



Executive Summary

MFPN
Strategic Plan
2010 – 2014

August 2010

Microfinance Pasifika Network

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Preface

Approval to develop an updated strategic plan for the Microfinance Pasifika Network (MFPN) was given by the Executive Committee in October 2008. It was agreed that a revised and updated *MFPN Strategic Plan 2010 – 2014* would help strengthen the Network by improving services to members, increasing the income and membership of the Network and in helping to approach donors for funding. A Strategic Plan was seen as a good way forward in guiding the Network to help achieve members' objectives and for the Network to continue its role as a main information network for financial inclusion and microfinance in the Pacific.

The *MFPN Strategic Plan 2010 – 2014* follows from the MFPN's first strategic guidance document, the MFPN Long Term Strategic Plan 2006 – 2009, which has helped guide the development of MFPN during its first three and a half years of existence.

The Pacific Financial Inclusion Programme (PFIP) has provided support to undertake this strategic planning process. The Network members were engaged in the development of this revised and updated *MFPN Strategic Plan 2010 – 2014* participant taking part in focus group discussions held during Microfinance Week 2009, or by completing a phone interview or questionnaire. All methods used the same questions and topics and the results of the analysis, presented throughout this document, portrays the majority of the views and collective ideas expressed by the members during the strategic planning process.

Ms Luse Kinivuwai
MFPN Lead Coordinator
Pacific Regional Representative, The Foundation for Development Cooperation

Message from the Chairman

Taking the Network forward

We are pleased to present this *MFPN Strategic Plan 2010 – 2014* to members and stakeholders. The development of this Plan has taken the a good part of 12 months, numerous man hours and collective contribution from members and stakeholders interested to take this Network forward. There is a renewed vision within financial stakeholders to ensure promotion of relevant information, capacity building efforts and promotion of good financial products, standards of practice and networking in the Pacific island countries for the delivery of microfinance services and financial inclusion. This Network has an important role to play to deliver this for the people of the Pacific. We face many similar challenges to deliver sustainable and relevant financial services to all people and we need to work together to ensure we can develop this industry most effectively.

We are hopeful that we will rally the support from all stakeholders, the regulators, financial sector operators, governments, support services, microfinance service providers and donors to ensure we achieve our objectives.

Acknowledgements

First, I would like to acknowledge all of those involved in the process and preparation of this document. In particular, I would like to thank the network members who through their vital contributions will help shape the future direction of the network.

Second, to the staff of The Foundation for Development Cooperation (FDC) (MFPN Secretariat) who have participated in the data gathering process and/or contributed to the development of this Strategic Plan: Mr Craig Wilson, Executive Director, Ms. Luse Kinivuwai, MFPN Lead Coordinator; Ms. Melanie Aube, FDC Senior Operations Officer; Ms. Katrina Crawford, FDC Operations Officer; and Ms. Jessica Hasker, FDC intern.

I would also like to acknowledge the support provided by the peer reviewers and advisors: Mr. Jamie Bedson, FDC Asia Representative and Lead Coordinator of Banking with the Poor Network and Ms Kelly Hattel, consultant with The Small Enterprise and Education Promotion (SEEP) Network.

Finally, a special note of appreciation must also be expressed to our sponsors Pacific Financial Inclusion Programme [PFIP], who provided generous support to undertake this process.

Sincerely

Mr Benny Popoitai
MFPN Chairman
Deputy Governor, Bank of Papua New Guinea

Acronym list

BPNG	Bank of Papua New Guinea
BWTP	Banking with the Poor Network
CGAP	Consultative Group to Assist the Poorest
CU	Credit Unions
EU/ACP	European Union/ Asia Caribbean and the Pacific
FCOSS	Fiji Council of Social Services
FDC	The Foundation for Development Cooperation
FSP	Financial services provider
FSSA	Financial Sector Service Assessment
GDN	Global Development Network
IFC	International Finance Cooperation
IT	Information Technology
MASS	Measuring Association Success Standard
MDG	Millennium Development Goals
MFI	Microfinance Institution
MFPN	Microfinance Pasifika Network
MIX	Microfinance Information Exchange
NCAT	Network Capacity Assessment Tool
NCSMED	National Centre for Small and Micro Enterprise Development
NGO	Non-Government Organization
PFIP	Pacific financial Inclusion Programme
PICs	Pacific Island Countries
PMW	Pacific Microfinance Week
PNG	Papua New Guinea
PRCM	Pacific Resource Centre for Microfinance
SEEP	Small Enterprise and Education Promotion
SWOT	Strengths, Weaknesses Opportunities and Threats
SPBD	South Pacific Business Development
UNCDF	United Nations Capital Development Fund
UNDP	United Nations Development Programme
WIB	Women in Business

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Table of Contents

Preface	2
Message from Chairman and Acknowledgements	3
1 OVERVIEW OF THE NETWORK	6
1.1 HISTORY	6
1.2 MEMBERSHIP AND STRUCTURE	6
1.3 ACCOMPLISHMENTS.....	6
1.4 MISSION AND VISION STATEMENT	6
1.5 VALUES.....	7
1.6 OBJECTIVES.....	7
1.7 MICROFINANCE STAKEHOLDERS IN THE PACIFIC	7
1.8 ASSUMPTIONS	8
2 SWOT ANALYSIS OF THE NETWORK.....	9
3 MFPN GOALS AND OBJECTIVES	11
3.1 GOALS	11
3.2 LONG-TERM OBJECTIVES (5-Year)	11
3.3 SHORT-TERM OBJECTIVES (1-Year)	12
4 CRITICAL ISSUES	14
5 KEY DECISIONS – Strategic Direction	15
6 ORGANIZATIONAL PLAN	15
7 FINANCIAL PLAN	15
8 COMMUNICATIONS PLAN	16

1 OVERVIEW OF THE NETWORK

1.1 HISTORY

Established in 2006 in Port Vila, Vanuatu as a microfinance and financial sector network in the Pacific, the Microfinance Pasifika Network is an alliance of institutions committed to supporting disadvantaged people in the Pacific to improve their quality of life, through the provision of inclusive and sustainable financial services such as savings, credit, remittances and payment services and insurance. While registered in Vanuatu as a Charitable Organisation, the Network secretariat is based in Fiji where it is hosted by The Foundation for Development Cooperation (FDC).

1.2 MEMBERSHIP AND STRUCTURE

Current membership of the Network stands at 21 key microfinance and financial stakeholders from across the Pacific in 2009 including national level policy institutions, NGOs, MFIs, regulated financial institutions, support organisations, donors and international agencies coming from Australia, Fiji, Federated States of Micronesia, PNG, Samoa, Marshall Islands, Tonga and Vanuatu. Membership categories include 1) direct service providers of microfinance; and 2. Support institutions. Associate members are those who do not fall into either of the first two categories.

A **constitution** guides the Network's activities and designates that the Network be **governed** by an **Executive Committee** made up of a Chair (Benny Popoitai, Bank of Papua New Guinea (BPNG)) and five other members from the following institutions: Development Bank of Papua New Guinea; Nationwide Microbank Ltd; National Centre for Small and Micro Enterprise Development; South Pacific Business Development and VANWODS Incorporation. The Foundation for Development Cooperation, based in Australia, serves as the **host** for the **Secretariat** and the Network's **Fiscal Agent**. Based in Fiji, MFPN **staff** is comprised of a Network Coordinator (who splits time between work for MFPN and FDC) and an assistant, who works full time on MFPN issues.

1.3 ACCOMPLISHMENTS

MFPN has held a number of successful events and engaged in activities, which have helped to bring together practitioners and stakeholders in meaningful ways and have contributed to developing the microfinance sector in the Pacific. **The Pacific Microfinance Week**, held in 2007 in Port Moresby, PNG and in 2009 in Nadi, Fiji, has attracted a growing number of participants from across the Pacific to discuss important issues that impact the success and growth of inclusive finance in the region. The event will be held again in 2011. In 2007, the Network launched a **website** (www.microfinance-pasifika.org) to provide a connecting point and source of valuable information on the sector. Targeted at members and the general public, **MFPN Newsletters** have helped to reach over 1,000 subscribers. Through **training and networking opportunities**, the MFPN has coordinated with other international organisations to allow members to attend important microfinance conferences or trainings. Finally, MFPN has been able to develop **funding partnerships** (to support specific activities and operating expenses) with the following organizations: AusAID, Westpac, ANZ, and UNDP and the Pacific Financial Inclusion Programme (PFIP).

1.4 MISSION AND VISION STATEMENT

MFPN Vision: *"The MFPN shall be the leading Network in the Pacific by 2014 through advocacy and other activities to promote microfinance and financial inclusion more broadly. "*

The **Mission** of MFPN is: to promote the development and **delivery of diverse and appropriate microfinance products and services**; to effectively **advocate** and **promote** microfinance and financial **inclusive services** through channels that are cost effective, productive and Pacific based; to **strengthen institutions** providing microfinance services by improving their efficiency, sustainability and outreach through **advocacy, networking** and provision of vital and **up to date information**; to encourage **partnerships** and **links** between microfinance stakeholders in the Pacific, and **stimulate innovation** and **creativity**; and to promote **transparent reporting** and **best practice** in microfinance.

1.5 VALUES

MFPN plans to develop a code of conduct for members aligned with the following **values**: integrity; transparency and accountability; efficiency and expertise; collaborating on different projects; professionalism; and dedication towards quality.

1.6 OBJECTIVES

The five-year key objectives of the Microfinance Pasifika Network are to:

1. **Promote and facilitate the exchange of information across the microfinance industry** through conferences, interactive websites, newsletters and use of the media for the development of appropriated practice of microfinance and financial inclusion in the region;
2. **Promote the development and delivery of diverse and appropriate microfinance products and services** through provision of information and networking;
3. **Enhance the capacity of microfinance service providers** by providing information, accessing support, from various sources;
4. **Improve transparency and standards of practice** by encouraging network members to update their current microfinance practice in the MF PASIFIKA Network websites and the utilization of external audits, standard reporting, and rating services; and
5. **Encourage partnerships and links between microfinance stakeholders** in the Pacific, and stimulate innovation and creativity.

1.7 MICROFINANCE STAKEHOLDERS IN THE PACIFIC

There is a wide range of stakeholders active in the microfinance sector in the Pacific region, which can influence the market in general, and also the MFPN in its strategic direction. The MFPN has an important role in working with these stakeholders to maximise the potential of solutions in increasing access to financial services in a challenging Pacific microfinance landscape. The stakeholders can be categorised into macro level, meso level and micro level groups that all have a role to play in developing the sector and influence the way MFPN operates. **Macro level stakeholders** include central banks and governments that can have a positive or negative influence on creating a positive enabling environment for microfinance. **Meso level stakeholders** include infrastructure developers like telecommunications service providers, IT personnel, Business Development Services (BDS), trainers for microfinance practitioners, industry associations and networks. MFPN has an opportunity to support organizations at this level by helping to connect them with MFIs who could benefit from their assistance and to help channel financial support as well. **Micro level stakeholders** include the range of microfinance providers such as commercial banks, rural banks, NGO and cooperatives. MFPN has a role to play in educating downscaling institutions about microfinance and to helping other service providers to increase their outreach and efficiency through information, research and other capacity building activities. Other stakeholders that will have an interest in the work of MFPN will be the media and the general public.

1.8 ASSUMPTIONS

Economy: Except for PNG, Vanuatu and Timor-Leste, growth in most of the region is expected to decline in the coming years, while poverty, employment rates, and reduced exports are expected to rise. The negative impact will increase the need and opportunity for the delivery of financial services, such as credit, savings and remittances.

Poverty: Because of political instability and ethnic tensions with increasing levels of unemployment and increasing reliance on importation of goods, many of the PICs have recently shown relatively poor economic performance. There is a continually greater need for the provision of financial services and MFPN has a likely role to play in the promotion and expansion of financial services in the Pacific.

Climate Change: The impact of rising sea levels, ocean warming, cyclones and droughts caused by climate change will likely affect food security in the Pacific islands¹. MFIs can provide valuable information about the impacts of climate change and help clients prepare for change through savings and possibly insurance. In addition, MFIs and other microfinance service providers can explain the impacts of unsustainable fossil fuel demand in the PICs and present alternative solutions such as renewable energy and energy efficient technologies.

Microfinance Industry: There has been a continued increase in microfinance services delivery and awareness in the Pacific, despite the fact that the Pacific lags behind many other regions in terms of outreach and performance of microfinance services. Various donor initiatives such as the establishment of **PFIP** in 2008 (a multi-donor program based at the **UNDP Pacific Centre in Suva**, which aims to help low-income households, small and microenterprises access financial services) has raised the interest of donors and agencies in assisting the Pacific in promoting financial inclusion. Other donors including **AusAID** are expected to have an important impact on the development of the industry in the medium term. **Commercial banks** are increasingly entering the microfinance space, bringing new technology and innovations like rural mobile banking. These commercial banks could benefit from training in microfinance and regular and timely information on trends from the Pacific and all around the world. **Microfinance institutions** have played an important role in providing basic financial services to the many unbanked in the Pacific Islands, reaching approximately 340,000 clients, or about 4.7% of the region's collective population. However, with heavy government or donor subsidies and soft loans, MFIs in the Pacific have the potential to also distort the market. This trend can be mitigated by promoting for a strong regulatory framework to support microfinance providers as well as monitoring of performance, and the setting of quality controls and standards and infrastructure support in each country for education, training and networking to expand the scope and depth of outreach currently offered by MFIs.

Pacific Labour Mobility: Due to a number of different migrant labour schemes and other factors, movement of Pacific islanders will continue to raise the need to improve services of money transfer channels, financial literacy education and increased financial products to cater for this market. Increase in labour mobility will impact the products of members and ultimately influence the MFPN in the future.

¹ <http://www.planetark.com/enviro-news/item/55675>

2 SWOT ANALYSIS OF THE NETWORK

STRENGTHS	WEAKNESSES
<p>Governance</p> <ul style="list-style-type: none"> • ExCom largely able to meet and decide on key areas for Network direction. • Network remains politically neutral and has not been influenced by any single stakeholder(s). • Well-balanced ExCom with diverse professional experience, representing key microfinance leaders. <p>Operations</p> <ul style="list-style-type: none"> • Network engaged in collaborative process to develop current strategic/business plan. <p>Financial Viability</p> <ul style="list-style-type: none"> • Attracted financial support from different funding agencies: AusAID, Westpac, ANZ, and PFIP to fund some core costs. Pacific Microfinance Week, funding from IFC, ADB, PFIP, AusAID, member organisations, financial sector stakeholders in hosting countries. <p>Human Resources</p> <ul style="list-style-type: none"> • Current full-time MFPN Assistant Coordinator - allow focus on building Network successfully. <p>External Relations</p> <ul style="list-style-type: none"> • Recognised by industry stakeholders in region - evident through invitations to attend meetings and events on crucial issues related to microfinance and financial inclusion in region. • Network can grow with development of microfinance and financial inclusion in region. <p>Service Delivery</p> <ul style="list-style-type: none"> • Successfully organised two PMW regional events bringing members, MFIs, commercial banks, central banks, donors, private sector, NGOs, government and many other stakeholders from across Pacific and beyond. Event has raised profile of Network for members and outsiders. • Provided members with access to relevant donors and/or investors and access to network members. • MFPN provides members with opportunities for peer learning and information exchange during its biannual conference. • Network seen as key source of information for microfinance in Pacific region. 	<p>Governance</p> <ul style="list-style-type: none"> • Irregular systematic evaluation of member needs. • Executive Committee to take more effective leadership of the Network. • Infrequent meetings by Executive Committee. <p>Operations</p> <ul style="list-style-type: none"> • No systems in place to guide the direction of the Network. • No work has been undertaken for Network performance monitoring (e.g. self-assessment or external assessment) in terms of service delivery. • Lack of a comprehensive Business Plan to support the Strategic Plan. • No defined communication and marketing strategy. • Limited communication of members outside the PMW events. <p>Financial Viability</p> <ul style="list-style-type: none"> • Inability to secure long-term funding for core activities and management of the Network. • Undefined long-term strategy for cost recovery (through fees and other projects) for the Network financial viability. • Lack of sufficient resources to conduct advocacy work on behalf of MFPN members and other key services. <p>Human Resources</p> <ul style="list-style-type: none"> • Undefined human resource plan • No dedicated (full-time) management of MFPN <p>External Relations</p> <ul style="list-style-type: none"> • No strategy and plan to build external relations and credibility of Network with industry stakeholders in region or internationally. • Not seen as member owned and Pacific grown <p>Service Delivery</p> <ul style="list-style-type: none"> • Difficulty in demonstrating a clear advantage of being a member of MFPN. • Limited resources/capacity to meet MFPN member expectations of Network. • Credit Unions and cooperatives not represented in Network. • No sufficiently established linkages and strategic partnerships • Knowledge Sharing/Management -Network has limited capacity to support sharing, storing and applying of knowledge.
<p>Opportunities</p> <p>Governance</p>	<p>Threats</p> <p>Governance</p>

<ul style="list-style-type: none"> • Work with members and relevant technical assistance available from PFIP and other agencies that can improve governance structures within the Network such as higher level of transparency in work done for the Network, better communication with members, improved reporting mechanisms to the members and timely audit reports. • More frequent meetings of the Executive Committee will help strengthen strategic oversight and development of Network. <p>Operations</p> <ul style="list-style-type: none"> • To implement systematic procedures for evaluation of the Network's performance and member needs. <p>Financial Viability</p> <ul style="list-style-type: none"> • To link and liaise with SEEP and other Networks to develop innovative ideas and programs which are financially viable and have the potential to contribute to the financial viability of the MFPN. • To develop a well defined Business plan that has a clear focus on institutional strengthening and core network activities while maintaining the ability to be flexible to the changing environment. • To work with past and current partners to develop new and innovative funding opportunities in the future. • To provide relevant information on capital and fund access to members. • To target meeting key donors such as AusAID and ADB for longer term funding of the Network. <p>Human Resources</p> <ul style="list-style-type: none"> • To improve capacity of the Network staff, by increasing financial resources and leveraging in-kind contribution by host organization to build MFPN internal staff capacity over time. <p>External Relations</p> <ul style="list-style-type: none"> • As a relatively new and emerging industry in the Pacific, MFPN is in a unique position to take on the role as a gateway to the Pacific for global MF stakeholders. • To recognise MFPN's role in the Australian Financial Inclusion Strategy 2010 – 2015 and develop closer links with AusAID. • To work with ADB and its financial sector assessment of Fiji and to advise them of MFPN comparative advantage to attract funding to achieve our objectives. • To take advantage of FDC's secretariat position of BWTP and forge closer relations with Asia Networks and counterparts for the benefit of our members. • To increase its reputation and external relations and work as an information base for national events in each PIC. • To influence national and Pacific leaders and policies by identifying key regional organisations and bodies and be a conduit to offer information and establish linkages. <p>Service Delivery</p> <ul style="list-style-type: none"> • To clearly define MFPN products and services and 	<ul style="list-style-type: none"> • Strong influence from one section of constituent groups that may affect the performance of MFPN. <p>Operations</p> <ul style="list-style-type: none"> • Limited or no outside funding available from donors to provide for the Network activities. <p>Financial Viability</p> <ul style="list-style-type: none"> • Current funders leave, as they don't see value in MFPN. <p>Human Resources</p> <ul style="list-style-type: none"> • Lack of human resource personnel to achieve all of the activities and objectives of the Network. <p>Service Delivery</p> <ul style="list-style-type: none"> • Unforeseeable future changes in the microfinance sector in the region that make the need for MFPN obsolete. • Inability of the Network to meet and adapt to the future needs for stakeholders in microfinance sector in the region. • Lack of interest from members to participate in MFPN activities and events due to external pressures, events and work commitments. <p>External Relations</p> <ul style="list-style-type: none"> • Members and supporters don't perceive real value from the network
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<p>develop standards around those services in the Pacific.</p> <ul style="list-style-type: none"> • To take advantage of individual members role's in the sector to promote the Network, its activities and to help build on its current activities. • To expand membership of the network to allow interaction with all stakeholder groups e.g. IT industry, telecommunication, gender based organisations (e.g. Women's crisis centres), Accountant associations etc. • To expand the access of information on microfinance and financial inclusion to stakeholders and the wider general public through the creation of a wider database of stakeholders. • To conduct basic research based on member needs and to promote and improve the member's financial performance. 	
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3 MFPN GOALS AND OBJECTIVES

3.1 GOALS

The goals listed below are considered the key focal areas of the Network in the next five years.

1. **Promotion:** For the MFPN to become the principal voice on promoting financial inclusion and microfinance work in the Pacific region.
2. **Capacity Building:** To become the leading information conduit of capacity building programs for MFIs in the Pacific region.
3. **Knowledge Management:** For MFPN to be considered the primary resource for microfinance and financial inclusion information and be the principal organisation to initiate and partner with other individuals or bodies for research on microfinance and financial inclusion within the region.
4. **Promotion of Transparency and Accountability:** To be a key advocate in promoting transparency and accountability to microfinance stakeholders in the Pacific.
5. **Network Strengthening:** To strengthen and build management, structure, financial viability and capacity building of the Secretariat to become more independent body.

3.2 LONG-TERM OBJECTIVES (5-Year)

Long-term objectives for MFPN have been developed through consultation with members (see Appendix 3) and are aligned to overcome MFPN's weaknesses and fulfil its opportunities (see SWOT analysis in section 3).

Activities

<p>Promotion: Support and promote members and become the principal voice for promoting microfinance and financial inclusion more broadly in the Pacific Region. Facilitate networking and exchange of information between stakeholders through networking events such as the Pacific Microfinance Week and regular promotional activities through the media and Pacific based forums.</p>	<p>Capacity Building: Improve the efficiency as well as technical and operational capacity of MFI members by: conducting a training needs analysis of members, identifying training opportunities, capacity building activities, and internship programs for member participation. If gaps in member training needs exist, in collaboration with existing technical service providers and donors, MFPN can consider offering training based on specific member needs.</p>
<p>Knowledge Management: Continually develop and</p>	<p>Promotion of Transparency and</p>

improve the MFPN collation of information, data and reports online (including the Pacific Resource Centre for Microfinance) to meet stakeholders' needs. Build internal capacity to conduct primary research to serve MFPN members and key regional stakeholders. In the interim, where applicable, partner with organisations to research on essential areas of microfinance development in the region.	Accountability: Use existing agencies such as The MIX to develop regional performance indicators, methodologies and other best practises for financial service providers in microfinance and financial inclusion in the Pacific. Develop country profiles.
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Network Strengthening

<p>Governance</p> <ul style="list-style-type: none"> • Develop a membership strategy to include membership criteria, minimum performance standards, responsibilities (i.e. regular payment of membership dues, attending general meetings) and benefits (services provided) for each membership category. • Develop and implement a systematic approach to evaluate of member satisfaction and to identify member needs. • Develop mechanisms for the Executive Committee to take more effective leadership of the Network (i.e. increase number of meetings², develop a board manual, identify Board strengthening activities, conduct regular Board self-assessments). • Diversify members - have representatives from each type of microfinance stakeholder in the Pacific registered as members (including MFIs, policymakers, banks, credit unions, donors, central banks, etc). • Establish Network as an independent legal entity. 	<p>Operations</p> <ul style="list-style-type: none"> • Network is well aware of member needs and is able to translate that knowledge into developing demand-driven services. • Planning processes are systematic and regularly monitored and evaluated. • Network has strong functional systems for financial and administrative activities.
<p>Financial Viability</p> <ul style="list-style-type: none"> • Network has a sound financial system in place and is able to produce regular financial reports to the Executive Committee and donors. • The Network is financially viable (operationally self-sufficient and has adequate funding to cover services/activities) • Network activities are fully funded (and generate an increasing amount of revenue) • Effective financial planning allows Network to meet financial performance targets. 	<p>Human Resources</p> <ul style="list-style-type: none"> • Network is adequately staffed to effectively engage in Network activities accordingly to strategic/business plan. • Network is led by a full-time Executive Director.
<p>External Relations:</p> <ul style="list-style-type: none"> • Network has strong relationship with a number of strategic partners in region. • Network is viewed as independent and Pacific based. • Network effectively communicates with members and stakeholders and markets its activities well. 	<p>Service Delivery</p> <ul style="list-style-type: none"> • Network is able to deliver high quality demand-driven services through linkages and strategic partnerships with service providers. • Network is able to conduct research, share, store and apply key developments in the sector.

3.3 SHORT-TERM OBJECTIVES (1-Year)

The short-term objectives defined by MFPN presented below are to be achieved within 1 year. Further details can be found in Appendix 1.

² Good microfinance network practice recommends quarterly Board meetings with at least two meetings per year in person. This may be adjusted depending on stage of development of network and available resources. However, as the network develops, it should be moving towards this goal.

Activities

<p>Promotion:</p> <ul style="list-style-type: none"> • Develop links with the media to send out regular news items and articles of interest in country and regionally. • Identify and develop relationships with existing networks globally and in similar regions (i.e. South-South, SIDS networks) to enhance information-sharing capacity and raise awareness of Pacific matters. • Develop key contacts of financial sector players in the region to ensure information is forwarded to them and they are consulted on MFPN activities. • Expand the list to serve a wider network of stakeholders in the region to release basic promotional information. • Develop a promotion packages for potential members and for members to help promote the Network. 	<p>Capacity Building:</p> <ul style="list-style-type: none"> • Increase the technical knowledge of MFIs and other interested members by identifying training and workshops opportunities as well as sources of scholarships based on the Training Needs Analysis (TNA.) • Create or link with a database of training offered regionally and globally. • Send members regular information on training opportunities available and as identified in the Training Needs Analysis. (TNA) • Liaise with donors and other technical service providers within the region or abroad to conduct training specific to members needs.
<p>Knowledge Management:</p> <ul style="list-style-type: none"> • Redevelop the MFPN website and PRCM to support the provision of services to members through the inclusion of additional resources, improved interface and inclusion of social media. • Identify which social and professional networking platforms can enhance the information sharing capacity of MFPN e.g. regular newsletters etc. • Ensure frequent networking opportunities between members, donors and other key stakeholders. • Develop country profiles and benchmarking studies on the microfinance sector, which will include regularly updating inventory of service providers, outreach and new comers in the market. • Investigate successful microfinance models in the region. • Prepare performance indicators for Pacific microfinance service providers. • Support the implementation of good practises amongst members by the sharing of Pacific experiences through lessons learnt. • Provide basic information on service providers in the Pacific that support microfinance and financial inclusion 	<p>Promotion of Transparency and Accountability:</p> <ul style="list-style-type: none"> • Encourage transparency of reporting of indicators for financial service providers in microfinance by working with SEEP and MIX.

Network Development

<p>Governance</p> <ul style="list-style-type: none"> • Strengthen membership in Network. • High level of members satisfied with Network activities. • Network is representative of the market in the region. • Network is a viable organization. • Network continually monitors and improves its performance. 	<p>Human Resources</p> <ul style="list-style-type: none"> • Develop a detailed human resource plan for the Network tied closely to activities and available or projected financial resources. Hire full-time management of Network.
<p>Operations</p>	<p>Financial Viability</p>

<ul style="list-style-type: none"> • Develop and implement a systematic approach to monitoring and evaluation of Network performance (e.g. self-assessment and external assessment). • Develop and implement a regular evaluation of the members' needs, an important activity providing essential information to the Network for business planning and overall management. Feedback can increase the ability of the Network to meet and adapt to the future needs of members and stakeholders in the microfinance sector in the region. • Link annual work plans and individual work plans to strategic/business plan and regularly monitor and update as necessary. • Identify and develop procedural guidelines for key financial and administrative functions. 	<ul style="list-style-type: none"> • Build capacity to secure long term funding for core activities and management of the Network. • Develop a long-term strategy for cost recovery (through fees and other projects) to gradually increase Network financial viability. • Ensure sufficient resources to engage in key activities identified by a detailed assessment of MFPN members' needs. • Develop financial performance targets including earned income, development of operating reserves, administrative efficiency, and overall revenue growth.
<p>External Relations</p> <ul style="list-style-type: none"> • Develop a clear strategy and plan to build external relations and credibility of the Network with industry stakeholders in the region or internationally. • By end of strategic/business plan, be considered as member owned and Pacific based organization. • Develop a defined communication and marketing strategy. 	<p>Service Delivery</p> <ul style="list-style-type: none"> • Establish linkages and strategic partnerships with service providers. • Increase network capacity to conduct research and to share, store and apply key developments in the sector. • Implement the SEEP Measuring Association Success Standard (MASS) tools.

4 CRITICAL ISSUES

Critical Issues are issues that must be addressed in order to achieve the corporate objectives. These critical issues alongside unforeseeable future changes in the microfinance sector are the barriers, which can stand in the way of MFPN development and ultimate success. The critical issues of MFPN include:

<p>Business Planning and Strategising:</p> <ul style="list-style-type: none"> • Lack of a well-defined business plan that has a clear focus on institutional strengthening and core network activities while maintaining the ability to be flexible to the changing environment and to respond to the member needs. • No defined communication and marketing strategy. 	<p>Human Resources</p> <ul style="list-style-type: none"> • Lack of dedicated staff limits the ability of the network to develop core operational capacity as well as to meet member needs effectively.
<p>Build Up The Network Profile And Confidence With Members:</p> <ul style="list-style-type: none"> • No clear identification of members needs and benefits for being part of the Network. 	<p>Financial Viability:</p> <ul style="list-style-type: none"> • Undefined long-term strategy for cost recovery and Network financial viability. • Limited outside funding available to support core activities and management of the network.
<p>Monitoring and Evaluation:</p> <ul style="list-style-type: none"> • Irregular evaluation of the members' needs and poor performance monitoring of the Network, which would provide essential information to the Network for business planning and overall management. This could also result in an inability of the Network to meet and adapt to the future needs for stakeholders in the microfinance sector in the region. 	<p>Members' Contribution:</p> <ul style="list-style-type: none"> • Members have expressed reluctance to increase their financial contribution. • Members have indicated that work commitments are a constraint to being more involved in MFPN and do not see MFPN adding value to their work.

5 Key Decision

The key decisions presented are statements of strategy outlining how the Network will address the critical issues.

Highlights of these key decisions include:

1. **Business Planning and Strategising** - to prepare a business plan and a marketing and communication strategy.
2. **Develop Human Resource Capacity** – to gradually build up full-time staff to provide demand-driven services.
3. **Build Up The Network Profile And Confidence With Members** - by organising special events for members.
4. **Financial Sustainability** – focus on increasing income by tapping new sources of funding, developing a sustainability strategy, conducting a costing exercise to map out activity costs to improve decision-making and increase efficiency and by carrying out new innovative and income generating projects/ activities, like training and conferences.
5. **Monitoring and Evaluation** – develop and monitoring and evaluation system and conduct a regular and systematic evaluation of member needs and Network performance and doing a benchmarking study to compare MFPN to other similar networks using SEEP MASS tool.
6. **Members' Contribution** - increase willingness to financially participate by providing improved (and in greater number) Network activities and increase membership and thus income of the Network through fees and commit existing members to this exercise. Develop membership criteria that are identified through a consultative process enforced to maintain the credibility of the Network. Hold a members only event to strengthen the core objectives of the Network and discuss plans for the future.
7. **Growing Competition** - learn from and partner with other networks whenever possible and conduct punctual benchmarking analysis to make necessary comparisons and evaluation in order to continuously improve our services and keep our competitive advantage.
8. **Internal Mechanisms** - improve the internal systems and procedures within the Network.

6 ORGANIZATIONAL PLAN

Since its inception, FDC has hosted the MFPN Secretariat (with FDC staff), providing significant in-kind support and has served as the fiscal agent of the Network. An Executive Committee has governed MFPN. According to the Implementation Plan of Long and Short-term Objectives and the Financial Plan, MFPN plans to develop to an independent organization by 2012. FDC will gradually reduce its support in terms of human resources (staffing the Secretariat) and in terms of in-kind support being offered to the Network at present. As this transition happens, a new organizational structure will need to be developed to include a full-time executive director, a financial manager and an assistant.

7 FINANCIAL PLAN

The Microfinance Pasifika Network five-year financial plan (2010-2014) reflects the resources necessary to achieve the goals detailed in this strategic/business plan. Based on budgets and projections, the figures are estimates, with the assumption that activities will shift over time depending on the availability of resources. The current plan is based upon a number of important assumptions. If there are shifts in these assumptions adjustments to the plan should be made. Overall income estimates are conservative based on expected income. It may be

possible to source more funds from commercial banks and donors but the plan does not include these potential sources.

In terms of **financial performance goals**, because the Network's main activity/service through 2014 will continue to be held every two years, the income stream for the Network will see large fluctuations from one year to another and performance targets will be difficult to reach until other activities are built up in the off years when the conference is not being organized. The Network will need to readjust the financial plan to reduce the Overhead cost / Operating Expenses ratio, by decreasing overhead costs or increasing Network activities/services. The Earned Income to Ratio will exceed the target during PMW years but is still below in non-conference years. Again, the Network will need to look closely at reducing this ratio in non-conference years. Nonetheless, the current financial plan does generate a healthy surplus each year, which will allow the Network to grow its services and build its own internal capacity.

The following graph shows a summary financial plan from 2010 – 2014. Note that indirect income and expenses are those that are incurred as a core expense or unrestricted income (used to cover core costs). Direct income and expenses is calculated as those incurred by specific activities, according to a cost centre approach.

Microfinance Pasifika Network Proposed Budget

	2010	2011	2012	2013	2014
Net Income brought forward		(38,140.00)	9,914.00	19,067.40	168,298.54
INDIRECT INCOME					
Total Contributed Indirect Income	16,000.00	50,000.00	100,000.00	100,000.00	100,000.00
Total Indirect Earned Income	11,500.00	16,000.00	30,000.00	42,000.00	48,000.00
Total Indirect Income	27,500.00	66,000.00	130,000.00	142,000.00	148,000.00
DIRECT INCOME					
Contributed Income: Grants		-	-	-	-
Total Contributed Income	70,500.00	220,000.00	100,000.00	75,000.00	50,000.00
Earned Income	-	-	-	-	-
Total Direct Earned Income	12,000.00	220,000.00	10,000.00	330,000.00	30,000.00
Total Direct Income	82,500.00	440,000.00	110,000.00	405,000.00	80,000.00
TOTAL INCOME	110,000.00	467,860.00	249,914.00	566,067.40	396,298.54
INDIRECT EXPENSES					
Core	26,000.00	28,600.00	86,460.00	95,106.00	104,616.60
Others	91,640.00	90,346.00	36,386.60	38,662.86	41,118.15
Total Indirect Expenses	117,640.00	118,946.00	122,846.60	133,768.86	145,734.75
DIRECT EXPENSES					
Total Direct Expenses	30,500.00	339,000.00	108,000.00	264,000.00	119,000.00
TOTAL EXPENSES	148,140.00	457,946.00	230,846.60	397,768.86	264,734.75
Net Income	(38,140.00)	9,914.00	19,067.40	168,298.54	131,563.79

8 COMMUNICATIONS PLAN

In order for MFPN to succeed, it must be able to effectively market its products and services and market the association to current members, new members, and external stakeholders, including the media. It must think strategically about its brand, its image, and how it communicates these to others. In addition, the Network should consider how information communication technology can best be used to connect throughout the year with members either through a website, list serves, online discussions, newsletters or other channels.

Based on the previous activities that went into developing this strategic/business plan (focus

group interviews, member satisfaction survey, market analysis, identified organizational objectives), MFPN has developed a **brand position** to help communicate its purpose, vision and place in the sector quickly and effectively. A **message framework** implements the brand position designating messages and activities by target audience.

Looking at specific **communication and marketing channels will help MFPN determine the best possible mode of outreach.**

MFPN should have a set package of **marketing materials** that can be used to educate, promote and market the purpose of and services provided by the Network. This may include: an organizational fact sheet, a corporate brochure, an annual report, a basic PowerPoint presentation, and business cards. As the Network grows over the next five years, it will evaluate the quality of existing marketing materials and revise or create new materials as needed.

Finally, the Network will need to implement the communications and marketing plan. Detailing MFPN's activities, relative to industry events, milestones, and regularly scheduled communications, this will help Network staff to plan accordingly.