

Report on Quality at Entry and Next Steps to Complete Design for Microfinance in Peru –

Strengthening Peruvian Women Entrepreneurs through Business Training and Better Access to Capital

A: AidWorks details <i>completed by Activity Manager</i>			
Initiative Name:	Microfinance in Peru		
AidWorks ID:	Aid works ID cannot be generated until funds are identified.	Total Amount:	\$2,000,000 (funding has not been allocated and will need to be identified)
Start Date:	1 November 2009	End Date:	30 June 2010

B: Appraisal Peer Review meeting details <i>completed by Activity Manager</i>	
Initial ratings prepared by:	Bernadette Morris
Meeting date:	29 July 2009
Chair:	Chris Tinning
Peer reviewers providing formal comment & ratings:	<ul style="list-style-type: none"> – Rebecca Bryant, Director, Food Security and Rural section – Mary Flanagan, Manager, Governance and Anti-corruption section and member of microfinance working group
Independent Appraiser:	– As above
Other peer review participants:	– John Woods (DFAT); Sarah Boyd (Gender Policy and Coordination section); Anna Perkins, Julianne Cowley, Bernadette Morris (Partnerships and Volunteers section).

C: Quality Rating Assessment against indicators <i>completed by Activity Manager / Peer Reviewers / Independent Appraiser</i>			
Quality	Rating (1-6) *	Comments to support rating	Required Action (if needed)
1. Clear objectives	5	<p>The objectives of the project are clearly stated and well-defined with a strong focus on monitoring and dissemination of results.</p> <p>The objectives of the project are quantifiable and, as the implementing partner is an established microfinance organisation in the region, achievable.</p> <p>The IDB has addressed concerns around duplication of existing programs and selection of participants. Women will be selected for poor neighbourhoods in Lima and from rural areas in the poorest and most marginalised areas of the country.</p> <p>The Peruvian Government are in support of the project.</p>	AusAID will earmark funds to the SALTA component of the project to ensure that Australian funding supports people living below the poverty line.

C: Quality Rating Assessment against indicators*completed by Activity Manager / Peer Reviewers / Independent Appraiser*

2. Monitoring and Evaluation	5	<p>The monitoring and evaluation that is proposed is clearly laid out.</p> <p>Accountability is supported by IDB's existing systems and IDB has established systems for ensuring executing agencies are accountable.</p> <p>AusAID's contract with IDB will require that all progress reports from implementing partners are provided to AusAID by the IDB.</p> <p>AusAID has provided the IDB with the CGAP social performance measurement tool and will continue to work with the IDB to ensure that monitoring incorporates measurement for impact evaluation.</p>	
3. Sustainability	6	<p>The sustainability aspects of this proposal are very high quality. Financial literacy training and business mentoring have long term impacts and spin off effects for the local economy and for education standards more generally.</p> <p>Sustainability is demonstrated at multiple levels. The proposal demonstrates that institutional change (a greater focus on training for loan recipients) will be in the interests of institutions as well as loan recipients, contributing to the sustainability of project outcomes. Additionally the design specifically focuses on drawing on lessons from implementation in order to increase the potential for replication of the project.</p> <p>It is anticipated that the open source nature of training resources and the benefit evident to stakeholders through the project's implementation will encourage businesses to continue similar projects after implementation.</p> <p>This element of the design is particularly important for AusAID as materials produced and lessons learned in the Peru context will be important in responding to micro-finance needs in Colombia.</p>	
4. Implementation & Risk Management	5	<p>The implementation strategy is very clearly articulated and makes use of existing on-the-ground resources and expertise. The roles and responsibilities of the various participants are well defined. The timeframes for action are clear and will translate well ultimately to a contractual agreement between AusAID and IDB.</p> <p>IDB has addressed the risk of market distortion by focusing on strengthening the entire MFI marketplace. Training programs will be open to clients of any MFI. Mibanco will not be present at the training and Mibanco clients will not have any advantages over clients of other MFIs.</p>	<p>AusAID's role as a strategic partner will be clearly articulated in its contract with the IDB, including AusAID's participation on the Advisory Committee.</p>

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5. Analysis and lessons	5	<p>Component 3 of the initiative is focussed solely on monitoring, evaluation and dissemination of results. This will provide valuable lessons for future expansion of this project or replication to other Latin American contexts.</p> <p>Analysis considers contextual and resource issues and draws on previous experiences of partners in Peru and on similar projects elsewhere in the world. Analysis of the gender dimensions of this project will be particularly valuable.</p> <p>AusAID has provided the IDB with guidance on gender analysis and the CGAP poverty tool.</p>	AusAID will continue to work with the IDB to ensure that monitoring and evaluation of the project allow for continuous learning.

* Definitions of the Rating Scale:			
Satisfactory (4, 5 and 6)		Less than satisfactory (1, 2 and 3)	
6	Very high quality; needs ongoing management & monitoring only	3	Less than adequate quality; needs to be improved in core areas
5	Good quality; needs minor work to improve in some areas	2	Poor quality; needs major work to improve
4	Adequate quality; needs some work to improve	1	Very poor quality; needs major overhaul

D: Next Steps <i>completed by Activity Manager after agreement at the Appraisal Peer Review meeting</i>		
Provide information on all steps required to finalise the design based on <i>Required Actions</i> in "C" above, and additional actions identified in the peer review meeting	Who is responsible	Date to be done
1. AusAID will earmark funds to the SALTA component of the project to ensure that Australian funding supports people living below the poverty line.	Bernie Morris	31 October 2009
2. AusAID's role as a strategic partner will be clearly articulated in its contract with the IDB, including AusAID's participation on the Advisory Committee.	Bernie Morris	31 October 2009
3. AusAID will continue to work with the IDB to ensure that monitoring and evaluation of the project allow for continuous learning.	Bernie Morris	Ongoing- for life of project

E: Other comments or issues <i>completed by Activity Manager after agreement at the APR meeting</i>
<ul style="list-style-type: none"> - The IDB have indicated a strong interest in working with Australia on this project. This would be AusAID's first formal engagement with the IDB and offers an opportunity to build our relationship with a significant multilateral player in Latin America. - DFAT and PM&C are supportive of the project.

F: Approval *completed by ADG or Minister-Counsellor who chaired the peer review meeting*

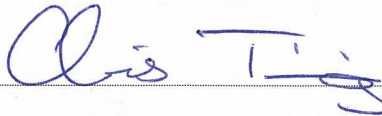
On the basis of the final agreed Quality Rating assessment (C) and Next Steps (D) above:

- ☒ **QAE REPORT IS APPROVED**, and authorization given to proceed to:
- ☒ **FINALISE** the design incorporating actions above, and proceed to implementation
- or: ☐ **REDESIGN** and resubmit for appraisal peer review

☐ **NOT APPROVED** for the following reason(s):

Chris Tinning
ADG, Development
Partnerships Branch

signed:



31 August 2009