

Microfinance Services
Terms of Reference

Project	Poverty Reduction Fund
Position	Microfinance Services
Duty station	Based at National level with regular travel to provinces, districts and villages
Supervisor	Head of the Livelihood and Nutrition Unit
Duration	Part time over a period of 6 months starting January 2019

Introduction and context

Poverty Reduction Fund, an autonomous body under Ministry of Agriculture and Forestry (MAF) is implementing third phase of Poverty Reduction Fund i.e., PRF III with financial assistance from the Government of Lao PDR (GoL), The World Bank and, the Swiss Agency for Development and Cooperation (SDC). The Poverty Reduction Fund (PRF) is the GoL's key initiative to reduce poverty and eradicate mass poverty by 2020. The Project Development Objective is to improve access to basic services for the project's targeted communities. This will be achieved through inclusive community and local development processes with emphasis on ensuring sustainability. The Program aims to deliver resources in the form of technical assistance training and sub-project grants to poor villages and kum bans, efficiently and effectively. It uses a Community Driven Development (CDD) approach, whereby communities themselves decide on how resources are allocated, manage sub-project funds, and implement sub-projects. Extensive facilitation and training is provided through the Program to ensure that all community members, including women and members of different ethnic groups, participate in the decision-making process and benefit from the Program. The Program builds local capacity by providing technical support for communities, over a number of years, to help solve problems and resolve conflicts. It also aims to create stronger links between the local government and communities.

The project is implemented in 263 Kum bans of 43 districts in 10 provinces. There are 265 staffs engaged in National, Province and District level.

The PRF III has four components are as follows;

1. Component 1 : Community Development Sub-Grants
2. Component 2 : Local and Community Development Capacity Building
3. Component 3 : Project Management
4. Component 4 : Nutrition Enhancing Livelihood Development

Nutrition Enhancing Livelihood Development otherwise called as the LN component (Livelihood and Nutrition) of PRF III. This component forms and nurtures habitation level Self Help Groups (SHGs) by mobilizing poor and poorest of the poor households. The SHGs are further federated as Village Self Help Group Management Committee (VSMC) at village level. Till now; the project has formed and nurtured 915 SHGs and 165 VSMCs¹ in 4 districts of Houaphan and Savannakhet Province. The VSMCs have bank accounts and received USD 1.216 Million livelihood fund and also provided loans to SHG members on the basis of micro investment plans. Until now, all 915 SHGs have savings more than 220,000 USD that are lend to members for emergency cases e.g

¹ who are managing the livelihood fund and saving money

transportation to hospital, treatment expenses, educational material for kids and rice shortages and some loan from saving are also put for investment of IGAs.

The SHG members have invested their loans in farm activities, livestock activities and micro enterprises, and repaying loans along with interest by generating additional income from these livelihood activities. For most SHGs, the livelihood fund has rotated more than twice and the total loan amount is more than USD 2.28 Million. While loan activity is ongoing and most SHGs are functioning reasonably well, many are having difficulty setting appropriate repayment periods (i.e. depending upon the types of investment and their maturities), frequencies and amounts of periodic repayments, enforcing repayment, etc. Support is needed to strengthen the financing practices of the SHGs.

The project will continue until June 2020 and the community institutions i.e., SHGs and VSMCs need support to further develop their capacity and their income generating potential. Such activities also planned for expansion into three new provinces in the north of Lao PDR from 2020 to 2023/2024. Production Groups (PGs) at the Village or Kum Ban level are planned to be formed in some locations where group activity is strong and has potential to access larger markets, working on productivity enhancement, strengthen backend services, aggregate commodities, value addition & marketing. These activities require adequate funding support to these Production Groups to carry out these activities. Systems need to be designed and integrated to ensure smooth financial transactions and benefit to their members.

Considering the intensive work required for the livelihood and nutrition activities; the PRF requires a Microfinance firm to anchor, facilitate, support and strengthen the financial inclusion program by streamlining the ongoing savings-credit program of SHGs, loan from livelihood fund and its timely repayment, regular book keeping, updated MIS and ensure timely decision making. The task also includes facilitating the financing of loans from commercial Banks to Self Help Groups (SHGs), Village Self Help Group Management Committees (VSMCs) and Production Groups.

A Summary of Roles and responsibilities

The main responsibilities of the Microfinance Specialist are to

1. Review the processes adopted and outputs of SHG Program
2. Review the Guidelines, Books of Records of SHG Program, recommend improvements (including additional annexes to the Guidelines and other supporting material) and revise upon discussion and agreement with the PRF team, including
 - a. Management of SHG funds (including rotation to different members, amounts of loans, etc)
 - b. Release of funds to members (including interest charges, repayment rates, etc)
 - c. Meetings conducted at SHG level
 - d. Meetings conducted at VSMC level
 - e. Books of Records at SHG level
 - f. Books of Records at VSMC level
 - g. Guidelines of Family Investment Plan
 - h. Linking SHGs with banks
3. Develop ToT on the Revised following
 - a. How to conduct SHG Meetings and VSMC Meetings
 - b. Frequency of SHG Meetings and VSMC Meetings
 - c. How to update Books of Records at SHG level and VSMC level
 - d. How to capture real time data and update MIS
 - e. How to motivate VSMC to ensure 100% repayment
 - f. How to improve Financial Literacy

4. Develop a System for streamlining & monitoring training at the SHG level and VSMC level during SHG and VSMC meetings
5. Develop a Phase Out Strategic Plan for transitioning 73 Self Help Groups to self-sustainability in the absence of PRF support, including the possible inclusion into existing NSOs in Savannakhet Province

In addition, the Microfinance firm will advise, support, train and monitor the project staffs engaged at District and Kum ban level to support effective performance of the SHG at hamlet level and VSMC at village level. This include building capability of District livelihood officers, village livelihood coordinators / Young Graduates (Junior Consultants), VSMC Members and SHG members to ensure they fully comply with their role and responsibilities to support the microfinance, SHG fund management activities, strengthening the real time data collection and reporting system to ensure efficient monitoring and analysis of the SHG performance and improve the sustainability of the system. These can be achieved through improving the current processes and procedures at SHGs & VSMC level. The Microfinance Specialist will work under the supervision of the Coordinator of PRF Livelihood and Nutrition and report to the Executive Director of PRF

B. Specific Responsibilities and Deliverables Expected

Capacity Building

- Develop capacity building strategy and related training modules and materials on books of records and other functions of microfinance including Family Investment Plans as well as the use of M&E forms by District livelihood officers (in coordination with the M&E team), village livelihood coordinators / Young Graduates, VSMC Members, SHG members
- Conduct capabilities assessment for District livelihood officers, village livelihood coordinators / Young Graduates, VSMC Members, SHG leaders
- Prepare training programs and related budget on books of records and other functions of microfinance for District livelihood officers, village livelihood coordinators / young graduates, VSMC Members, SHG members levels based on the capabilities assessment
- Conduct regular trainings including training assessment to ensure that District livelihood officers, village livelihood coordinators / Young Graduates, VSMC Members, SHG members can fully comply with their role and responsibilities on supporting the livelihood, nutrition and related activities
- Work closely with the IEC team for the design and the contents of the IEC materials related to microfinance
- Facilitate cross learning of best practices among Provinces / districts / villages

Monitoring and Reporting

- improving existing monitoring forms in order to capture all data related to SHG, VSMC fiduciary activities (microfinance) following on agreed project indicators
- Support and follow up District livelihood officers work to ensure real time data capture and entry into MIS on a monthly basis
- Support District livelihood officers to produce monthly progress report on SHGs performance, quarterly grading of SHGs by VSMCs, regular book keeping at SHG and VSMC level, loan rotation, opening up of bank accounts of SHGs; progress of Provinces on Bank financing to SHGs, etc.

- Work closely with M&E team at National level to consolidate and analyze MIS outputs related to microfinance activities and take timely decisions / provide support in the field as appropriate to maximize loan rotation and minimize idle fund at SHG, Production Group, and VSMC levels.

Institutionalisation

- Review different policies of Government of Laos / Bank of Laos with regard to microfinance through Self Help Groups, Producer Groups, and revise-develop LN guidelines accordingly
- Prepare Province specific credit linkage plan and develop action plan for local bank financing
- Prepare and Roll out new book of records for SHG, VSMC and the Production Group
- Coordinate with local Banks and their officials on SHG financing by local Bank
- Facilitate access to bank loans for SHG and Production Groups
- Facilitate regular field visit of local bank and concerned government officials to SHG and VSMC meetings

Others

- Implementation of other tasks, which may be determined and assigned by the head of the livelihood and nutrition unit
- The Microfinance firm will prepare a workplan for her/his assignment with expected outputs to be delivered and timeframe to be reviewed and discussed with the Livelihood and Nutrition Coordinator of PRF and the World Bank task team. The workplan will be submitted to the Executive Director of PRF within one week after signing of her/his contract.

C. Requirements for Service Provider

Qualification and experience of Service Provider:

- The Microfinance Firm should have experiences of working with state institutions, donors supported projects on Financial Inclusion or Micro Finance through Community Institutions such as Self Help Groups (SHGs) or Joint Liability Groups (JLGs) or Producers Groups (PGs) or networks of grass roots level community institutions
- At least 5 to 7 years, the Firm should have experiences in Rural Financial Development /Microfinance sector, Business Administration and in working on bank financing to community institutions such as SHGs or JLGs or PGs as loans
- The firm should have experience of conducting training, studies/assessment, workshops, seminars, review meetings, annual planning exercises, etc. including developing training modules and training materials,
- The Appointed Staff of the firm should have good interpersonal and communication skills and teamwork abilities and have knowledge and experience of working with ethnic and poor households on Micro Finance in remote rural communities of the Lao PDR
- The Appointed Staff of the firm express willing to travel to Province, District and Kum bans as per requirement, have experience of working knowledge in MS Word, MS Excel and MS Power-point and ability to communicate well in English is preferable

D. Terms of Payments

- The terms of payments will be discussed with the Microfinance team during the negotiation period.