

**Solomon Islands Credit Union Development-*Capacity
Building and Institutional Strengthening***

**Credit Union Foundation Australia (CUFA)
*2007-2010 Project Plan***

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1. PROGRAM DETAILS

1.1 Location

Solomon Islands

1.2 Duration

July 2007-June 2010

1.3 Partner

Solomon Islands Credit Union League (SICUL)
World Council of Credit Unions (WOCCU)
Honiara Credit Unions (40 total)

1.4 Target Group

- 1) The primary beneficiary of this project is SICUL and forty individual credit unions in Honiara.
- 2) The secondary beneficiaries of this project are the over 60,000 Solomon Islanders who are currently using credit unions, savings clubs and MRRC services that are registered with the SICUL.

1.5 Purpose

- 1) To strengthen credit union governance and financial capacity in credit unions and SICUL.

1.6 Goals

1. To build strength and competence in the Solomon Islands Credit Union League (SICUL) by creating a representative League that is a reliable service provider, stands for good governance and is capable of acting on behalf of its membership base.
2. Improved long-term financial sustainability of SICUL and individual credit unions.

2 PROGRAM RATIONALE

2.1 Background

The Solomon Islands has a population of 483,083 (Solomon Islands National Statistics Office 2007) with some 85% living in rural areas with little to no access to basic financial services (European Commission 2006). There is a gap between those who have access to the modern monetised economy and those who still rely on the traditional subsistence economy (Pacific Islands Forum Secretariat 2006). It is the majority of the rural poor who remain most dependant on the traditional subsistence economy. The population of

the Solomon Islands is highly dispersed, and because of the scattered nature of the islands, transportation and communication networks are poor and the outreach of basic services is limited (Asian Development Bank 2001).

According to Paul McGuire of Microfinance Pasifika (2006) "credit unions are particularly appropriate in more isolated communities and on small islands, where intensive monitoring and supervision of borrowers is not feasible." Credit unions provide a number of positive features as microfinance institutions. They provide low transaction costs and a variety of savings and loan services. For the rural poor, credit unions can provide loans for almost anything, and because local management committees run them, they are able to offer regional and culturally specific products. In order to deliver successful microfinance products and to create financial inclusion in rural areas, a service provider needs to have the capability to target a large number of rural populations and to have a proven record of distributing a broad range of services. Credit Unions have the capacity to do both, and have historically demonstrated this: At the end of 2000 the total number of registered credit unions in the Solomon Islands was 165. Membership of these credit unions peaked in 1999 when a record 18,258 members joined the credit unions. At the present, there are over 300 savings clubs and credit unions in the Solomon Islands, impacting over 60,000 people (SICUL 2007).

A credit union is a cooperative financial institution that is owned and controlled by its members. Credit unions differ from other financial institutions in that the members who have accounts with the credit union are the credit union's owners. Credit union members usually have a common bond that can be based on a community, organisational, employee or religious affiliation. The common bond establishes a degree of mutual accountability amongst the members that minimises the risk of default on loans (Television Trust for the Environment 1998). Members have the authority over the management of their credit union, and because of the participatory and empowering approach of mutuality, people are members, not just customers. Credit unions were created to enable people to pool their financial resources to help themselves and each other. Credit unions still operate by this People Helping People philosophy today. They exist to bring people together in a cooperative effort so they can receive low-cost, high-quality financial services.

The credit union movement in the Solomon Islands is gaining momentum, but if it is to thrive, there needs to be in place a strong national league that truly represents the credit union movement; one that is competent in making decisions and has clear objectives. The Solomon Islands Credit Union League (SICUL) was established in 1987 with its Constitution and bylaws being passed in Parliament (Credit Union Act 1986, Section 66, Part ix). It supports and promotes community owned micro-financial institutions in the Solomon Islands. SICUL coordinates national development and growth of credit unions, and its main functions are:

- To assist in the creation and organisation of new credit unions
- To supervise and assist credit unions management in the proper conduct of their credit unions
- To provide overall governance of credit unions

- To provide leadership in training
- To operate as a depot for supplies
- To act as a resource office
- To collect membership dues from credit unions

Credit unions and savings clubs continue to grow in the Solomon Islands, but if they are to sustain they need to have the on-going support and leadership of a representative League.

2.2 Problem Statement

Credit Union Foundation Australia (CUFA) staff undertook monitoring visits to the Solomon Islands in December 2006 and April 2007 to gain a better understanding of the work of SICUL and to identify ways in which they could assist and/or strengthen the League. In the past, CUFA has assisted the Board in strengthening their operational and management capacity skills; however, the plan proved to be unsustainable as SICUL Board Members have continuously failed to take on a leadership role, they lack the knowledge and skills to operate the League, they have no agenda or clear set of objectives and they fail to communicate to their members the value of belonging to the League which results in the failure to collect membership dues. Membership dues provide an income stream to SICUL. Without this income, SICUL cannot cover their operating costs and provide services to their members. From discussion with stakeholders it was evident that there is still a want and need of a National League (in addition, a National League is mandated in the Solomon Islands Credit Union Act 1986); however, the current League has little to no communication with credit union management, savings clubs and MRRC committees. They remain heavily donor-dependant and are in dire need of additional human resources, technical assistance and management training.

During the monitoring visit, CUFA staff also noted that the environment of credit unions in the Solomon Islands was not conducive to financial sustainability. Interest rates charged by credit unions is currently restricted to 1% (as mandated in the Solomon Islands Credit Union Act 1986). With such low interest rates, credit unions struggle to cover their overhead costs. The Chief Operating Officer of the World Council of Credit Unions (WOCCU), Mr. Brian Branch, was present to assess the situation. WOCCU has agreed to engage with CUFA in this project by participating in the revision of the Credit Union Act. By making these revisions to the credit union act, SICUL and the credit unions will become more financially sustainable. Credit unions need to move towards a professional "business model" where they can offer competitive financial services and improve their own financial sustainability. At the moment, many credit unions struggle to cover their own overhead costs and struggle with heavy rates of loan delinquency.

3 PROJECT OVERVIEW

CUFA staff has identified two major components of this project:

Part 1

After discussion with the SICUL Board, CUFA's current Project Volunteer and credit union management it was decided that in order to strengthen and build capacity in SICUL it would be to their benefit (and to the benefit of all stakeholders) if CUFA were to place an in-country staff member in the Solomon Islands. The role(s) of the in-country Technical Assistance Person (T.A. Person) would be the following:

- To assist in the day-to-day management of SICUL staff and develop a work schedule/plan for staff
- To serve as a liaison between CUFA and SICUL
- To sign an MoU and implement the PEARLS monitoring system in forty Honiara credit unions and to develop an action plan and conduct follow-up evaluation
- To assist the SICUL Board in establishing a communication network between the League and MRRC committees, credit unions and savings clubs
- To conduct monthly planning sessions with the Development Educators (DE's)
- To enforce timeliness in SICUL's financial reporting to their Board and other Stakeholders (CUFA and CBSI)
- To assist the SICUL Administrator with database/IT training
- To assist the SICUL Administrator with the creation of member communication and media releases

In addition, the T.A. Person would expect the SICUL Board to set an agenda and participate in:

- Monthly Board Meetings: to review audits and visits to savings clubs and credit unions; to analyse financial reports; and to liaise with the General Manager
- Monthly Marketing and Public Relations Meetings: to identify and maintain a communication network between the SICUL office and credit unions, savings clubs and MRRCs. More importantly, a marketing strategy needs to be developed that will encourage credit unions and savings clubs to pay their membership dues. The SICUL Board needs to communicate to their members the benefits of belonging to the League. Membership dues contribute to the overall sustainability of the League as they provide a source of income generation
- Developing a strategy to designate loan pool allocation to Honiara Credit Unions

The T.A. Person and CUFA staff will also maintain frequent communication with WOCCU as they work to revise the Solomon Islands Credit Union Act 1986.

Part 2

Between the months of January 2007 and April 2007 eleven Development Educator's (DE's) carried out fieldwork in the provinces of Guadalcanal/Honiara, Isabel and Malaita. The purpose of the fieldwork was

to determine the activity status of all SICUL savings clubs, credit unions and Micro Rural Resource Centres (MRRCs), and to assess the environmental and social impacts that the projects have had on the communities involved. The information obtained is being inputted into a database that was created by CUFA staff for the SICUL Administrator. This fieldwork is of great importance because it provides SICUL with an accurate record of its membership base and the financial status of its credit unions and savings clubs. This allows the SICUL Board to produce financial reports for themselves, CUFA staff and the Central Bank of the Solomon Islands. The second component of the 2007-2008-project plan is the continuation of the above-mentioned fieldwork. Work in the outer islands will begin in July 2007. Funding will be distributed on the condition that all project deliverables are met.

In addition, DE's will receive training from the T.A. Person in the PEARLS monitoring system. Many DE's have backgrounds in finance and/or accounting and by educating them in PEARLS we are building capacity in local human resources and providing a much-needed asset to SICUL. The PEARLS monitoring system is an excellent tool for determining the financial status of a credit union. It identifies, among other things, capital adequacy, loan loss allowance levels and delinquency levels. It also identifies whether financial statements are in order and whether proper accounting standards are being practiced. Credit unions who choose to engage with CUFA and SICUL in this project, and who agree to the terms of the MoU, will potentially have access to a loan pool with fixed interest rates (returned interest provides an additional income stream to SICUL). Funds available through the loan pool are only distributed on the condition that credit unions can demonstrate that they have fixed any deficits identified by the PEARLS monitoring system.

3.1 Strategy

CUFA and AusAID are funding this project. CUFA will be responsible for the implementation plan, project goals and targets, and monitoring and reporting. The main objective of this project is to build capacity in and improve the long-term sustainability of SICUL and Honiara credit unions.

Part 1

CUFA will begin the recruitment process for the position of an in-country T.A. Person in June 2007. A project workplan will be created prior to the recruitment process. Interviews of potential candidates will take place in the Sydney office throughout the duration of the month. A decision will be made by July 13, 2007 and will be immediately followed by an intensive one-month training by WOCCU staff in Sri Lanka. During training, the T.A. person will receive a full introduction to WOCCU's PEARLS monitoring system. In August/September 2007 the T.A. Person will begin work in Honiara on the objectives set out in this project plan. Throughout the duration of the project, the T.A. Person will maintain daily communication with CUFA's Sydney staff and will be given continuous support. CUFA staff will be responsible for the overall monitoring of this project and will track the progress and achievements of activity targets and outputs.

Part 2

In July 2007 Development Educators (DE's) will begin the second round of fieldwork in the remaining six outer islands. CUFA's funding will go towards DE transport and accommodation costs, DE coordination and stationary and printing costs. CUFA's International Development Officer and the SICUL Administrator will manage this component of the project. The release of funds is contingent upon the provision of weekly reports (generated through the SICUL database) to CUFA staff by SICUL's Administrator.

In September 2007 the T.A. Person will begin training a select number of DE's in the PEARLS monitoring system.

3.2 Key Outputs/Activities

Part 1		
Objectives	Significant Outputs	Major Activity Targets
Strengthen the League and establish a liaison between SICUL and CUFA	One T.A. Person hired by July 13 2006	Engage one (1) in-country T.A. Person
To give the T.A. Person the skills he/she needs to carry his/her job role	One training session held in Sri Lanka from July 27-August 27 2007	Conduct one training session with T.A. Person in Sri Lanka
To build capacity in the SICUL Board by giving them clear tasks with set timelines	One workplan created annually by the SICUL Board	Assist in developing a workplan/work schedule for SICUL Board
Strengthen the financial sustainability of Honiara credit unions	MoU's signed within the first six months of each year An assessment/evaluation is carried out each year on 1/3 of Honiara credit unions An action plan is distributed to 1/3 of Honiara credit unions each year	Sign an MoU with forty Honiara Credit Unions Assess Honiara credit unions using the PEARLS monitoring system Create a plan of action and follow-up of Honiara credit unions
Build financial capacity and operational sustainability of Honiara	Loan pool is distributed to 1/3 of Honiara credit unions each year	Distribute loan pool (with fixed rates of interest) annually to 1/3

credit unions		of Honiara credit unions
To create and maintain a platform for communication between SICUL and its members	A "strategic plan" is created and submitted to CUFA staff by September 1 of each year	Develop a communication strategy between SICUL and the credit unions, savings clubs and MRRCs
To give the DE's an opportunity to regularly network with each other, and to become more actively involved in this project.	One DE planning session held on the 15 th of each month	Schedule planning sessions with Development Educators
To build the CBSI's confidence in SICUL	One financial report submitted to the CBSI on the 1 st of each month	Monthly financial reports submitted to the Central Bank of the Solomon Islands
To demonstrate to members SICUL's relevance and reliability To increase the financial sustainability of SICUL	A marketing strategy is drawn up and sent to CUFA on September 1, 2007 Membership dues are collected once a month with records being kept in the membership database and a report being submitted to CUFA on the 30 th of each month	Develop a marketing strategy for the timely collection of membership dues. Collect credit union membership dues and update SICUL database
To give women equal access to financial services	At least 50% of all loans granted at credit unions are distributed to women	Increase access to loans for women
To create an environment among credit unions that is conducive to financial sustainability	A revised and updated Credit Union Act of 1986	Participate in the revision of the credit union act
To keep SICUL's members updated on current projects and the work that is being done within SICUL	One newsletter is distributed every month	Create and distribute a newsletter to credit unions and MRRCs
To generate media interest in the project and the work that is being done within SICUL	One monthly media release in the Solomon Star.	Create media releases for the Solomon Star national newspaper
For SICUL to develop clear objectives and goals, and to follow	An agenda is set for each SICUL Board Meeting	Once monthly Board Meetings

through with these by creating set schedules/deadlines.	Minutes are taken and action items are followed-up on	
To demonstrate to members the benefits of belonging to the League	An agenda is set for each SICUL Marketing and PR Meeting Minutes are taken and action items are followed-up on	Once monthly Marketing and Public Relations Meetings
To ensure consistent monitoring of the project	One Progress Report sent to CUFA staff on the 1 st of every month	Project Progress Reports sent to CUFA
To measure project progress and to identify any changes that need to be made within the project plan	Two annual monitoring visits undertaken by CUFA's International Development Officer in December and June of every funding year	Twice yearly monitoring visits Twice yearly monitoring reports
To identify future stakeholders or funding partners	Conduct meetings/arrange telephone conferences once a month with a representative from the national or provincial governments	Engage local government officials and NGOs to create awareness of CUFA's activities in the Solomon Islands
To increase the opportunities and ease of entry of the rural poor into the informal income-generating sector	Micro enterprise funds distributed to five of the <i>existing</i> MRRCs	Income-generation loan pool attached to <i>existing</i> MRRCs
To determine whether we have met the goals and objectives of this project	One annual project evaluation visit undertaken by CUFA's International Development Officer in June of every funding year	One Project Evaluation at the completion of the project
Part 2	Part 2	Part 2
To give the DE's clear tasks and deadlines to ensure the timely completion of this project	One DE workplan created by July 1, 2007	Create a workplan for fieldwork
To ensure consistent monitoring of the project	One weekly report submitted to CUFA from the SICUL Administrator	Weekly progress reports generated via the SICUL database
To provide the SICUL Administrator with the	SICUL Administrator is competent in MYOB and	On-going database training for the SICUL

skills and training needed to prepare online financial reports	Microsoft Access	Administrator
To encourage women's leadership in the Solomon Islands	Two Solomon Island women complete CUFA's DE workshop in October of every funding year.	Participation of Solomon Island women at CUFA's annual Development Education Workshop in Sydney
Build human resource capacity that contributes to the overall sustainability of SICUL	DE training in the PEARLS monitoring system begins in September 2007	Train a select number of DE's in the PEARLS monitoring system

3.3 Implementation Schedule

YEAR 1: Part 1 July 2007-June 2008

Activity	1	2	3	4	5	6	7	8	9	10	11	12
Engage one (1) in-country T.A. Person	X	X	X	X	X	X	X	X	X	X	X	X
Creation of a SICUL Workplan/Work Schedule	X											
T.A. Training in Sri Lanka	X	X										
Sign an MoU with (12) Honiara credit unions			X	X	X	X	X	X				
Implementation of PEARLS			X	X	X	X	X	X				
Distribution of Loan Pool									X			
Develop and maintain a communication network between SICUL and the credit unions, savings clubs and MRRCs		X	X	X	X	X	X	X	X	X	X	X
Development Educator Planning Sessions and training in the PEARLS monitoring system			X	X	X	X	X	X	X	X	X	X
SICUL's Financial Reports are submitted to CUFA and the Central Bank of the Solomon Islands		X	X	X	X	X	X	X	X	X	X	X
Develop a plan for the timely collection of membership dues.		X	X									
Revision of Solomon Islands Credit Union Act 1986	X	X										
Distribution of SICUL newsletter			X	X	X	X	X	X	X	X	X	X
Media release in the Solomon Star newspaper			X	X	X	X	X	X	X	X	X	X
SICUL Board Meeting	X	X	X	X	X	X	X	X	X	X	X	X
SICUL Marketing and PR Meeting	X	X	X	X	X	X	X	X	X	X	X	X
Progress reports distributed to CUFA		X	X	X	X	X	X	X	X	X	X	X
Micro enterprise funds for existing MRRCs		X		X								
CUFA Monitoring						X						X

CUFA Evaluation													X
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YEAR 1: Part 2 July 2007-2008

Activity	1	2	3	4	5	6	7	8	9	10	11	12
Develop DE workplan	X											
DE coordination meeting		X										
DE fieldwork-Choiseul			X									
DE fieldwork-Western				X								
DE fieldwork-Central					X							
DE fieldwork-Rennell						X						
DE fieldwork-Makira & Ulawa							X					
DE fieldwork-Temotu								X				
Updating of database			X	X	X	X	X	X	X	X	X	X
Generation of Progress reports			X	X	X	X	X	X	X	X	X	X

YEAR 2: July 2008-June 2009

Activity	1	2	3	4	5	6	7	8	9	10	11	12
(1) In-country T.A. Person	X	X	X	X	X	X	X	X	X	X	X	X
Creation of a SICUL Workplan/Work Schedule	X											
Sign an MoU with (14) Honiara credit unions			X	X	X	X	X	X				
Implementation of PEARLS			X	X	X	X	X	X				
Distribution of Loan Pool									X			
Develop and maintain a communication network between SICUL and the credit unions, savings clubs and MRRCs	X	X	X	X	X	X	X	X	X	X	X	X
Development Educator Planning Sessions and training in the PEARLS monitoring system	X	X	X	X	X	X	X	X	X	X	X	X
SICUL's Financial Reports are submitted to CUFA and the Central Bank of the Solomon Islands	X	X	X	X	X	X	X	X	X	X	X	X
Distribution of SICUL newsletter	X	X	X	X	X	X	X	X	X	X	X	X
Media release in the Solomon Star newspaper	X	X	X	X	X	X	X	X	X	X	X	X
SICUL Board Meeting	X	X	X	X	X	X	X	X	X	X	X	X
SICUL Marketing and PR Meeting	X	X	X	X	X	X	X	X	X	X	X	X
Progress reports distributed to CUFA	X	X	X	X	X	X	X	X	X	X	X	X
Micro enterprise funds for existing MRRCs		X		X		X		X		X		X
CUFA Monitoring						X						X
CUFA Evaluation												X

YEAR 3: July 2009-June 2010

Activity	1	2	3	4	5	6	7	8	9	10	11	12
(1) In-country T.A. Person	X	X	X	X	X	X	X	X	X	X	X	X
Creation of a SICUL Workplan/Work Schedule	X											
Sign an MoU with (14) Honiara credit unions			X	X	X	X	X	X				
Implementation of PEARLS			X	X	X	X	X	X				
Distribution of Loan Pool									X			
Develop and maintain a communication network between SICUL and the credit unions, savings clubs and MRRCs	X	X	X	X	X	X	X	X	X	X	X	X
Development Educator Planning Sessions and training in the PEARLS monitoring system	X	X	X	X	X	X	X					
SICUL's Financial Reports are submitted to CUFA and the Central Bank of the Solomon Islands	X	X	X	X	X	X	X	X	X	X	X	X
Distribution of SICUL newsletter	X	X	X	X	X	X	X	X	X	X	X	X
Media release in the Solomon Star newspaper	X	X	X	X	X	X	X	X	X	X	X	X
SICUL Board Meeting	X	X	X	X	X	X	X	X	X	X	X	X
SICUL Marketing and PR Meeting	X	X	X	X	X	X	X	X	X	X	X	X
Progress reports distributed to CUFA	X	X	X	X	X	X	X	X	X	X	X	X
Micro enterprise funds for existing MRRCs				X				X				X
CUFA Monitoring						X						X
CUFA Evaluation												X

4 CROSS-CUTTING THEMES

4.1 Gender

The international credit union system has a set of Operating Principles, one of which is non-discrimination on grounds of gender. CUFA and its partners follow this Operating Principle in all program and project activity, and design is invariably based on equal opportunity and access for men and women to participate in savings mobilisation, training and exposure. The sustainability of SICUL is essential for the survival of credit unions and savings clubs in the Solomon Islands. At the present there are over 25,000 women who are members of SICUL supported credit unions and savings clubs. One objective of this project is that out of all loans being distributed at credit unions at least 50% will be distributed to women. In their marketing strategy, SICUL will identify ways in which they can promote an increase of women's access to

credit union services. Through communications such as the SICUL newsletter, the Board can encourage their members to develop their own approaches to increasing their female membership numbers. The continuation of these basic financial services and the access to these services by women is dependent on the League being able to fulfil its role.

Throughout the duration of this project, CUFA proposes to bring over two local women, who have emerged as leaders in their own community, to attend CUFA's Development Education (DE) workshop in Australia. It will be the decision of the in-country T.A. Person to choose the two female participants. The aim of the Development Education workshop is to promote the unique role of credit unions in cooperative development and fostering the personal development of advocates for the credit union system. By sending two local Solomon Island women to the Australian DE program we hope to enhance their leadership skills and give them any additional confidence they need to make a continuing impact on their communities.

4.2 Community Participation

The International Credit Union Operating Principles state that "membership in a credit union is voluntary and open to all within the accepted common bond of association that can make use of its services and are willing to accept the corresponding responsibilities, credit union members enjoy equal rights to vote and participate in decisions affecting the credit unions and credit unions services are directed to improve the economic and social well-being of all members." The majority of credit unions in the Solomon Islands are entirely volunteer-based and staffed with locals. They are managed by a board of directors elected by members from within the membership. Their role is to manage the credit union, to formulate policy and to ensure that it operates legally. Voluntary committees manage all Savings Clubs, Credit Unions and MRRCs that are registered with SICUL, and MRRC's operate on land that has been donated by the local community. The credit union movement in the Solomon Islands could not survive without the participation of the community. Another important component of all of CUFA's projects is the participation of Development Educators (DE's) in carrying out fieldwork. DE's offer local knowledge and expertise and provide CUFA with vital information that helps to ensure the cultural appropriateness of all its projects. The fieldwork does not only involve the participation of DE's; consultations are held with credit union management committees, MRRC volunteers and savings club members. When the DE's conduct fieldwork into the various Provinces they are showing the local people that this project is being carried out by Solomon Islanders, not outsiders. As a result, the community, and the DE's, feel a sense of ownership over the project.

5 RISK ASSESSMENT

RISK ASSESSMENT							
Describe possible / potential risk	Assessed impact on project	L	C	R	Outline response(s)	By whom?	When?
<p>Part 1 SICUL Board fails to adhere to the work schedule/workplan created by CUFA staff</p> <p>SICUL Board fails to complete the project deliverables which are laid out in this project plan</p>	Threatens the long-term sustainability of SICUL	1	3	1	CUFA's funding for this project is contingent upon SICUL adhering to specific deliverables with set time frames. If the SICUL fails to comply, CUFA staff will cease funding until a solution can be found	CUFA Executive Officer CUFA International Development Officer	As soon as problem is identified
<p>Part 1 CUFA's in-country T.A. Person fails to fulfil his/her job function; or, the in-country T.A. Person fails to complete the full duration of their assignment</p>	Delay of project	1	2	1	The CUFA in-country T.A. Person will sign a contract at the beginning of his/her assignment that a) outlines his/her obligations to CUFA and b) outlines specific repercussions in the event the contract is broken	CUFA Executive Officer CUFA International Development Officer	As soon as problem is identified
<p>Part 1 Credit union members and the CBSI lose confidence in the capabilities of SICUL</p>	Threatens the long-term sustainability of SICUL Threatens the long-term sustainability of the credit unions	3	3	3	The SICUL Board and General Manger will need to re-evaluate their marketing strategy and they will need to identify ways (possibly through consultations their stakeholders) in which they can enhance their public image	The SICUL Board of Directors and the SICUL General Manager	Risk already exists and a response has been identified and implemented
<p>Part 1 The PEARLS monitoring system finds credit unions</p>	Members may lose money and the overall reputation of credit	3	3	3	Develop a business plan and set capital growth targets; introduce loan collection	Credit union management	As soon as problem is identified via

insolvent.	unions is threatened				mechanism and daily delinquency reporting system; and create written agreements with members when taking out loans		the PEARLS monitoring system
Part 1 SICUL fails to collect membership dues	Threatens financial sustainability of SICUL	3	3	3	The SICUL Board will send out reminder letters to credit unions. If this fails to work, SICUL will threaten to suspend the credit unions from the League	The SICUL Board of Directors and the SICUL General Manager	Risk already exists and a response has been identified and implemented
Part 1 The revision of the Solomon Islands Credit Union Act 1986 becomes stalled due to legislative delays	Threatens the financial sustainability of credit unions	2	3	2	WOCCU staff has been given full approval by the CBSI to undertake the revision of the credit union act. In the event of a legislative delay, WOCCU can put pressure on the CBSI to push this act through.	WOCCU representatives	If not completed and passed by Parliament in June 2007
Part 2 The SICUL Administrator fails to provide CUFA with an updated membership database	Delay of project Delay of financial reports to SICUL Board/CBSI	2	2	2	CUFA will suspend the next round of DE funding until the database is completed	CUFA International Development Officer	As soon as problem is identified
Part 2 During fieldwork, Development Educators fail to collect all information necessary to update the membership database	Delay of project Delay of financial reports to SICUL Board/CBSI	2	2	2	CUFA will suspend the next round of DE funding until all information is collected	CUFA International Development Officer	As soon as problem is identified

Key:

L = Likelihood 3 = Likely 2 = Possible 1 = Unlikely
C = Consequence 3 = Major 2 = Moderate 1 = Minor
R = Risk level 3 = High 2 = Medium 1 = Low

6 MONITORING

CUFA's International Development Officer will undertake two monitoring visits during each funding year. In addition, the in-country T.A. Person will submit once monthly progress reports to CUFA staff and SICUL staff will submit once monthly financial reports.

PERFORMANCE INDICATORS

Part 1			
Deliverable	By Whom	Monitored by	Means of Verification
Engage one (1) in-country T.A. Person	CUFA's International Development Officer	CUFA's Executive Officer	One T.A. Person hired by July 13 2006
Conduct training session with T.A. Person in Sri Lanka	WOCCU's Colombo staff	CUFA's Executive Officer CUFA's International Development Officer	One training session held in Sri Lanka from June 27-August 27
Assist in developing a workplan/work schedule for SICUL Board	CUFA's in-country T.A. Person CUFA's International Development Officer SICUL Board Member	CUFA's Executive Officer	One workplan created annually.

	(Mr. David Loring)		
<p>Sign an MoU with forty potential Honiara Credit Unions</p> <p>Assess 1/3 of Honiara credit unions using the PEARLS monitoring system each funding year</p> <p>Create a plan of action and follow-up on 1/3 of Honiara credit unions each funding year</p>	<p>In-country T.A. Person</p> <p>Development Educator's</p>	<p>CUFA's Executive Officer</p>	<p>MoU's signed within the first six months of each funding year</p> <p>An assessment/evaluation is carried out during each funding year on 1/3 of Honiara credit unions</p> <p>An action plan is distributed to 1/3 of Honiara credit unions each funding year</p>
<p>Distribute loan pool annually to 1/3 of Honiara credit unions</p>	<p>SICUL Board</p> <p>CUFA's in-country T.A. Person</p>	<p>CUFA's Executive Officer</p>	<p>Loan pool is distributed to 1/3 of Honiara credit unions during each funding year</p>
<p>Develop a communication strategy between SICUL and the credit unions, savings clubs and MRRCs</p>	<p>The SICUL Board of Directors</p>	<p>CUFA's International Development Officer</p>	<p>A "strategic plan" is created and submitted to CUFA staff by September 1 of each funding year</p>
<p>Planning sessions with Development Educators</p> <p>DE training in PEARLS</p>	<p>CUFA's in-country T.A. Person</p>	<p>CUFA's International Development Officer</p>	<p>One DE planning session held on the 15th of each month</p> <p>On-going training</p>
<p>Monthly financial</p>	<p>The SICUL</p>	<p>The SICUL Board of</p>	<p>One financial report</p>

reports submitted to CUFA Monthly financial reports submitted to the Central Bank of the Solomon Islands	Administrator	Directors	submitted to CUFA and the CBSI on the 1 st of each month
Develop a marketing strategy for the timely collection of membership dues. Credit union membership dues are collected in a timely manner and information is updated monthly in the SICUL database	The SICUL General Manager The SICUL Administrator	The SICUL Board of Directors	A marketing strategy is drawn up and sent to CUFA on September 1, 2007 Membership dues are collected once a month with records being kept in the membership database and a report being submitted to CUFA on the 30 th of each month
Women have increased access to loans at credit unions	Credit union management and committees	The SICUL Board of Directors	At least 50% of all loans granted at credit unions are distributed to women
The environment of credit unions is conducive to financial sustainability	World Council of Credit Unions (WOCCU) representatives	Chief Operating Officer of WOCCU	The revision of the Credit Union Act of 1986
Newsletter distributed to credit unions and MRRCs	The SICUL Administrator	CUFA's in-country T.A. Person	One newsletter is distributed every month

Media release to the Solomon Star national newspaper	CUFA's in-country T.A. Person	CUFA's International Development Officer	One monthly media release in the Solomon Star.
Once monthly Board Meetings	The SICUL Board of Directors	CUFA's in-country T.A. Person The General Manager of SICUL	An agenda is set for each SICUL Board Meeting Minutes are taken and action items are followed-up on
Once monthly Marketing and Public Relations Meetings	The SICUL Board of Directors	CUFA's in-country T.A. Person The General Manager of SICUL	An agenda is set for each SICUL Marketing and PR Meeting Minutes are taken and action items are followed-up on
Project Progress Reports sent to CUFA	CUFA's in-country T.A. Person	CUFA's International Development Officer	One Progress Report sent to CUFA staff each on the 1 st of every month
Twice yearly monitoring visits Twice yearly monitoring reports	CUFA's International Development Officer	CUFA's Executive Officer	Two annual monitoring visits undertaken by CUFA's International Development Officer
Engage local government officials and NGOs to create awareness of CUFA's activities in the Solomon Islands	CUFA's in-country T.A. Person	CUFA's International Development Officer	Conduct meetings/arrange telephone conferences once a month with a representative from the national or provincial

			governments
Attach micro-enterprise funds at five of the <i>existing</i> MRRCs	CUFA's in-country T.A. Person MRRC committees	CUFA's International Development Officer	Micro enterprise funds are available for income-generating activities within the first six months of the funding year
One Project Evaluation at the completion of the project	CUFA's International Development Officer	CUFA's Executive Officer	One annual project evaluation visit undertaken by CUFA's International Development Officer
Part 2			
Deliverable	By Whom	Monitored by	
Create a workplan for fieldwork	The SICUL Administrator CUFA's International Development Officer	CUFA's International Development Officer CUFA's Executive Officer	One DE workplan created by July 1, 2007
Weekly progress reports generated via the SICUL database	The SICUL Administrator	CUFA's International Development Officer	One weekly report submitted to CUFA from the SICUL Administrator
On-going database training for the SICUL Administrator	CUFA's in-country T.A. Person	CUFA's International Development Officer	Telephone/Email
Participation of two Solomon Island women at CUFA's annual Development Education Workshop in Sydney	CUFA's in-country T.A. Person	CUFA's International Development Officer	Telephone/Email

7 BUDGET

YEAR 1

Phase 1

In-country Technical Assistance Person

	July	August	September	October	November	December	January	February	March	April	May	June
Salary	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$5,000.00
Transport (airfare to and from Sri Lanka)	\$ 2,000.00											
Transport (airfare to and from the Solomon Islands)		\$ 1,200.00										
Accommodation (rent and utilities)	\$ 1,200.00	\$ 1,200.00	\$ 1,200.00	\$ 1,200.00	\$ 1,200.00	\$ 1,200.00	\$ 1,200.00	\$ 1,200.00	\$ 1,200.00	\$ 1,200.00	\$ 1,200.00	\$1,200.00
Laptop/Supplies	\$ 2,200.00											
Petty Cash Fund (internal transport, mobile phone and internet)	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$1,000.00

CUFA

Loan Pool (12 Honiara credit unions)									\$ 100,000.00			
Project Monitoring and Evaluation				\$ 2,000.00						\$ 2,000.00		
Travel and accommodation for two Development Educators (Sydney DE Program)				\$ 4,000.00								

SICUL

Administrative Training/Capacity Building	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00
DE Planning Sessions (transport costs)	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00
MRRC income-generating fund		\$ 1,700.00		\$ 1,700.00								

Phase 2

DE Coordination Meeting (transport, food, printing costs)		\$ 2,000.00										
DE fieldwork-Choiseul (transport and accommodation)			\$ 2,000.00									
DE fieldwork-Western (transport and accommodation)				\$ 2,000.00								
DE fieldwork-Central (transport and accommodation)					\$ 2,000.00							
DE fieldwork-Rennell (transport and accommodation)						\$ 2,000.00						
DE fieldwork-Makira & Ulawa (transport and accommodation)							\$ 2,000.00					
DE fieldwork-Temotu (transport and accommodation)								\$ 2,000.00				
DE Training in PEARLS			\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00

	\$12,050.00	\$12,750.00	\$ 10,350.00	\$18,050.00	\$ 10,350.00	\$ 10,350.00	\$ 10,350.00	\$ 10,350.00	\$ 108,350.00	\$ 10,350.00	\$ 8,350.00	\$8,350.00	TOTAL
													\$ 230,000.00

IN-KIND CONTRIBUTION

Revision of the Credit Union Act 1986 (WOCCU)	\$10,000.00	\$10,000.00										
Training and accommodation-Sri Lanka (WOCCU)	\$ 2,500.00	\$ 2,500.00										
PEARLS Monitoring System (WOCCU)	\$ 5,000.00											
SICUL Credit Union Specialist (David Loring)	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$1,000.00

	\$18,500.00	\$13,500.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$1,000.00	IN-KIND TOTAL
													\$ 42,000.00

YEAR 2	July	August	September	October	November	December	January	February	March	April	May	June	
In-country Technical Assistance Person													
Salary	\$ 5,500.00	\$ 5,500.00	\$ 5,500.00	\$ 5,500.00	\$ 5,500.00	\$ 5,500.00	\$ 5,500.00	\$ 5,500.00	\$ 5,500.00	\$ 5,500.00	\$ 5,500.00	\$ 5,500.00	\$ 5,500.00
Transport (airfare to and from the Solomon Islands)		\$ 1,200.00											
Accommodation (rent and utilities)	\$ 1,200.00	\$ 1,200.00	\$ 1,200.00	\$ 1,200.00	\$ 1,200.00	\$ 1,200.00	\$ 1,200.00	\$ 1,200.00	\$ 1,200.00	\$ 1,200.00	\$ 1,200.00	\$ 1,200.00	\$ 1,200.00
Petty Cash Fund (internal transport, mobile phone and internet)	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00
CUFA													
Loan Pool (14 Honiara credit unions)									\$ 105,000.00				
Project Monitoring and Evaluation				\$ 2,000.00						\$ 2,000.00			
Travel and accommodation for two Development Educators (Sydney DE Program)				\$ 4,000.00									
SICUL													
Administrative Training/Capacity Building	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 400.00	\$ 400.00	\$ 400.00	\$ 400.00	\$ 400.00	\$ 400.00	\$ 400.00
DE Planning Sessions (transport costs)	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00
MRRC income-generating fund		\$ 1,700.00		\$ 1,700.00		\$ 1,700.00		\$ 1,700.00		\$ 1,700.00		\$ 1,700.00	\$ 1,700.00
DE Training in PEARLS	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00
	\$ 8,850.00	\$11,750.00	\$ 8,850.00	\$16,550.00	\$ 8,850.00	\$ 10,550.00	\$ 8,750.00	\$ 10,450.00	\$ 113,750.00	\$ 12,450.00	\$ 8,750.00	\$ 10,450.00	\$ 230,000.00
IN-KIND CONTRIBUTION													
PEARLS Monitoring System (WOCCU)	\$ 5,000.00												
SICUL Credit Union Specialist (David Loring)	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00
	\$ 6,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 17,000.00

YEAR 3	July	August	September	October	November	December	January	February	March	April	May	June	
In-country Technical Assistance Person													
Salary	\$ 6,000.00	\$ 6,000.00	\$ 6,000.00	\$ 6,000.00	\$ 6,000.00	\$ 6,000.00	\$ 6,000.00	\$ 6,000.00	\$ 6,000.00	\$ 6,000.00	\$ 6,000.00	\$ 6,000.00	\$ 6,000.00
Transport (airfare to and from the Solomon Islands)		\$ 1,200.00											
Accommodation (rent and utilities)	\$ 1,200.00	\$ 1,200.00	\$ 1,200.00	\$ 1,200.00	\$ 1,200.00	\$ 1,200.00	\$ 1,200.00	\$ 1,200.00	\$ 1,200.00	\$ 1,200.00	\$ 1,200.00	\$ 1,200.00	\$ 1,200.00
Petty Cash Fund (internal transport, mobile phone and internet)	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00
CUFA													
Loan Pool (14 Honiara credit unions)									\$ 105,000.00				
Project Monitoring				\$ 2,000.00						\$ 2,000.00			
Travel and accommodation for two Development Educators (Sydney DE Program)				\$ 4,000.00									
Final Project Evaluation												\$ 4,000.00	
SICUL													
Administrative Training/Capacity Building	\$ 400.00	\$ 400.00	\$ 300.00	\$ 300.00	\$ 200.00	\$ 200.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00			
DE Planning Sessions (transport costs)	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00							
MRRC income-generating fund				\$ 1,700.00				\$ 1,700.00					\$ 1,700.00
DE Training in PEARLS	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00						
Marketing and Promotion							\$ 1,500.00						
	\$ 9,250.00	\$10,450.00	\$ 9,150.00	\$16,850.00	\$ 9,050.00	\$ 9,050.00	\$ 10,350.00	\$ 10,050.00	\$ 113,350.00	\$ 10,350.00	\$ 8,200.00	\$ 13,900.00	\$ 230,000.00
IN-KIND CONTRIBUTION													
PEARLS Monitoring System (WOCCU)	\$ 5,000.00												
SICUL Credit Union Specialist (David Loring)	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	
	\$ 6,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 17,000.00

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