

Triple Jump Advisory Services : Impact Study

Approach, Challenges and Results

MFI partner: **RMCR**

Project: MIS Analysis and Selection

RMCR (Réseau de Micro Institutions de Croissance de Revenus) was started in 2000 by World Vision to provide financial services in the rural areas where World Vision has programs in Mali. Its clients are principally very poor women who form solidarity groups (SG) which are part of a larger community groups (CCOs) of 10-35 women. Although RMCR has opened one branch in the Bamako area, 90 percent of its clients live in rural areas and engage in small scale agriculture, livestock raising and petty trade. The singularity of RMCR is that they have incorporated a graduation system for their clients. After several loan cycles and good repayment the SGs can leave the CCO and continue on their own. Once SG member demands reach a certain size, members can access individual loans. Though RMCR charges a comparable interest rate to other MFIs in Mali (24% annual, declining), it requires no material guarantees -- unlike other MFIs-- and the amount of savings required upfront to obtain a loan is only 10%, with another 10% constituted over the life of the loan. Overall, RMCR's methodology has resulted in excellent repayment rates (PAR30 of 2.8 % as of December 2010).

PARTNER SELECTION

We had identified RMCR as a strong potential candidate in 2009 given its social mission and its culture of transparency. The Board having decided to replace the CEO, however, we decided to wait until the new CEO was in place, in March 2010. Our diagnostic confirmed that RMCR had a solid track record of growth – from 7000 clients and a loan portfolio of €300,000 in 2005 to nearly 18,000 and a portfolio of €2 million in 2010—had competent management who was eager to improve their systems and a pressing MIS problem. TJAS determined a strong match between our expertise and the capacity building needs of the organization. Since TJAS' approach is to work long term (12-24) months with partners, the opportunity to assist and make an impact was evident.

Project 1: MIS

THE CHALLENGES

RMCR still operates on a mostly manual system for its loan portfolio management and uses an accounting package to produce the World Vision-specific quarterly reports. Starting in 2008, the Board and management had decided to acquire an integrated platform. They were approached by an international organisation that wanted to develop and launch a new MIS software in West Africa and were given assurances that the new MIS would respond to RMCR's needs, and at an attractive price. A year and a half later, the new platform was deemed too unstable and unable to be configured for RMCR's methodology so that project was dropped. Under pressure to find a solution, the Board chose another MIS package – this one well tested, but not much used in francophone West Africa – and began negotiations with the developer. When TJAS carried out its diagnostic, it became obvious that the selection process for this 2nd MIS solution had not followed selection best practices such as: business process analysis and mapping of functional and operational requirements for the software and no reference checks with other MFIs using the software or onsite visits. Additionally although the software

in question is of good quality on the portfolio management side, it had not yet been configured to meet BCEAO accounting standards (the BCEAO is the Central Bank of the West Africa Monetary and Economic Union) and no MFI reporting to the BCEAO can use the system to produce the required financial statements. Hence there was a clear risk that the MIS selection process would not have yielded the required results and RMCR needed support.

THE SOLUTION

Phase 1:

When TJAS pointed out these facts to the new CEO – who had not been on board yet when the MIS was selected -- he asked us to help him make the case to his Board and World Vision HQ. With our support and the evidence of a newly published MIS evaluation study for the WAEMU countries, he was able to convince them to stop negotiations with the developer and to re-launch the process correctly. Within three weeks of this decision, the TJAS consultant began work on analysing RMCR's operational and technical needs and the Request for Proposals (with a complete list of functional and technical requirements) to a shortlist of MIS developers was sent out shortly after. Once the proposals were received, the consultant and RMCR did a thorough review and shortlisted three MIS packages; demos were organised and on-site visits carried out. RMCR has now selected one MIS – which is flexible, includes (and has tested) the new accounting framework, can track social performance indicators (an important requirement for RMCR and World Vision), and offers a fully integrated loan portfolio and accounting package. Currently, with the support from the consultant, RMCR has begun negotiations with the MIS developer to specify precisely the license conditions, data migration requirements, specific developments, schedule of roll-out, training and tools, upfront costs and yearly maintenance fees.

Additionally, TJAS and the consultant have highlighted the need to improve the skill level of the MIS manager. He has started night classes on database management and is being coached throughout the project.

Next Steps:

Once the contract between RMCR and the MIS developer has been finalised and signed, TJAS will continue to support RMCR throughout the implementation phase of the MIS. Our consultant will guide RMCR staff through the data clean-up and migration process, carry out the user acceptance test in preparation for going live, work with MIS manager to make sure the implementation plan is being followed, review operational procedures with management to ensure the MIS will be used to increase efficiency and manage risks and develop MIS security procedures. In short, TJAS's support will continue until the MIS is being used live within RMCR and all are satisfied that the system runs well and it is being used correctly.

IMPACT

Choosing the right MIS for an institution requires an upfront investment – doing a thorough analysis of the MFI's business needs, procedures, hardware and connectivity issues and providing as much detail as necessary to the MIS developers. A thorough assessment of each MIS's functionalities and real-life use takes at least several weeks but it can ensure the right decision and save months, if not years, of labor, frustration and money afterwards. RMCR's first experience with MIS proves this point very well. Because TJAS has a great deal of experience with MIS projects and a good knowledge of MIS packages, we have been able to guide RMCR management so that the same mistake is not repeated and will continue to support them to ensure that the MIS implementation process goes smoothly. The diagnostic and action

plan also allowed RMCR's management to take a close look at its operational processes and practices to begin to streamline and standardize them in advance of installing the MIS while the Board has become aware of the complexity and time required to put a functioning system in place. With clear and detailed requirements for current and future business needs specified upfront, the MIS developer can begin to configure the system correctly soon after the contract is signed and save on lengthy back-and-forths with the institution during the implementation phase.

In addition, since the MIS project has been running very satisfactorily, RMCR and TJAS have just begun a second project to help RMCR put in place a functioning internal audit department, now that an internal auditor has been recruited.