The Programme Document shall be the instrument referred to as such in article I of the Standard Basic Assistance Agreement between GOL and UNDP. The implementing agency will be the Ministry of Finance and Development Planning. Any subsequent revisions to this Programme document will only be made with the approval of the three major stakeholders i.e. the Government, UNCDF and UNDP provided there is no objection from other signatories of the Programme Document to the proposed changes. Revisions in, or addition of, any of the annexes of the Programme Document and mandatory annual revisions that rephrase the delivery of agreed Programme inputs or increased expert or other costs due to inflation or taking into account agency expenditure flexibility will be subject to the same approval process.

## 8. Work plan and budget

The total budget for the Joint Programme is estimated at US\$ 4,085,000 over a period of three years as per the following breakdown.

	<b>Expected outcome</b>	<b>Budget</b>	<b>%</b>
<b>Macro level</b>	Regulatory and Policy environment improved	(IFAD/RUFIP)	
<b>Meso level</b>	Supportive Meso financial infrastructure strengthened	335,000	8.2
<b>Micro level</b>	Access to a broader range of financial services improved and accelerated	3,032,000	74.2
<b>Project management</b>	The programme is efficiently run and implemented	717,500	17.6
<b>Total</b>		<b>4,085,000</b>	<b>100%</b>

The financial contribution of the funding partners is detailed below as well as the fundraising plan.

### UNDP

The contribution of UNDP is anticipated to the tune of **USD 450,000**, mainly to partially share the cost of the CTA (USD 90,000), to cover the cost of a microfinance UNV meant to backstop the programme from UNDP CO (USD180,000), Management fees and overheads (USD 52,500). UNDP will also contribute USD127, 500 for the capacity building of the FSPs.

### UNCDF

The contribution of UNCDF will amount **USD 800,000** and will mainly cover the costs of the CTA together with UNDP (USD 270,000), the capacity building of Technical Service Providers (USD 50,000), the designing of the consumer education and financial literacy programme (USD 100,000), the development of a database on the sector (USD 35,000), the support to the retail Financial Service Providers through the Joint Investment Committee (USD 220,000), the Programme monitoring and evaluation (USD 85,000), etc.

## **CBL**

The funding from the Central Bank of Lesotho of USD95, 000 will for the promotion of the consumer education and financial literacy programmes.

### **9. Funding gap and resource mobilization**

The funding gap is estimated at **USD 2,530,000** and is mainly directed to support the entry of an international market leader to rapidly expand outreach in both rural and urban areas, to serve as a role model for the potential microfinance institutions and to increase professionalism and competition in the sector.

IFC and the EU have already been approached and expressed interest to support green fielding subject to the adoption of a sound and conducive policy and regulatory framework. Collaboration with UNCDF MicroLead programme will be explored after a clear mapping of the sector opportunities is set.

The programme will also map out the potential donors in the country and outside the country to determine their interests, capacities and areas of potential support.

### **10. Potential for Growth**

As a result of the programme interventions: supporting government to create an enabling environment, support for the TSPs and support for consumer education access to financial services will be increased and improved by Lesotho Postal Bank, Moliko Trust, SACCOs, RSCGs and new players which will come in at micro level. Performance will be analyzed according to the following indicators, and by comparing the year 2009 and 2013 – end of project.

Indicators	2009	2013
Number of active clients –borrowers	104,000	250,000
% of women	50%	75%
Outstanding portfolio in USD	7,940,000	50,000,000
Number of savers	109,400	300,000
Amount savings deposits in USD	27,840,000	60,000,000
Average loan size/GDC per capita	200	200
PAR -30 days %	Not available	5%
OSS	Not available	120%
FSS	Not available	90%
Reporting on MIX	None	3

### **11. Exit Strategy**

SUFIL's Exit strategy is inbuilt in its overall strategic approach and design. The sector based approach that looks holistically at the different levels of inclusive finance building blocks i.e. macro, Meso and micro levels.

At the macro level, the Ministry will create a unit within the department of Private Sector Development and Financial Affairs that will be dedicated to all matters of financial inclusion. The Chief Technical Advisor, with guidance from UN (Delivering as One), will work closely with this unit to pass on the required skills and knowledge including on policy initiation and development, coordination and guidance of the microfinance forum. This would not only build institutional memory but will also ensure the continued smooth function of the microfinance sector. It is

anticipated that by the end of the Programme the Ministry will be sufficiently capacitated to take on the leadership of guiding the sector.

At the Meso Level, SUFIL will organize the key players in the microfinance industry and support the institutionalization of the microfinance forum. SUFIL will further support and build the capacity of the secretariat of the Forum to be able to identify, support and coordinate all the required Technical Services Providers. It is anticipated that by the end of the Programme the key players in the industry, organized through the Microfinance Forum will be to identify key interventions that would support the industry. In addition the Forum will be able to continuously lobby and advocate for an enabling environment. The identified Technical Service Providers will also be able to provide market led and demand driven services to the Financial services Providers.

At the micro level, the Programme will build the capacity of selected Financial Services Providers (FSPs) so that by the end of the Programme, the supported FSP will either be sustainable or will be well on their way to sustainability. The FSP will be able to conduct their business in a viable and independent manner in a predictable regulatory environment.

Periodic monitoring of the relevant indicators at all levels would inform project implementation on whether the exit strategy is on track.





## ANNEX A: Work Plan for: Support to Financial Inclusion in Lesotho - Period: 2010

JP Outputs 1: Regulatory and policy environment improved										
Annual targets	UN organization	Activities	TIME FRAME				Implementing Partner	PLANNED BUDGET		
			Q1	Q2	Q3	Q4		Source of Funds	Budget Description	Amount USD
Increase capacity and knowledge of policy makers	RUFIP	Organize 1 Study Tour, Trainings and Exchange Visit for Central Bank, Government Official and Parliamentarian					MFDP	IFAD		
		Hold national conferences and workshops on key issues for microfinance						IFAD		
Increase advocacy for an Enabling environment and Sensitization of the Public		Organize radio and TV talks on microfinance and financial inclusion					MFDP	IFAD		
		Publish newsletters and policy briefs								
Operationalize and institutionalize the Microfinance Forum										
		set up 4 sub committees to deal with: (i) policy formulation and strategy (ii) consumer education, protection and financial literacy (iii) agricultural lending, rural finance and outreach (iv) innovation and new products development					MFDP	N/A		
	organize meetings of Microfinance Forum and the subcommittees					MFDP	IFAD			
	Facilitate one exchange visit					MFDP	IFAD			

Annual targets	UN organization	Activities	TIME FRAME				Implementing Partner	Source of Funds	Budget Description	Amount
			Q1	Q2	Q3	Q4				
	IFAD	Establish and support Secretariat					MFD	IFAD		
	UNCDF	participate to meetings					MFD	N/A		
		review and comment policy and regulatory framework					MFD	N/A		
		Provide TA	X	X	X	X	MFD	N/A		
Support the RUFIP in enhancing Policy Dialogue for Enabling Environment										

JP Output 2: Supportive MESO financial infrastructure strengthened										
Annual targets	UN organization	Activities	TIME FRAME				Implementing Partner	PLANNED BUDGET		
			Q1	Q2	Q3	Q4		Source of Funds	Budget Description	Amount USD
Strengthen the capacity of Technical Service Providers										<b>25,000</b>
	UNCDF	Assess the capacity gaps of the technical service providers		X			UNCDF	UNCDF		10,000
	UNCDF	Provide TOT			X	X	UNCDF	UNCDF		15,000
Negotiate and implement a consumer education programme										<b>95,000</b>
	UNCDF	Carry out baseline study	X	X			UNCDF	UNCDF		20,000
	UNCDF	Develop financial literacy strategy and plan	X	X			UNCDF	UNCDF		10,000
	UNCDF	Develop client protection policy and strategy	X	X			UNCDF	UNCDF		10,000
	UNCDF	Assist in Organizing training on client protection			X	X	UNCDF	UNCDF		10,000
	UNCDF	Assist in Conducting client protection campaign			X	X	UNCDF	UNCDF		10,000
		TOT for a pool of trainers			X	X	MFDP	CBL		10,000
		Assist in Organizing radio Programme and documentary films			X	X	MFDP	CBL		5,000
		Assist in Dissemination publication on financial literacy			X	X	MFDP	CBL		5,000
		Assist in establish investment/savings club in schools			X	X	MFDP	CBL		15,000
Establish a microfinance resource centre and a Sector database										<b>55,000</b>

Annual targets	UN organization	Activities	TIME FRAME				Implementing Partner	PLANNED BUDGET		
			Q1	Q2	Q3	Q4		Source of Funds	Budget Description	Amount USD
	UNCDF	Procure resources and material on microfinance to share among stakeholders for knowledge management purposes.		X	X		MFDP	Others		5,000
	UNCDF	Equip resource centre		X	X		MFDP	UNDP		20,000
	UNCDF	Collect information on financial service providers	X	X			UNCDF	Others		
	UNCDF	Develop database		X	X		UNCDF	Others		15,000
	UNCDF	Develop web base gateway		X	X		UNCDF	Others		10,000
	UNCDF	Maintain database and website			X	X	UNCDF	Others		5,000
JP Output 3: Access to a broader range of financial services improved and accelerated										
Annual targets	UN organization	Activities	TIME FRAME				Implementing Partner	PLANNED BUDGET		
			Q1	Q2	Q3	Q4		Source of Funds	Budget Description	Amount USD
Assist the MFDP to establish and operationalise a Joint Investment Committee										<b>1,215,000</b>
	UNCDF/RUFIP/UNDP/IFC	Set up the Joint Investment Committee	X				MFDP	N/A		
		Assist potential FSPs		X	X		MFDP	GOL UNCDF OTHERS		1,215,000
	UNCDF/UNDP/RUFIP	Fundraise	X	X	X	X	MFDP	N/A		
	UNCDF/UNDP/GOL	Engage MicroLead and other potential partners to support microfinance green fielding in Lesotho		X	X	X	UNCDF	UNCDF		

JP Output 4: The Programme is efficiently managed and implemented										
Annual targets	UN organization	Activities	TIME FRAME				Implementing Partner	PLANNED BUDGET		
			Q1	Q2	Q3	Q4		Source of Funds	Budget Description	Amount USD
Implement programme										<b>280,000</b>
Recruit international staff	UNCDF	Recruit a Chief Technical Advisor	X	X	X	X	UNCDF	UNCDF		90,000
	UNDP	Recruit UNV	X	X	X	X	MFDP	UNDP		60,000
	UNDP	Contribute to the salary of CTA costs	X	X			MFDP	UNDP		90,000
Monitor programme	UNCDF	Organize field visits and joint reviews	X	X	X	X	UNCDF	UNCDF		5,000
Management fees	UNCDF		X				MFDP	UNCDF		40,000
<b>Total Planned Budget</b>										<b>1,675,000</b>
<b>Total UNDP</b>										<b>150,000</b>
<b>Total UNCDF</b>										<b>355,000</b>
<b>Total GOL</b>										<b>105,000</b>
<b>Total CBL</b>										<b>35,000</b>
<b>Total others (to be mobilized)</b>										<b>1,030,000</b>

Signatures<sup>3</sup>:

UN organization(s)	Implementing Partner(s)
<i>Name of Representative</i>	<i>Name of Head of Partner</i>
<i>Signature</i>	<i>Signature</i>
<i>Name of Organization</i>	<i>Name of Institution</i>
<i>Date</i>	<i>Date</i>

<sup>3</sup> When CSOs/NGOs are designated Implementing Partners, they do not sign this Work Plan. Each participating UN Organization will follow its own procedures in signing Work Plans with CSOs/NGOs.

## ANNEX B: Work Plan for: Support to Financial Inclusion in Lesotho - Period: 2011

JP Output 1: Regulatory and policy environment improved										
Annual targets	UN organization	Activities	TIME FRAME				Implementing Partner	PLANNED BUDGET		
			Q1	Q2	Q3	Q4		Source of Funds	Budget Description	Amount USD
Increase capacity and knowledge of policy makers	IFAD	Organize 1 Study Tour and Exchange Visit for Central Bank, Government Official and Parliamentarian					MFDP	IFAD		
		Hold national conferences and workshops on key issues for microfinance						IFAD		
Increase advocacy for an Enabling environment and Sensitization of the Public		Organize radio and television talks on microfinance and financial inclusion					MFDP	IFAD		
		Publish newsletters and policy briefs								
Support the Microfinance Forum										
		organize meetings of Microfinance Forum and the subcommittees					MFDP	IFAD		
		Establish and support Secretariat					MFDP	IFAD		
Support the RUFIP in enhancing Policy Dialogue for Enabling Environment		Provide TA	X	X	X	X	MFDP	N/A		

JP Output 2: Supportive Meso financial infrastructure strengthened										
Annual targets	UN organization	Activities	TIME FRAME				Implementing Partner	PLANNED BUDGET		
			Q1	Q2	Q3	Q4		Source of Funds	Budget Description	Amount USD
Strengthen the capacity of Technical Service Providers										<b>15,000</b>
	UNCDF	Provide TOT			X	X	UNCDF	UNCDF		15,000
Implement the consumer education programme										<b>50,000</b>
	UNCDF	Organize training on client protection			X	X	UNCDF	UNCDF		10,000
	UNCDF	Conduct client protection campaign			X	X	UNCDF	UNCDF		10,000
	CBL	Organize radio Programme and documentary films			X	X	MFDP	CBL		10,000
	CBL	Disseminate publication on financial literacy			X	X	MFDP	CBL		5,000
		Establish investment/savings club in schools			X	X	MFDP	CBL		15,000

Annual targets	UN organization	Activities	TIME FRAME				Implementing Partner	PLANNED BUDGET		
			Q1	Q2	Q3	Q4		Source of Funds	Budget Description	Amount USD
Strengthen the microfinance resource centre and the Sector Database										<b>10,000</b>
	UNCDF	Procure resources and material on microfinance		X	X		MFDP	Others		5,000
	UNCDF	Collect information on financial service providers	X	X			MFDP	UNCDF		
	UNCDF	Maintain database and website			X	X	UNCDF	UNCDF		5,000
<b>JP Output 3: Access to a broader range of financial services improved and accelerated</b>										
Assist the MFDP to effectively implement the Joint Investment Committee										<b>1,137,500</b>
	UNCDF/IFAD/UNDP	Assist potential FSPs		X	X		MFDP	UNDP UNCDF GOL Others		1,137,000
	UNCDF/UNDP/RUFIP	Fundraise	X	X	X	X	MFDP	N/A		
	UNCDF/UNDP/IFAD	Engage potential partners to support microfinance green fielding in Lesotho			X	X	UNCDF	UNCDF		



JP Output 4: The Programme is efficiently managed and implemented										
Annual targets	UN organization	Activities	TIME FRAME				Implementing Partner	PLANNED BUDGET		
			Q1	Q2	Q3	Q4		Source of Funds	Budget Description	Amount USD
Implement programme										<b>277,500</b>
Recruit international staff	UNCDF	Recruit a Chief Technical Advisor	X	X	X	X	UNCDF	UNCDF		180,000
	UNDP	Recruit UNV	X	X	X	X	MFDP	UNDP		60,000
	UNDP	Contribute to overhead costs					MFDP	UNDP		10,000
Monitor programme	UNCDF	Organize field visits and joint review	X	X	X	X	UNCDF	UNCDF		5,000
Management fees	UNCDF						UNCDF	UNCDF		
Management fees	UNDP		X				UNDP	UNDP		22,500
<b>Total Planned Budget</b>										<b>1,490,000</b>
<b>Total UNDP</b>										<b>150,000</b>
<b>Total UNCDF</b>										<b>325,000</b>
<b>Total GOL and CBL</b>										<b>85,000</b>
<b>Total others (to be mobilized)</b>										<b>930,000</b>

Signatures<sup>4</sup>:

UN organization(s)	Implementing Partner(s)
<i>Name of Representative</i>	<i>Name of Head of Partner</i>
<i>Signature</i>	<i>Signature</i>
<i>Name of Organization</i>	<i>Name of Institution</i>
<i>Date</i>	<i>Date</i>

<sup>4</sup> When CSOs/NGOs are designated Implementing Partners, they do not sign this Work Plan. Each participating UN Organization will follow its own procedures in signing Work Plans with CSOs/NGOs.

## ANNEX C: Work Plan for: Support to Financial Inclusion in Lesotho - Period: 2012

JP Output 1: Regulatory and policy environment improved										
Annual targets	UN organization	Activities	TIME FRAME				Implementing Partner	PLANNED BUDGET		
			Q1	Q2	Q3	Q4		Source of Funds	Budget Description	Amount USD
Increase capacity and knowledge of policy makers	IFAD	Organize 1 Study Tour and Exchange Visit for Central Bank, Government Official and Parliamentarian					MFDP	IFAD		
		Hold national conferences and workshops on key issues for microfinance						IFAD		
Increase advocacy for an Enabling environment and Sensitization of the Public		Organize radio and TV talks on microfinance and financial inclusion					MFDP	IFAD		
		Publish newsletters and policy briefs								
Support the Microfinance Forum										
		organize meetings of Microfinance Forum and the subcommittees					MFDP	IFAD		
	Establish and support Secretariat					MFDP	IFAD			
Support the RUFIP in enhancing Policy Dialogue for Enabling Environment		<i>Provide TA</i>					MFDP	N/A		

JP Output 2: Supportive Meso financial infrastructure strengthened										
Annual targets	UN organization	Activities	TIME FRAME				Implementing Partner	PLANNED BUDGET		
			Q1	Q2	Q3	Q4		Source of Funds	Budget Description	Amount USD
Strengthen the capacity of Technical Service Providers										<b>10,000</b>
	UNCDF	Provide TOT	X	X	X	X	UNCDF	UNCDF		10,000
Implement the consumer education programme										<b>65,000</b>
	UNCDF	Organize training on client protection			X	X	UNCDF	UNCDF		10,000
	UNCDF	Conduct client protection campaign			X	X	UNCDF	UNCDF		10,000
		Organize radio Programme and documentary films			X	X	MFDP	CBL		10,000
		Disseminate publication on financial literacy			X	X	MFDP	CBL		5,000
		Establish investment/savings club in schools			X	X	MFDP	CBL		15,000
	UNCDF	Evaluate performance and impact			X		MFDP	Others		15,000
Strengthen the microfinance resource centre and the sector database										<b>10,000</b>
	UNDP	Procure resources and material on microfinance		X	X		MFDP	Others		5,000
	UNCDF	Collect information on financial service providers	X	X			UNCDF	UNCDF		
	UNCDF	Maintain database and website			X	X	UNCDF	UNCDF		5,000

JP Output 3: Access to a broader range of financial services improved and accelerated										
Annual targets	UN organization	Activities	TIME FRAME				Implementing Partner	PLANNED BUDGET		
			Q1	Q2	Q3	Q4		Source of Funds	Budget Description	Amount USD
Assist the MFDP to effectively implement the Joint Investment Committee										<b>680,000</b>
		Assist potential FSPs		X	X			UNCDF UNDP GOL Others		680,000
	UNCDF/UNDP /IFAD	Explore the opportunity and possibility to set up a National Microfinance Fund	X	X	X	X	MFDP	N/A		

JP Output 4: The Programme is efficiently managed and implemented										
Annual targets	UN organization	Activities	TIME FRAME				Implementing Partner	PLANNED BUDGET		
			Q1	Q2	Q3	Q4		Source of Funds	Budget Description	Amount USD
Implement programme										<b>155,000</b>
Recruit international staff	UNCDF	Recruit a Chief Technical Advisor	X	X	X	X	UNCDF	UNCDF		
	UNDP	Recruit UNV	X	X	X	X	MFDP	UNDP		60,000
	UNDP	Contribute to overhead costs	X				MFDP	UNDP		20,000
Monitor programme	UNCDF	Organize field visits and joint reviews	X	X	X	X	UNCDF	UNCDF		5000
Evaluate programme	UNCDF		X				UNCDF	UNCDF		70,000
<b>Total Planned Budget</b>										<b>920,000</b>
Including*	<b>Total UNDP</b>									<b>150,000</b>
	<b>Total UNCDF</b>									<b>120,000</b>
	<b>Total GOL and CBL</b>									<b>80,000</b>
	<b>Total others (to be mobilized)</b>									<b>570,000</b>

Signatures<sup>5</sup>:

UN organization(s)	Implementing Partner(s)
<i>Name of Representative</i>	<i>Name of Head of Partner</i>
<i>Signature</i>	<i>Signature</i>
<i>Name of Organization</i>	<i>Name of Institution</i>
<i>Date</i>	<i>Date</i>

<sup>5</sup> When CSOs/NGOs are designated Implementing Partners, they do not sign this Work Plan. Each participating UN Organization will follow its own procedures in signing Work Plans with CSOs/NGOs.



## ANNEX B: Terms of Reference of the Chief Technical Advisor



UNITED NATIONS DEVELOPMENT PROGRAMME

### JOB DESCRIPTION

#### I. Post Information

**Post Title:** Inclusive Finance Chief Technical Advisor  
**Post Number:**  
**Organizational Unit:** UNDP - UNCDF  
**Supervisor/ Grade:** UNCDF Inclusive Finance Regional Technical Advisor (L5)  
**Duration of initial contract:** 1 year  
**Expected duration of the contract:** 2 years  
**Post Status:** Non-rotational  
**Post location:** Maseru (Lesotho)

**Source of Funding:** Project  
**Current Grade:** L4  
**Proposed Grade:** FTA-5  
**Approved Grade:**  
**Post Classified by:**  
**Classification Approved by:**

#### II. Organizational Context

Under the administrative supervision of UNDP Country Director or delegated UNDP Resident Representative and the direction of the UNCDF Regional Technical Manager and in close coordination with the Ministry of Finance and Development Planning and IFAD, the Chief Technical Advisor provides technical leadership and management to two programmes: the Support for Financial Inclusion In Lesotho (SUFIL) launched jointly by UNDP and UNCDF and the Rural Financial Intermediation Programme (RUFIP) jointly launched by IFAD and the government of Lesotho, including responsibility for providing the required Technical Assistance in managing the respective projects cycles.

The Chief Technical Advisor is responsible for identification of new investment opportunities in Financial Services Providers (FSPs), and for supporting the design and implementation in the country to ensure a more inclusive financial sector. At the country level, the Chief Technical Advisor will work closely with the project Coordinator of RUFIP and the Focal Point in the department of Private Sector Development and Financial Affairs under the Ministry of Finance and Economic Development.

At the corporate level, the Chief Technical Advisor receives overall technical leadership and policy direction from the Inclusive Finance Senior Technical Advisor keeping him apprised of programme opportunities and relationship developments with key stakeholders. The incumbent receives guidance and support from the Regional Portfolio Specialist on portfolio management, including disbursement of resources, financial and performance management and programme coherence at the national level; from the Regional Unit on corporate operational issues; and

regarding business development/resource mobilization strategies, intelligence and tools.

The Chief Technical Advisor serves as technical adviser to the UNDP country office in the area of financial inclusion. The incumbent partners with UNDP practice areas on policy and knowledge-related initiatives in the country and works closely with the UNDP CO to ensure integration of financial inclusion activities into the annual work plan of the UNDP CO and all documents related to the United Nations Development Assistance Framework (UNDAF). The incumbent represents UNCDF and UNDP on financial inclusion policy and programme matters, first and foremost with the governmental bodies, the financial inclusion industry, central banks, donors and other investors. She/he builds strategic partnerships with key donors and investors, promoting the comparative advantages and strategic niches of UNCDF and the financial inclusion line of business, enhancing UNCDF as a preferred partner in the area of financial inclusion and accelerating (non-core) resource mobilization.

### **III. Functions / Key Results Expected**

#### **Summary of key functions**

- Provides technical support to the SUFIL Programme and RUFIP and the implementation of their operations and management of the Programmes' staff in the country;
- Provides technical leadership and policy advice in the area of financial inclusion to key stakeholders in the country;
- Provides national leadership in applying business development strategies, tools and intelligence to build and maintain strategic partnerships, capitalize on business opportunities and enhance resource mobilization for financial inclusion in the country;
- Provides national leadership in the active acquisition and sharing of business-sensitive knowledge in financial inclusion;
- Initiates and supports discussions with donors at the field level and liaise with regional office / HQs for the purpose of funding mobilization / partnership development by attracting other donors to join Investment Committee or to coordinate with the Investment Committee;
- Provides support to financial inclusion Regional Unit and UNCDF senior management on corporate initiatives and activities.
- Promotes women empowerment by mainstreaming gender in the development of policies on financial inclusion

Under the direction of the Regional Technical Manager, Financial inclusion Regional Unit and guidance from the MOFDP and UNDP CO, the Chief Technical Adviser will have the following functions:

#### **1. PROGRAMME MANAGEMENT: Provides technical support to the SUFIL Programme and RUFIP and to the implementation of their activities; and management of the projects staff in the country focusing on achieving the following results**

- Support the Financial Service Providers (FSPs), the Lesotho Microfinance Forum, the Central Bank of Lesotho, the Government especially the Ministry of Finance and Economic Development Planning the Programme Coordination Committee and the other stakeholders involved in the two Programmes and to the Investment Committee;
- Integrate the national financial inclusion activities into the annual work plan of the UNDP CO and all documents related to the United Nations System Development Assistance Framework;
- Review of work plans of the programme team, ensuring clear performance targets are established;
- Support to effective management of all financial performance and operational aspects of



UNCDF national portfolio and technical operational aspects of UNDP financial inclusion investment including facilitating project implementation according to annual work plan of the programme, ensuring achievement of outputs;

- Reporting of programme achievements, delivery and other areas of accountability to UNCDF Regional Unit for input to regular performance monitoring and ROAR; financial reporting and reporting arrangements for non-core resources to donors;
- Support to effective and efficient management of human resources of the national project staff, including staffing, work planning and performance management, in consultation with UNDP country office management and UNCDF Regional Unit, as appropriate;
- Support to effective and efficient management of financial resources for the financial inclusion national project, including budget preparation, funding and reporting;

**2. TECHNICAL LEADERSHIP/POLICY ADVICE: Provides technical leadership and policy advice in the area of financial inclusion to key stakeholders in the country focusing on achieving the following results**

- Technical leadership and support to the SUFIL Programme and RUFIP;
- Effective and innovative programme strategies, formulation and design, involving sector assessment, dialogue and negotiations with key national stakeholders, including donors and other investors, government officials, UNDP country office, Central Bank and the financial inclusion industry, advancing UNCDF's comparative advantages and furthering UNCDF and UNDP goals and objectives;
- Technical support to design or improve of national policy, strategy and programme, for development of enabling regulatory and legal framework and capacity-building of Central bank;
- Technical guidance to Programme Officers and the country team on programme preparation and implementation, and technical monitoring and follow-up of their work plans;
- Technical leadership, advice and support to UNDP country office management to improve quality of UNDP's Financial inclusion programme; effective national coordination with relevant practice areas of technical support to the country; Advice on policy issues emerging from design and implementation of Financial inclusion projects at the country office level.

**3. BUSINESS DEVELOPMENT/EXTERNAL RELATIONS: Provides national leadership in applying business development strategies, tools and intelligence, to build and maintain strategic partnerships, capitalize on business opportunities and enhance resource mobilization for financial inclusion in the country, focusing on achieving the following results:**

- Expanded support to the country to develop an appropriate financial infrastructure that will improve sustainable access to financial services to clients;
- Identification of promising investment opportunities in the country that meet established investment criteria;
- Strong national partnerships with major multilateral and bilateral organizations for business development and cost-sharing, and increases in partner co-financing of financial inclusion projects in the country;
- Strong partnership with the UNDP country office and national policy practitioners to support the government, Central Bank, donors and other key stakeholders in the country to successfully implement national financial inclusion strategy, policies and interventions to develop an inclusive financial sector;
- Advice to the Inclusive Finance Senior Technical Advisor on development of resource mobilization and communications strategies that meet needs of national programme;
- Effective working relationships with the government, Central Bank, the other donors and investors, civil society and the financial inclusion industry;

- Dialogue and outreach to key internal and external partners, including the UNDP country office management to increase visibility and awareness of UNCDF comparative advantages and strategic niches in financial inclusion within the country.

**4. KNOWLEDGE MANAGEMENT: Provides national leadership in the active acquisition and sharing of business-sensitive knowledge in financial inclusion, focusing on achieving the following results:**

- Identification, documentation and incorporation of lessons learned from financial inclusion experience in the country and at regional level, as input into portfolio management and planning at national and regional level for enhancing policy and programme support to financial inclusion and for knowledge management collaborations with key partners, particularly CGAP;
- Identification and development of new products, tools and processes in UNCDF niche areas to better employ comparative advantages of UNCDF and UNDP in the country to serve targeted clients; review of existing products, concepts and tools in financial inclusion to ensure continued effectiveness and to increase awareness of these products, tools, etc. among key stakeholders, adapting them to changes in circumstances and requirements in the country;
- Collaboration with key partners and financial inclusion practitioners in the country for research and development of innovative, cutting-edge strategies and approaches to sharpen delivery of financial inclusion products and services in order to better achieve UNCDF Business Plan objectives and MDG goals; sharing of experiences with key partners and stakeholders in the country;
- Development and contribution to knowledge-sharing networks on financial inclusion initiatives regionally;
- Participation and contributions to UNDP sub-practice in financial inclusion and small/medium enterprises.

**5. RESOURCE MOBILIZATION, CORPORATE ADVICE AND SUPPORT: Provides support to financial inclusion Regional Unit and UNCDF management on resource mobilization, corporate initiatives and activities, focusing on achieving the following results:**

- Initiates and supports discussions with donors at the field level and liaise with Regional office / HQs for the purpose of funding mobilization / partnership development;
- Advice from national perspective to support annual and cumulative Regional Unit and UNCDF ROAR analyses; substantive inputs into Regional Unit work plan and UNCDF Business Plan.

**IV. Impact of Results**

Results of the work of the financial inclusion Chief Technical Adviser have major impact on the overall effectiveness, efficiency and growth of UNCDF's Financial inclusion programme in the country and the region, as reflected in the ROAR, financial delivery, business development and resource mobilization, especially of non-core resources. It has a direct impact on the success of the financial inclusion Regional Unit in achieving Unit and UNCDF Business Plan objectives, results expected in the UNCDF SRF and, finally, on achieving the MDGs. Results have a major impact on UNCDF's reputation as a preferred partner in financial inclusion and center of excellence within the country and the region, and its success engaging key actors in strategic partnerships and joint programming for Financial inclusion projects for the country and the LDCs in the region. Finally, results have a significant impact on resource mobilization (non-core), and on the capacity of UNCDF to successfully contribute to the building of inclusive financial sectors in the country and in the region.

## **V. Competencies**

### **Corporate**

- Demonstrates integrity and fairness by modeling UN values and ethical standards;
- Displays cultural and gender sensitivity and adaptability;
- Treats all people fairly and without favoritism;
- Shows strong corporate commitment;
- Promotes the vision, mission and strategic goals of UNCDF and UNDP.

### **Functional**

- Displays a high level of respect, diplomacy and tact when dealing with government officials, donors and other stakeholders;
- Demonstrated strong technical knowledge in field of Financial inclusion;
- Proven practical knowledge of Financial inclusion as applied in LDC context at both local and national levels;
- Familiarity with UNDP and UN system and role of key institutions in the field of financial inclusion;
- Knowledge of UNDP field level organization;
- Comprehensive understanding of the project management cycle and managing for results;
- Knowledge of programme framework.

### **Managerial/Behavioral**

- **Leadership**
  - o Focuses on impact and results for client;
  - o Takes initiative and calculated risks;
  - o Builds trust in interactions with others;
  - o Leads team creatively and effectively, and resolves conflicts;
  - o Displays positive attitude.
- **Managing Relationships**
  - o Builds strong client relationships;
  - o Builds strong relationships with partners;
  - o Communicates clearly and convincingly.
- **Task Management**
  - o Provides quality outputs in a timely manner;
  - o Analyzes problems carefully and logically, leading to fact-based and practical recommendations.
- **Managing Complexity**
  - o Manages projects effectively;
  - o Supports development of clear Unit strategy;
  - o Develops innovative solutions.
- **Building and Sharing Knowledge**
  - o Shares knowledge and experience with colleagues;
  - o Actively builds deep knowledge in financial inclusion area;
  - o Makes valuable practice contributions in financial inclusion;
  - o Promotes knowledge management in the Unit/Office.
- **Learning and People Development**
  - o Provides constructive coaching and feedback;
  - o Promotes learning environment in Unit/Office.

<b><u>VI. Recruitment Qualifications</u></b>	
<b>Education:</b>	- Masters degree in economics, finance, business administration, or related field
<b>Experience:</b>	<ul style="list-style-type: none"> <li>- At least ten (10) years experience in inclusive finance with progressively more responsible positions and with experience working with the stakeholders including government and with a sector based approach, preferably in LDCs and with UN/UNDP experience;</li> <li>- Demonstrated success in building strategic partnerships and resource mobilization ;</li> <li>- Hands-on experience in design, monitoring and evaluation of development projects;</li> <li>- Previous work experience with UN/UNDP is highly desirable;</li> <li>- Experience with similar assignments in similar developing countries preferably in Africa;</li> <li>- Demonstrated knowledge on microfinance in post conflict situation;</li> <li>- Excellent computer skills and ability to use information technology as a tool and resource;</li> <li>- Excellent drafting and presentation skills.</li> </ul>
<b>Language Requirements:</b>	<ul style="list-style-type: none"> <li>- Fluency in English</li> <li>- Good knowledge in French will be appreciated</li> </ul>

**VII. Signatures - Post Description Certification**

Incumbent *(if applicable)*

Name	Signature	Date
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Supervisor

Name / Title	Signature	Date
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Chief Division/Section

Name / Title	Signature	Date
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## **ANNEX C: Terms of Reference for the Focal Unit**

### **Background**

A key output of SUFIL is to improve the regulatory and policy environment through increased sector coordination and leadership role of the Ministry of Finance and Development Planning.

To attain this output, the CTA will work closely with the Unit of the Ministry of Finance and development planning.

### **Responsibilities**

Reporting to the Executive Director of the department of Private Sector Development and Financial Affairs, the Focal Unit will work closely with the CTA in executing the activities of SUFIL. Specifically the Unit will:

- Participate in knowledge management activities such as workshops, Microfinance Forum meetings and intranet microfinance discussion groups particularly in the area of financial inclusion;
- Prepare the Joint Programme annual work plan and budget and submit them to the joint Investment Committee;
- Organize for the annual audits of the Programme;
- Participate to the deliberations and decision making pertaining to the Joint Investment Committee;
- Facilitate procurement, financial management through the Private Sector Development and Financial Affairs Department;
- Identify prospective funders and investors and share information with UNCDF, UNDP and government on potential funding partners and opportunities;
- Ensure all required documentation is available to facilitate decision-making of the Investment Committee;
- Record proceedings of Investment Committee meetings;
- Liaise with the IC and appraise the funding proposals – desk review and on-site visits and compile Investment Appraisal Forms;
- Propose subsequent tranches from the IC for participating organizations that meet performance goals;
- Prepare multi-year projections estimating country demand and supply for microfinance services; including funding needs (loans, grants, technical assistance, equity) of FSPs to close the supply/demand gap;
- Prepare analysis of options for IC consideration to catalyze development of the microfinance sector and to close the gap in a reasonable timeframe;
- Based on funding needs, develop strategies to mobilize additional resources; or limit further funding placed under IC management;
- Monitor investments made into FSPs to track compliances with Performance Base Agreement and SUFIL minimum criteria;
- Produce regular report to the IC on the financial and overall performance of the FSPs.

## **ANNEX D: Terms of Reference of the Microfinance Officer / United Nations Volunteer**

### **Preamble:**

The United Nations Volunteers (UNV) programme is the UN organization that promotes volunteerism to support peace and development worldwide. Volunteerism can transform the pace and nature of development and it benefits both society at large and the individual volunteer. UNV contributes to peace and development by advocating for volunteerism globally, encouraging partners to integrate volunteerism into development programming, and mobilizing volunteers.

In most cultures volunteerism is deeply embedded in long-established, ancient traditions of sharing and support within the communities. In this context, UNV Volunteers take part in various forms of volunteerism and play a role in development and peace together with co-workers, host agencies and local communities.

In all assignments, UNV Volunteers promote volunteerism through their action and conduct. Engaging in volunteer activity can effectively and positively enrich their understanding of local and social realities, as well as create a bridge between themselves and the people in their host community. This will make the time they spend as UNV Volunteers even more rewarding and productive.

- 1. UNV Assignment Title: Microfinance Officer / UNV**
- 2. Type of assignment: International**
- 3. Project Title: Support to Financial Inclusion in Lesotho (SUFIL)**
- 4. Duration: 12 months (renewable)**
- 5. Location, Country: Maseru, Lesotho**
- 6. Expected starting date: November 23, 2009**
- 7. Brief Project Description:**

The Joint Programme of UNCDF and UNDP to Support Financial Inclusion in Lesotho (SUFIL) is consistent with Vision 2002 and revised UNDAF(2008-2012) Outcome 3 (National Institutions able to develop and adapt sustainable pro poor economic development, environmental management and household food security policies and strategies with special focus on vulnerable groups including women, men and the disabled). The Joint Programme will contribute to the achievement of the Millennium Development Goals, particularly the goal of halving extreme poverty by year 2015, through the improvement and expansion of access to sustainable financial services in urban and rural areas, particularly the low income population and vulnerable groups to allow broad based economic growth and employment creation.

- 8. Host Agency/Host Institute: UNDP Lesotho**

**9. Organizational Context:** UNDP in Lesotho provides development support activities in a number of areas of economic growth such as microfinance, youth employment, trade policy development etc. The UNV may be called upon to provide assistance in other areas which have linkages with Microfinance. For example in this case the UNV will in addition, lend support to

the youth employment project by building important linkages with the microfinance forum to enhance access to capital for youth business. The UNV will also explore synergies with other programmes on trade within the Strategy and Policy Unit.

**10. Type of assignment place:** assignment with family.

**11. Description of Duties:**

Under the direct supervision of the UNDP Economic Advisor and Head of Strategy and Policy Unit, the UNV Microfinance Officer will undertake the following tasks:

- In close collaboration with the Chief Technical Advisor, the UNV- Microfinance officer will support the implementation of the joint UNDP/UNCDF project in Lesotho;
- Integrate the SUFIL activities into the annual work plan of the UNDP/UNCDF;
- Ensure effective administrative support is provided to facilitate implementation of SUFIL activities including provision of support in Atlas (budget revisions, reporting, status updates) and liaison with the UNDP operations team;
- Support the building of microfinance initiative for youth in Lesotho;
- Support the development of the Micro-Finance products for the SMME sector;
- Participate in the different meetings related to microfinance sector development;
- Participate in the Investment Committee meeting and project appraisal process;
- Perform any other responsibilities as assigned by Head Strategy and Policy Unit/UNDP Country Office from time to time.

**Institutional support to Micro Finance Institutions (MFI)**

- Develop an action plan to support the Lesotho Microfinance Network;
- Liaise with the Micro finance forum in Lesotho to identify opportunities for increased effectiveness of the Micro finance component for the youth as well as the SMMEs;
- Work closely with Microfinance institutions to support and advocate best practices in enterprise development;
- Participate in the study and analysis of the technical and financial support requests coming from the MFIs and project partners;
- Plan and undertake visits to microfinance institutions for assessing needs and performance;
- Participate in the international conferences, workshops and training activities related to Microfinance development.

**Monitoring of project activities of SUFIL**

- Report on programme achievements, delivery and other areas of accountability to UNCDF/UNDP for regular performance monitoring and ROAR; financial reporting and reporting arrangements for non-core resources to donors;
- Elaborate and assist in implementation of a monitoring system for the project activities;
- Assist in the monitoring and evaluation of Microfinance providers.
- Contribute to the follow up of the studies carried out within the project;
- Ensure the reporting on the evolution of the financial performance and growth of the MFI partners of the project;
- Circulate the MFI performances and quarterly reports;
- Collect all data and information related to the microfinance sector development;
- Collaborate in all other activities.

## **12. Results and Expected Output:**

- At the macro level: Regulatory and policy environment improved: through increased sector coordination;
- At the Meso level: Supportive Meso financial infrastructure strengthened: through supporting capacity building of selected Technical Service Providers, financial literacy and knowledge dissemination;
- At the micro level: Access to a broader range of financial services improved and accelerated: through innovations and support to sustainable inclusive finance providers and market leaders.

## **Furthermore, UNV Volunteers are encouraged to:**

- Strengthen their knowledge and understanding of the concept of volunteerism by reading relevant UNV and external publications and taking active part in UNV activities (for instance in events that mark IVD);
- Get acquainted with and building on traditional and/or local forms of volunteerism in the host country;
- Reflect on the type and quality of voluntary action that they are undertaking, including participation in ongoing reflection activities;
- Contribute articles/write-ups on field experiences and submitting them for UNV publications/websites, newsletters, press releases etc;
- Promote or advise local groups in the use of online volunteering, or encouraging relevant local individuals and organizations to use the UNV Online Volunteering service whenever technically possible;
- Actively engage in the promotion, integration and mobilization of volunteers and the volunteer ethos across all sectors in Lesotho;
- Anticipate in the Lesotho Volunteer Forum meeting which is a network of volunteer involving organization working together to support volunteer initiatives in Lesotho;
- Identify opportunities for youth to volunteer in development projects such as income generating activities in which young people can see the impact of their engagement on others.

## **13. Recruitment Qualifications/Requirements:**

**Education:** Master's degree in development studies, banking, finance or related field, with at, five years relevant work experience in banking and finance sector including:

- Five years professional experience in the banking and solid background in microfinance sector an advantage;
- Experience in project management familiarity with UNDP and UN system and the role of key institutions in MFIs;
- Experience working with youth/women population in microfinance sector;
- Ability to perform under a heavy workload and tight deadlines;
- Strong communication and interpersonal skills;
- Experience in loan appraisal and documentation;
- Experience in project monitoring and evaluation of MIF;
- Familiarity with the volunteer landscape in Africa.



## **ANNEX E: Terms of Reference of the Joint Investment Committee**

### **1. Background**

In order to coordinate activities in the microfinance sector in order to avoid duplication and over-subscription, donors and private investors supporting microfinance institutions will be encouraged to join an Investment Committee.

### **2. Composition**

The Investment Committee will consist of the Central Bank of Lesotho, financial institutions, the Private Sector Development and Financial Affairs Department, the Department of Cooperative, UNDP CO, UNCDF, RUFIP, and any other donors interested in the sector or willing to support the sector. The Chief Technical Adviser will serve as the Secretariat of the Investment Committee and the Central Bank as the Chair.

### **3. Rationale**

In order to support the development of a competitive, sustainable inclusive financial sector, the Investment Committee will provide a framework where donors can:

- Receive business plans and funding proposals;
- Jointly review potential investments;
- Complement relative strengths and weaknesses (provision of only technical assistance, grants, loans) in order to tailor investment packages to the institution;
- Utilize standard reporting and performance based contracts with MFIs;
- Review individual investments;
- Identify constraints to building an inclusive, sustainable financial sector;
- Jointly supervise the technical assistance provided to participating MFIs;
- Jointly carry out needed technical reviews, evaluations, audits, field monitoring visits, etc. within a commonly (scheduled) agreed time period;
- Jointly review progress in building the enabling environment for sustainable microfinance.

This arrangement will also minimize transaction costs to MFIs seeking funding, and their Technical Partners.

### **4. Criteria for applications from MFIs (NGO-MFIs, commercial banks, credit unions, NBFIs, etc.)**

Proposals may be made from start-ups, institutions currently operating in the country, or those outside, wishing to start-up operations.

The criteria for selecting investments will include the following:

- Disciplined management;
- Transparency, with donors, government, clients and public having the right to know status;
- Reporting and accountability, with regular operational, financial and audit reports;
- Pricing, with MFIs free to set prices reflecting the prevailing market conditions and their internal costs;
- Delinquency control, capability for timely and full loan repayment;
- Appropriate techniques and products, a variety of collateral substitutes and repayment incentives can be used;
- New products development to increase outreach;
- Willingness to expand in rural areas;
- Gender consideration, enabling the participation of women;

- Governance, sound structures suitable to the institutional type, and largely free from government and political interference;
- Financial services or microfinance (for NGO-MFIs) as the sole focus of its services;
- Financial self-sufficiency as a stated goal within 5-7 years;
- Plans for a major but realistic expansion of the client base.

In addition to the criteria noted above, those institutions making proposals from outside to enter the Lesotho market will provide background on their track record in other countries. This information will include standard outreach and performance, and financial reporting disaggregated by institution per country; and also includes the total funding received per institution to achieve those results. This information will assist the investment committee to make investment decisions on a cost-effective basis, and assess proposed targets in light of past achievements.

## **5. Process for reviewing investment proposals**

The Investment Committee will meet at least twice a year in Lesotho. Members unable to attend may communicate their interest in funding a proposal via email, or via proxy to an attending member. Funding proposals will be circulated four weeks in advance of meetings. The Secretariat will circulate all proposals and the institutional appraisals to all Investment Committee members at least two weeks in advance of meetings. The Secretariat will consult in advance with donors/investors on potential interest in funding a proposal. For simplification, the goal will be that not more than three (3) signatories per contract with an MFI for a proposal under consideration.

Decisions will be made on a commercial basis, and not be subject to political or disbursement pressures. Funding decisions will be taken by consensus to the greatest extent possible. Proposals that are deemed to be in violation of the government's policy will be so advised by the government chair, and requested not to proceed without amendment.

## **6. Harmonization of performance based agreements and reporting**

Donor/Investors participating in the Investment Committee agree to utilize harmonized:

- a) Performance based agreements, with key indicators (Outreach: number of active clients; Portfolio quality: PAR @30 days; Profitability/Sustainability: Operational Self Sufficiency and Adjusted Return on Assets AROA) for minimum performance standards; and
- b) Reporting requirements, using standard terms and definitions as developed by the Consultative Group to Assist the Poor (CGAP).

## **7. Execution/Implementation arrangements**

UNCDF FIPA will serve as executing agent for its own funds. Other donors are encouraged to cost-share through UNCDF FIPA in order to:

- a) minimize disbursement pressure;
- b) harmonize reporting;
- c) reduce administrative costs; and
- d) expedite payments and implementation.

Donor/Investors will ensure that either:

- a) investments approved by the Investment Committee can be paid within two;
- b) weeks of approval; or
- c) that a certain percentage of committed funds (i.e. concretely committed via contracts for specific projects) is kept in the main project account established by UNCDF. It will be replenished upon proof that the previous tranche has been adequately used. Donor

funds will be expended on a pro-rata basis (calculated according to the percentage of funds accepted under management) based on the payments approved at each meeting.

Donors will have the right to cease support to an MFI, programme component or the programme if deemed necessary (non-fulfillment of performance criteria, misappropriation of funds). The decision should be discussed in the Investment Committee, or between the relevant donors in the case of support to a specific MFI.

If needed, the Investment Committee will review these terms of reference to adjust them to changing realities and to ensure smooth implementation arrangements.

## **8. Linkages to Government Policy Review**

The Investment Committee Secretariat will provide reporting on an annual basis to the Director of the Department of Private Sector Development and Financial Affairs

- a) Investments made;
- b) Results achieved by MFIs based on standard performance and financial indicators;
- c) Constraints and opportunities for further developing the sector;
- d) Policy changes needed to remove the constraints or seize opportunities. These reports will be posted on the UNCDF Microfinance Unit website with links to programme partners, based on request (see annex 4).

The Programme Steering committee, the Investment Committee, and MFIs supported under the programme will meet at least once a year to review progress achieved; and actively discuss constraints and opportunities to support the development of an inclusive, sustainable financial sector. Recommendations emerging from these discussions will be referred to the respective government bodies with the mandate to review and implement, where possible. Subsequent annual reviews will examine progress achieved in removing constraints and seizing opportunities. The timing of these meetings will be organized to coincide with Investment Committee meetings when Donor/Investor representatives may be present in the country.

## **9. Information to be included in funding proposals**

Copy of Business Plan and the following if not included in the business plan:

- Institution (name and locally registered institutional form);
- Mission Statement;
- Brief history;
- Governance, Executive Director/CEO, Board or Directors, Names and background;
- Organigram;
- Ownership Structure:
  - o Current (Percent shares by stakeholder) and;
  - o if change anticipated, dates and process for change;
- Management Profile;
- Systems and Manuals;
- Audited Income Statements, balance sheets and cash flow statements;
- Start Date;
- Current and Proposed Areas of Operation;
- Products and Terms;
- Target Group;
- Current and Proposed Annual targets over period of requested support;
- Number of active clients;
- PAR @ 30 days;
- Value of Loans Outstanding;
- Average Loan Size;

- Minimum Balance to open a savings account;
- Average Value Savings Account;
- Adjusted return on assets (AROA);
- Funding Requested (Grants and Soft-loans);
- Proposed Budget allocation (by category and year);
- Other Funding Available:
  - o Grants (amount and source);
  - o **Commercial Loans** (amount and source);
  - o Equity (amount and source).

Information for International MFIs submitting funding proposals to include in their submission:

Country:

- Institution (name and locally registered institutional form);
- Start Date;
- Number of active clients;
- PAR @ 30 days;
- Value of Loans Outstanding;
- Average Loan Size;
- Operational self sufficiency;
- Adjusted return on assets (AROA);
- Grants received (amount and source);
- Soft-loans (amount and source);
- Commercial Loans (amount and source);
- Equity (amount and source).



