

# Action Points for the Lead Agency

This section outlines the preliminary steps to be taken by the lead agency (national government, development agency or other organisation) for the implementation of a micro-credit scheme based on the CYCI. Governments may wish to seek the assistance of an international development agency, a regional organisation or other partner to assist in implementing the initiative, in which case many of the steps to be taken may be brokered through such a partner organisation providing appropriate technical assistance.

The CYCI operates at three levels:

1. The initiative level (implemented by the lead agency: a national government, international development agency or other organisation)
2. The programme level (implemented by partner NGO or implementing agency)
3. The project level (implemented by beneficiaries).

Figure 2 shows how these three levels of implementation are interrelated.

At the initiative level, the implementation of a CYCI initiative takes place in five phases:

1. Set-up
2. Selecting the implementing agency
3. Staff and institutional training
4. CYCI programme implementation
5. Monitoring and evaluation.

Phases 1 and 2 are dealt with in this section. Phases 3, 4 and 5 are touched on here, and discussed in Modules 4, 2 and 3 respectively of the CYCI Toolkit.

## Set-up

There are four main steps in the set-up phase:

1. Develop a Plan of Action
2. Set up institutional arrangements
3. Strengthen the enabling environment
4. Obtain funding.

### *Step 1: The Plan of Action*

It is advisable to develop a Plan of Action for the implementation of a CYCI. The main elements of the Plan of Action are:

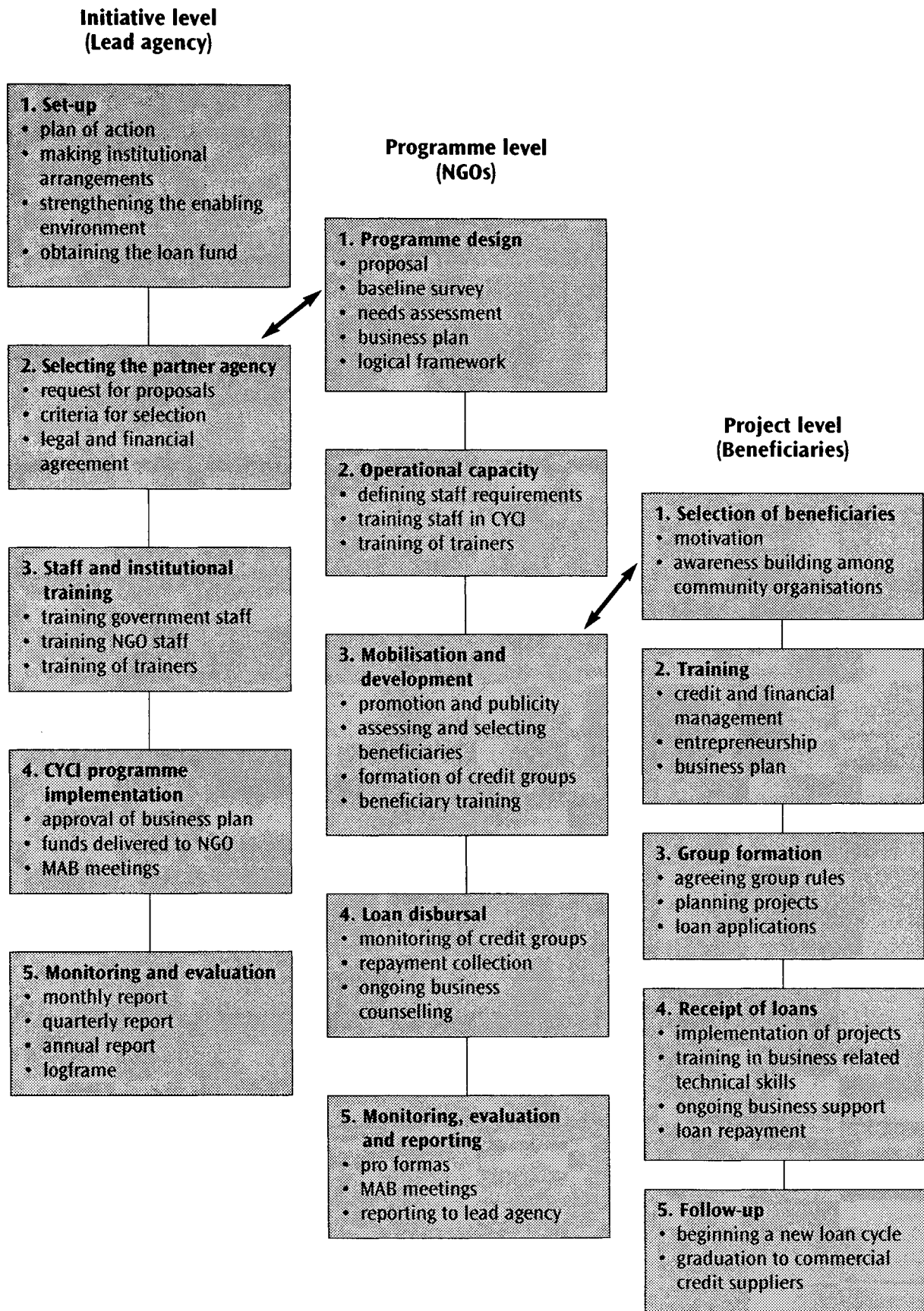
- location(s) in which the CYCI will be implemented
- target groups addressed
- institutional arrangements for implementation
- procedure for selecting the partner NGO
- overall budget and timeframe for the programme.

### *Step 2: Set up institutional arrangements*

The main institutional arrangements of the CYCI are the lead agency, the point of contact, and the Management Advisory Board. If a government, development agency, regional organisation or other partner is assisting the lead agency in implementing the initiative, then that agency also becomes part of the institutional arrangements.

*Lead agency and Point of Contact:* if the CYCI is being initiated by a national government, the first step to be taken in setting up the institutional arrangements is to establish the lead agency and points of contact. The lead agency may be the Ministry of Youth Affairs

**Figure 2: The Commonwealth Youth Credit Initiative Implementation Processes**



or a related portfolio, such as Community Development or Agriculture and Rural Development.

*Management Advisory Board:* The next step is to convene the Management Advisory Board (MAB), consisting of representatives of the key stakeholders. These will be people from the lead agency, the implementing agency(s) the business community, banks, youth institutions and young people themselves. In determining the exact structure of the MAB, flexibility and adapting to local circumstances are recommended. In some circumstances it may be possible for the CYP to provide a representative to the MAB.

The main business of the first meeting of the MAB is to:

- present the CYCI programme
- review the Plan of Action
- determine needs and priorities
- draw up a preliminary list of potential partner NGOs from which the implementing agency(s) will finally be selected.

At subsequent meetings the MAB will review the short list of potential partner agencies and make the final selection. Once a partner NGO is selected as the implementing agency, a senior staff member of the NGO will serve on the MAB.

After that the MAB plays a management and advisory role, supervising, monitoring and evaluating the implementation of the CYCI project cycle. Some members of the MAB may participate in CYCI training programmes in order to deepen their knowledge of how the CYCI works.

Meetings of the MAB should be rotated between the offices of the lead agency, the partner NGO, and localities in which CYCI projects are under way. It is recommended that the Chair of the MAB be elected by the board on a yearly basis.

### *Step 3: Strengthen the enabling environment*

A first condition of the enabling environment for the CYCI is peace, democracy and political stability. Assuming this to be present, the first step in strengthening the enabling environment is to ensure that the requisite political will is present at the highest levels. This will enable other strengthening activities such as the legislative review to take place more easily. A template for advocating for the CYCI is provided at Appendix B.

It is also important to ensure that the legal, policy and regulative environment is conducive to micro-credit. This involves a review of existing legislation, policy statements and regulations to ensure they do not contain constraints to micro-lending. The review should be undertaken by the lead agency in collaboration with the relevant ministries – finance, trade, etc.

A third aspect of the enabling environment is the general ethos, attitude and culture regarding micro-enterprise development. Governments should seek to build an atmosphere of trust, confidence and co-operation, especially with prospective partner NGOs which will implement the programme.

### *Step 4: Obtaining funding*

In some cases, funding may already be allocated by the national government, a bilateral or multilateral donor, or other source. In other cases, application will need to be made to such a source, based on the Plan of Action.

Funds that are needed for the CYCI are of four kinds:

- the loan fund itself
- funds for the day-to-day operation of the programme
- funds for the training of staff and beneficiaries
- funds for programme start-up costs (e.g. expansion of NGO premises).

Where possible, it is recommended that there be more than one source of funding. A programme with several sources of funding has more likelihood of sustainability than one that depends on a single donor (UNDP, 1999a).

## Selecting the Implementing Agency

Identifying an appropriate implementing agency is the most important part of the CYCI set-up. Experience has shown that selecting the right partner NGO is critical to the successful implementation of a CYCI.

The selection process has three main steps:

1. Send out request for proposals
2. Select an agency based on the proposals received
3. Sign a legal and financial agreement with the selected agency.

At all times governments and partner NGOs should strive to work together in an atmosphere of trust and confidence. Lines of communication should be kept open and, where possible, government and NGO staff should meet in person, so as to establish and maintain co-operative and smoothly functioning working relations.

### *Step 1: Send out request for proposals*

The lead agency issues requests for proposals to a list of NGOs drawn up from information supplied by NGO umbrella groups, international development agencies, regional organisations, or by the government itself.

The Request for Proposal should outline the broad goals of the initiative, the basic methodology and the specific information being requested. This information includes:

- *Overview of the organisation* – including a mission statement, legal status, brief history, description of services currently provided, relevant previous experience, political affiliations, if any, and links with other organisations
- *Context* – including the political and macro-economic environment, the current economic and social conditions in the proposed area of intervention, including youth unemployment, and the current providers of credit in the area
- *The proposed intervention* – including target group(s), specific goals, promotion and publicity, timeframe, work plan, and anticipated outcomes
- *Operational capacity* – including the current staff numbers, capacity, qualifications and experience, what staff will be needed to implement the programme, what training equipment, resources and assets the organisation has, and proposals to increase staff and upgrade equipment if necessary
- *Proposals for the training programme* – including training of staff to implement the programme and training of beneficiaries
- *Budget and funding* – including start-up costs, operating costs, training costs, capital costs (loan fund), sources of income and funding, and the sustainability target.

### *Step 2: Select an agency*

Based on the proposals received, the most appropriate agency is selected by matching the proposals received against the following selection criteria. The implementing agency should ideally:

- have mission objectives and policies consistent with poverty alleviation goals and should be actively engaged in seeking to improve the status and conditions of marginalised young people, particularly women
- be a legally registered institution with a constitution, memorandum of association, etc.
- have no political affiliations and be sympathetic to the ideals of the Commonwealth

- have an established track record of effectively planning and implementing projects and programmes
- demonstrate mature management skills and considerable levels of sustainability
- have a policy of consulting with beneficiaries in the design of programmes
- have effective outreach capacity to facilitate links and promote a sense of ownership and mutual accountability between the NGO and the beneficiaries of the programme
- have an extensive infrastructure at grass-roots levels to enable hands-on collection of repayments, rapid monitoring, and maximum contact between field staff and beneficiaries
- have sound, transparent accounting procedures for financial review and monitoring, and be able to present audited statements demonstrating their competence in financial management
- have adequate and appropriate staff capable of:
  - sound financial management
  - conducting training, business counselling and field monitoring
  - undertaking evaluations and impact assessments, and regular reporting to funders, government authorities and beneficiaries.

Of course, the lead agency may not be able to find an NGO that matches all these criteria perfectly. A template for assessing the suitability of a potential partner NGO to be the implementing agency of the CYCI is presented at Appendix C of this module.

### *Step 3: Sign a legal and financial agreement*

Once the appropriate implementing agency has been selected, a legal and financial agreement is signed between it and the lead agency. The legal and financial agreement details the

obligations of the implementing agency and those of the lead agency. The agreement consists of the main document and an annex which summarises operational and technical aspects of the programme. The agreement is signed by representatives of both parties and countersigned by witnesses.

A template for the drafting of a legal and financial agreement and annex is included at Appendix D of this module.

## **Staff and Institutional Training**

Implementation of the CYCI requires:

- training of lead agency personnel
- training of staff of the implementing agency
- training of beneficiaries.

Training of lead agency and NGO personnel is likely to include an element of training of trainers, in order to replicate the programme, and in particular to provide training for the programme beneficiaries, which is normally handled by the implementing agency.

*(Training is discussed in Module 4 of the Toolkit.)*

## **CYCI Programme Implementation**

The lead agency's role is now mainly one of supervision, monitoring and evaluation. Specifically at the implementation stage, the steps to be taken by lead agencies are:

- approval of the implementing agency's business plan
- paying the loan fund to the implementing agency
- organising and attending meetings of the Management Advisory Board
- maintaining strong motivation and a sense of 'ownership' of the programme on the part of the MAB members, implementing

agency and other stakeholders

- maintaining a cohesive, integrated institutional system to support the smooth running of the programme.

The actual implementation of the programme is carried out by the implementing agency. *This is discussed in Modules 2 and 3 of the CYCI Toolkit.*

## **Monitoring and Evaluation of the Programme**

The CYCI includes a comprehensive system for monitoring and evaluation, involving the use of indicators to measure the implementing

agency's performance in implementing the programme, and its impact on target beneficiaries and their communities. *These indicators are discussed in detail in Module 3 of the Toolkit.*

The main instruments for reporting, monitoring and evaluation are:

- monthly report
- quarterly report
- annual report
- logical framework.

*These are discussed in Module 3 of the Toolkit.*