

V. Project Purpose

To achieve the above goal, the project seeks to increase the income of the poor, as measured by:

an increase in net income from an equivalent of \$ 123.00 in Year 0 to:

- \$417 in Year 1
- \$626 in Year 2,
- \$835 in Year 3,
- \$1,043 in Year 4,
- \$1,252 in Year 5.

VI. Outputs

There are three anticipated project outputs:

1. Access to credit for poor increased.
2. Business and management capabilities of borrowers strengthened.
3. Improved efficiency and effectiveness of loan portfolio management

Indicators for the above-mentioned outputs are as follows:

Indicators for Output Number 1:

- 1.1 Number of first-time loans disbursed increased from 442 in Year 0 to 652 in Year 1, to 952 in Year 2, to 1532 in Year 3, to 2107 in Year 4, and to 3047 by end Year 5.
- 1.2 Number of clients to whom credit extended is increased from 442 in Year 0 to 952 by Year 2 and to 2605 by EOP.

Activities related to Output Number 1:

Capitalization of Loan Fund

ADF will capitalize ASHA's existing loan fund with 1,195,732,915 cedis, enabling ASHA to expand its client base.

Indicators for Output Number 2

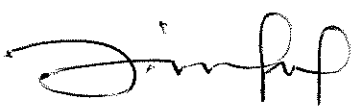
- 2.1 Number of clients who are keeping accurate records relative to production, sales, profit increased from 242 in Year 0 to 2847 by EOP.

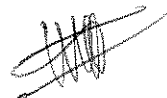
Activities related to Output Number 2:

Training for ASHA clients

ASHA will train clients in credit education and basic business management during a 2-day non-residential training program, before its members start savings contributions or gain access to credit. Training will be conducted, within the communities in which groups are located. ADF funds will be used to finance workshop venue and materials, transportation, and refreshments for the trainees and professional fees and accommodation for the resource persons.

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Indicators for Output Number 3

- 3.1 Field monitoring by ASHA staff increased from once/month per group to once/week per group by end Year 2.
- 3.2 Client- loan officer ratio increased from 201 to 299 by Year 5.
- 3.3 Portfolio-related financials/reports generated by automated MIS on weekly basis at HQ and branch offices by end Year 1 and thereafter.
- 3.4 Operating cost ratio decreased from 272.8% to 19% by EOP.
- 3.5 Loan recovery maintained at 98% during LOP.

Activities related to Output Number 3:

Training in MFI Governance

The course is for ASHA's Board and management and will train them in the principles and practices of good governance of micro finance institutions. The course will provide the participants with high standards of corporate citizenship and business ethics. Five members of ASHA's board, the executive director and the finance manager (who are all key players for the success of the project) will attend this course.

Financial Analysis for MFIs

The Financial Analysis course will assist ASHA's management to perform accurate and timely assessment of operations. The course begins with reformatting typical balance sheets and income statements to perform comparative analysis. Staff will be trained to adjust statements to reflect inflation, subsidized cost of funds and in-kind contributions. Staff will then be able to generate financial sustainability, operating efficiency, and portfolio quality ratios.

MFI Accounting

To assist managers at ASHA to understand how financial statements are created, they will be trained in principles of microfinance accounting.

Training in Delinquency Management and Interest Rate Determination

ASHA's executive director, finance manager and credit manager will receive training in Delinquency Management and Interest Rate Determination. This course introduces two important concepts and their relationship to the sustainability of ASHA: delinquency management and interest rate determination.

Training in Loan Tracking Software

ASHA staff will be trained to use Loan Performer loan tracking software to be procured under the project. The training will include portfolio management, accounting, savings, and the generation of reports.

Computer Hardware and accessories

ADF will provide funds to purchase computer hardware and accessories needed for the operation of the loan software. The computer hardware and accessories that will be purchased and installed at ASHA's headquarters include: 3 IBM compatible Personal Computers, 3 700VA Uninterrupted Power Supply Systems, 1 Laser Jet Printer, 1 Photocopier, 1 Money Counting Machine and 1 Safe.

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responsibility for ensuring that the Project follows the implementation plan, and that problems identified through monitoring and evaluation are properly addressed in a timely manner.

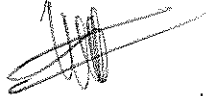
IX. Other Implementation Issues

As part of its project reporting requirement, the Grantee will provide in its quarterly reports information on:

1. Borrower demographics, including gender, religion, and ethnicity.
2. Borrower business performance.
3. Ongoing steps to reduce loan-processing time from the current time of three months.

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