

MicroLead: Savings-led approaches to furthering financial inclusion – innovations in Ethiopia

**KNOWLEDGE SHARING EVENT
MICROLEAD**

ADDIS ABABA, 03 JUNE 2015



Benefits of automation at BG + Wasasa



Lessons Learnt



- **Long relationship** TSP/FSP
- **Reporting:** Define specific KPI for good monitoring
- **Staff:** Institutional Capacity building
- **Back end technology:** without resources (human + \$)
software and hardware implementation is challenging
- **Front End technology:** Understand the best delivery
channel to fit customer needs
- **Infrastructure:** Innovations for branch network limit
- **TA load** and prioritization

Lessons Learnt



- **Savings Culture: Internal** (Move from credit centric to customer centric) + **External** (importance of fin. ed.)
- **Branding:** Trust can be increased through technology
- **Know your clients:** identify your niche and have appropriate **products**
- **Competition:** Importance of branding
- **TA Budget** should be properly sized
- **Cross-learnings** between FSP (PoS/MIS)



THANK YOU

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Buusaa Gonofa MFI's Reflection on Implementation of MicroLead Program:

Knowledge Sharing Event
UNCDF MicroLead Program – Ethiopia
By Teshome Y. Dayesso, General Manager
t.dayesso@bgmfi.com
June 3, 2015, Radisson BLU, Addis Ababa

Outline of Presentation

- Introduction and project objectives
- Implementation Modalities and Approach
- MicroLead Performance targets and actual achievements
- POS technology implementation and savings mobilization
- Lessons learned and implications
- Way forward

Introduction

- BG has moved to another level thanks to access to loanable fund from RUFIP-I
- RUFIP has helped BG to release its potential and aggressively expand its outreach with profit.
- MicroLead is a UNCDF program to “Expand Access to Savings-led Financial Service” in LDCs; but the MicroLead Ethiopia project was an initiative of a person deeply knowledgeable of the exciting opportunity opened up by RUFIP.
- BASIX/PAMIGA consortium were the lead partners - BG has a long standing relation with PAMIGA/CIDR – this helped to establish good working relation with BASIX (trust & mutual respect).

MicroLead to Support Capacity Development for Further Growth

- MicroLead came at a time when BG started struggling with the consequences of growth.
- Thanks to RUFIP loan fund, BG has increased its outreach by 258% in four years 2005-2008, compared to 85% increase in previous four years
- Efficient scale of operation was built in short time and BG became profitable thanks to RUFIP loan

Outreach Growth	2001	2004	<i>% change</i>	2005	2008	<i>% change</i>
No of active borrowers	3,030	5,571	85%	10,111	38,921	258%
Net operating profit Birr	2001 – 2004 =		(185,000)	2005 – 2008 =		5,96 mill

MicroLead to Support Capacity Dev't for Further Growth (cont'd)

- But after RUFIP induced growth, BG couldn't keep the growth momentum and trend;
- MicroLead came at a time when BG started struggling with the consequences of growth.

Growth in active borrowers



MicroLead to Support Capacity Dev't for Further Growth (cont'd)

Growth in active borrowers



- Poor MIS and hence weak internal control
- Weak savings mobilization to fund growth
- Lack of loanable fund to expand outreach
- Lack of effective governance

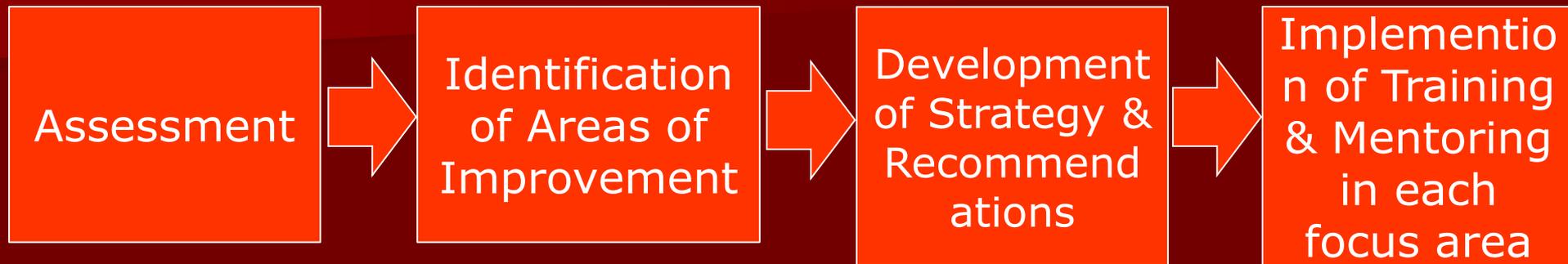
Objectives of MicroLead

- Strengthening the microfinance sector by providing technical assistance (TA)
- Strengthening BG's governance and mgt system;
- Strengthening BG's operation systems by establishing IT based services
- Increase financial literacy among clients of BG
- Develop human resources capacity to support expansion of financial services of BG.

Specific Deliverables

- Increase voluntary savings (= 32,500 accts)
- Increase the client base of rural women (=70%)
- Introducing IT support quality services to improve operations, risk mitigation and internal control
- Strengthen the governance system and build capacity for effective management at senior and middle levels of BG
- Enhance productivity by building capacities through intensive training and coaching

Implementation Approach and Modalities



- Demand driven advisory service and technical assistance – always a systematic assessment of the present status and condition; mutually developed and agreed upon interventions
- BASIX Team Leader – fulltime based in Addis, with extensive senior banking & MF background
- Deputy Team Leader – MIS and IT professional, hands-on support (almost as BG staff)

TA and Advisory Service Areas

- Ownership and governance of BG
- Risk management and risk based auditing
- Financial management and analysis
- Strengthening of operations management (field and branch operations)
- Streamlining of MIS and data security, web site...
- POS Device pilot testing and implementation
- New product development and refinement – loans, savings, assessment of index based insurance
- HR system, particularly performance management
- Financial literacy – debt mgt, savings & budgeting

BG Performance Trend

	Jun '12	Jun '13	Jun '14	Mar '15*
# of active borrowers	55,424	67,787	80,463	68,713
Total Loan Portfolio (Birr)	109 mil	161 mil	226 mil	213 mil
Plan # of voluntr. depositors	2,000	10,000	30,000	50,000
Actual # of depositors	4,972	13,446	46,389	56,197
Plan: voluntary Deposits	1.4 mil	6.4 mil	25.0 mil	41 mil
Actual: voluntary Deposit	2.0 mil	6.5 mil	22.3 mil	37 mil
Total savings deposit	19.8 mil	32.8 mil	55.8 mil	73.9 mil
Deposit/Loan ratio	18%	20%	25%	35%

BG Performance Trend (cont'd)

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Deposit/Loan ratio (D/L)	18%	20%	25%	35%
				60%

POS Technology for Savings Deposit Mobilization

Implementation of POS Devices for Door-step Deposit Collection Service



04.06.2013



10.06.2013

POS Implementation

- Implemented 80 POS devices in 10 branches, currently used as automated cash collection device (off-line mode, can be online)
- Interface with LPF software was designed and tested; several technical difficulties due to poor data quality and bugs of LPF.
- Client education on the new POS took very long months b/c we wanted >80% attendance rate as precondition to retire legacy manual receipting procedure
- Significant improvement in efficiency – less transaction time, no errors in amt, acct no, customer name, reduced risk of fraud; high customer confidence and prestige;
- Biometric for authentication, and door-step deposit collection service was not implemented due to connectivity problems;
- High cost of USD 750 per device and justification not clear
- Lack of electric power; poor weather condition and rough work environment in the field in villages;
- Core banking software is a necessity for POS implementation
- POS implementation first with existing BG clients and slowly moving to new customers will ensure high success/acceptance

Advisory Services and Technical Assistance of BASIX/PAMIGA

- Ownership and governance – how to expand ownership to new shareholders while there is significant grant reserve capital?
- What might be the most appropriate role of the BG's founder-owner NGOs (HUNDEE) in future?
- K-REP of Kenya used a 'holding company' structure to indefinitely protect reserve capital; but Eth's current law does not provide for this option;
- AEMFI and MFIs need to lobby for inclusion of a 'holding company', as the revision of the Commercial Code might provide such opportunity

Some of the Lessons Learned

- In order to take capacity building beyond computers and training, TA providers should be locally placed and work within the culture and actual context of the organization (working inside out, far better than outside-in).
- Performance based grant agreement with clear measurable deliverables and deadline will help the partnership as well as better performance
- Frequent interaction between the partners is very important for program success.

Some of the Lessons (cont'd)

- POS and similar technology could be powerful in attracting deposits from poor clients; (safety net cash transfer programs could benefit from it).
- But introducing such new technology may need care and preparation, e.g., perhaps consider starting with existing customers rather than with completely new customers and expand;
- Door-step deposit collection may help overcome the problem of inactive saving deposit accounts;

Way forward

- Finalize the ownership broadening initiative (consider possible change in commercial code)
- Core banking software implementation is an absolute necessity to use the full potential of POS devices and expand small deposits.
- Changing BG's business processes and harmonization of credit operations with door step deposit service;
- Implementation of POS device with online connectivity to allow withdrawal at door step
- Deposit mobilization with balance growth strategy

Thank you!

end!



Knowledge Sharing Event

UNCDF MicroLead Programme-Ethiopia



REFLECTIONS ON THE IMPLEMENTATION OF MICROLEAD PROGRAMME AT WASASA

JUNE 03, 2015, ADDIS ABABA

Contents



- A Brief Background on Wasasa
- Objectives of the Technical Assistance (TA)
- Methodologies of the TA
- Results of the TA
- Limitations of the TA
- Lessons Learnt from the TA

A brief background on Wasasa



- Established in September 2000
- Operates in about 45 Woredas from its 34 branches and 20 services outlets that are located in a very remote rural areas, in total it has 59 offices and about 450 employees.
- Its total assets was about Birr 450 million as on May 30, 2015; savings constitutes 23%
- It has different savings, loans and credit life insurance products

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Objectives of the TA



- Building the capacity of Wasasa to increase its outreach to low-income people especially through savings services

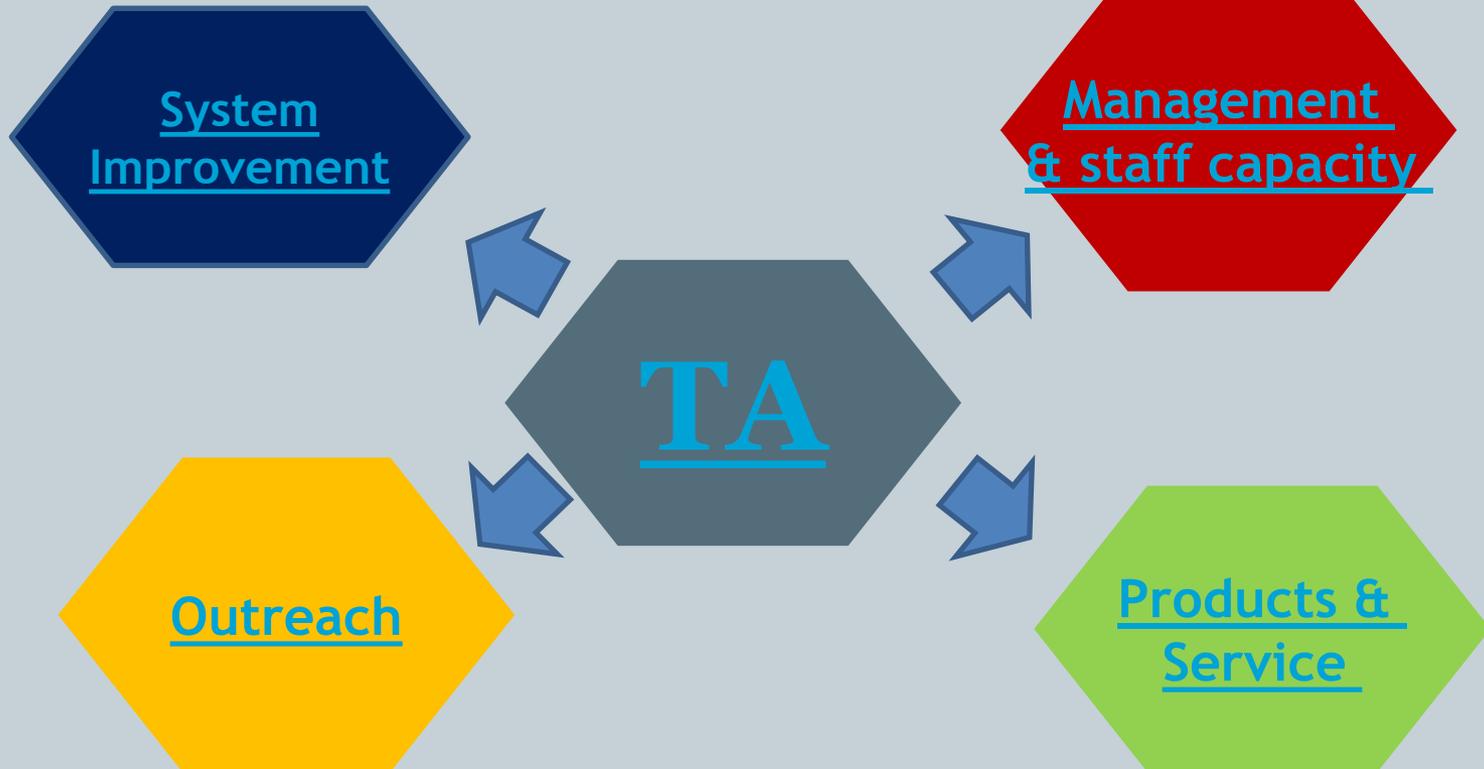
Methodologies of the TA



- Assigning individuals for on site handholding support ; these experts, facilitate between the MFI and the mission based visitor consultants through developing TORs, planning, commenting on their reports , etc.
- Offsite supports

Results of the TA

- Results



Areas of the TA



- Governance
- Strategic Planning
- Products development
- Risk Management and internal control
- Information technology
- Social performance management

[back to results of the TA](#)

System Improvement



Automation

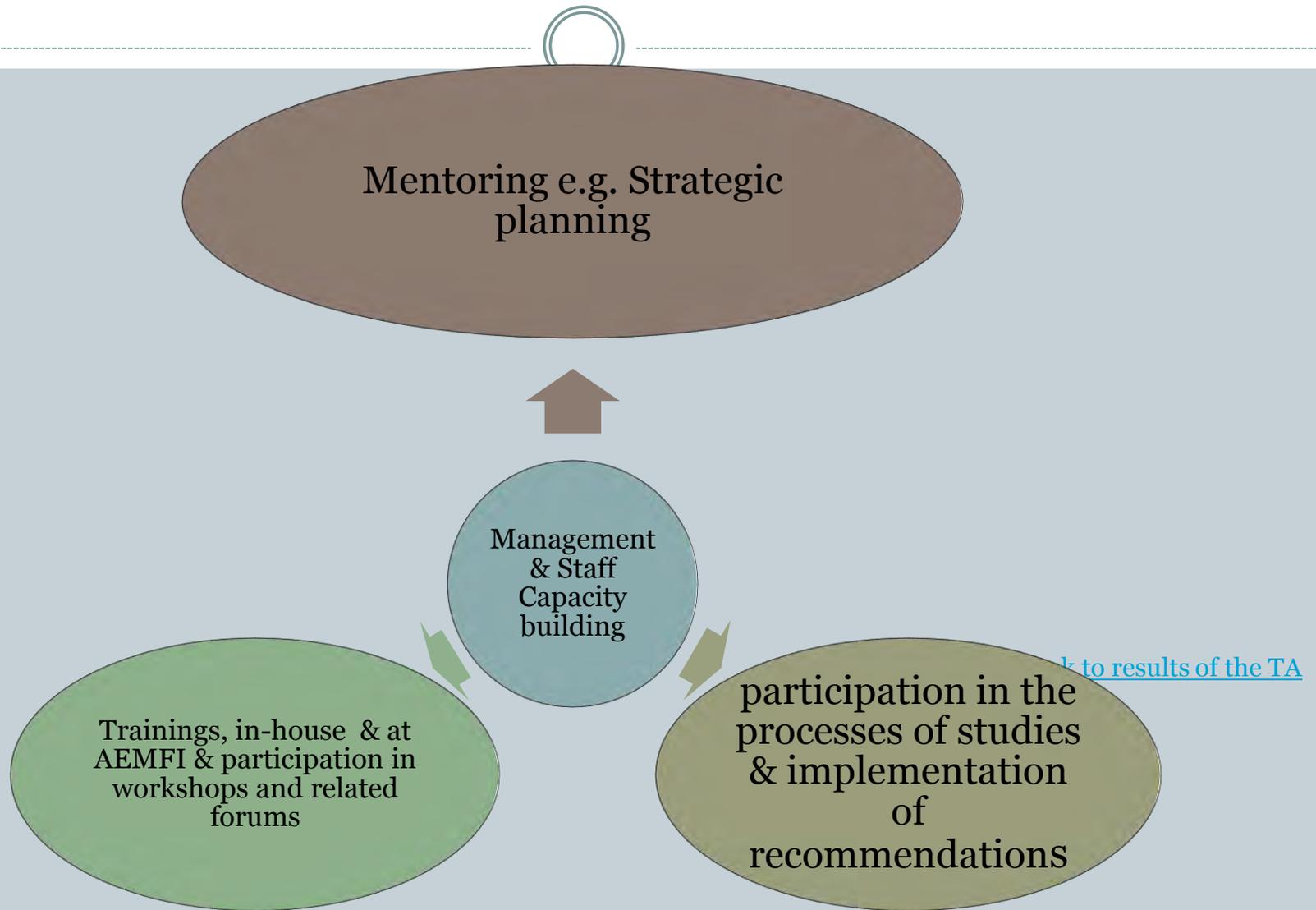
- ICT needs assessment
- Bid document preparation
- Vendors evaluation
- Hardware and software procurement
- Staff training
- Data cleaning
- Core banking implementation

Policies and procedures manuals

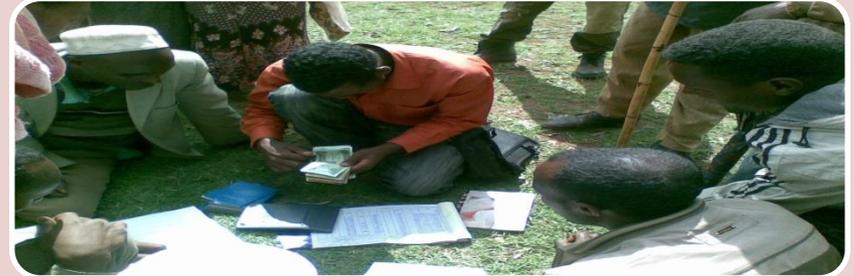
- Identifying policy gaps and drafting policy and procedures manuals
- Training the staff on the approved policies and procedures manuals
- Recommendation and assisting on implementation of Internal Audit, Risk Management & Performance management tools

[back to results of the TA](#)

Management & Staff Capacity



Products and Services



Branch Managers got a ToT on Financial Education; training manuals are adopted to the contexts of Wasasa and 22,000 customers are trained

Savings products are designed,
Pilot tested, evaluated and replicated at all branches

[back to results of the TA](#)

Outreach

Items	Baseline June 2011	Target June 2014	Actual June 2014	Change	
No. Active Borrowers	52,000	97,576	68,827	+/-	
Outstanding Loan	115,973,093		251,421,000		
No Active voluntary savers	52,000	97,576	83,084	+/-	
Savings Balance	38,830,075		81,905,184		
% Rural Clients	60%	62%	83%	+/+	

[Copy of Factsheet for the period second quarter 2014 sent to partners \(2\).xslm](#)
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Limitations/challenges



- **Internal**
 - Giving much attention to emergent activities
 - Expecting the external experts to drive actions not becoming proactive internally in implementing recommendations
 - Too ambitious, very wide TA plan; priorities were not set properly
 - Pro-credit orientation, in terms of internal processes, organizational capacity, organizational culture, logistics. Hence, changing all these requires much time than what is anticipated in the project

Limitations/challenges continued



- **TA providers**
 - The time assigned for visiting consultants in most cases were short
 - There were no enough follow-up and support in the implementation of consultants recommendations
 - Costs associated to the project (ICT) were not properly predicted or the MFI was not advised
 - The TA was not backed with financial support, except the partial financing of the cost of core banking application system
- **External Environment**
 - Difficulty to solicit funding; few donors that would support the microfinance industry
 - Difficulty to find local experts for certain positions, especially, ICT
 - Telecom network problem
 - Savings mobilization is highly competitive

Lessons Learnt



- Setting priority; especially, between system improvement and outreach, not to be overstretched and finally fail to attain both or either of them.
- System improvement requires a lot of capacities not only finance but also human resources, time, infrastructure, data organization and cleaning
- There are a lot of flexibilities in the manual work so working on standardization before thinking automation;
- Training the staff on basics of how to use computers/micro-soft office
- Capturing the manual data into simple excel formats beforehand and this would help the staff exercise the trainings they got on PCs
- Changing organizational culture from being too flexible to meet the needs of customers to more standardized operations
- Change from pro-credit culture to savings; they are so different, in terms of the staff capacity, liquidity management, internal control, marketing, etc.
- Becoming consistent in messages that you convey to your customers and 'walk what you talk'; to build trust among your customers .
- Build the image of your Institution in terms of staff capacity, internal processes, logistics etc.



Thanks a lot for your attention!

ETHIOPIAN EXPERIENCE: AEMFI under Microlead programme Ethiopia



Date June 3, 2015
Bethlehem Girma
Program and Training

INDEX

- 1. Financial service providers in Ethiopia**
- 2. Association of Ethiopian Microfinance Institutions (AEMFI)**
- 3. Microlead Programme and AEMFI**
- 4. Challenges of the sector**
- 5. Way forward-Proposed interventions**



FINANCIAL SERVICE PROVIDERS IN ETHIOPIA

- Commercial Banks- 18 Banks with 2,292 branches of which 879 are CBE
- Microfinance Institutions- 35 with 1,428 branches and sub-branch
- Insurance Companies 17 with 337 branches
- Development bank- one DB with 32 branches across the country
- 14,453 primary SACCOs with total number members 1,736,122 (676,237 women 38.95%) and 2745 unions
- Informal financial service providers- Iqub, Iddir



GROWTH OF MICROFINANCE INDUSTRY IN ETHIOPIA DEC 2014

- **35 MFIs with 1,489 branch and sub-branch office**
- **Outreach: over 3.76 million active borrowers (41% are women clients)**
- **100 percent regional outreach**
- **Outstanding loan balance: Birr 16.8 billion. (840 million USD)**
- **Balance of savings: Birr. 11.8billion (585 million USD)**
- **have Birr5.6 billion (\$280 million) and Birr24.5 billion (\$1.2 billion) of capital and Asset size, respectively**



AEMFI

- In operation since 1999- established by 11 MFIs
- 33 Member MFIs
- Vision of building an inclusive financial system in Ethiopia
- Value :
 - **TRANSPARENCY**
 - **ACCOUNTABILITY**
 - **MEMBER DRIVEN**
 - **EQUITY**
 - **SOCIAL RESPONSIVENESS**
 - **NON-POLITICAL**



MAJOR ACHIEVEMENTS OF AEMFI

- Establishment of Ethiopian Inclusive finance Training and research Institute(EIFTRI)

Short-Term Courses

Post Graduate Diploma

Executive Masters' Degree

Residential and Distance Learning Programs

Research



MAJOR ACHIEVEMENTS OF AEMFI



Also publications like:
occasional papers,
proceedings of
conferences, a bulletin
“Micro-finance
Development Review”,
Performance indicators
report,

- ✘ House hold Saving Behaviors
- ✘ Linking community owned and managed financial institutions, saving and credit cooperatives in addressing the financial needs of HABP beneficiaries with MFIs
- ✘ Growth challenges and prospects of deposit taking MFIs
- ✘ Impact evaluation through Randomized Controlled Trials (RCT) for financial services of MFIs
- ✘ Youth Employment



MAJOR ACHIEVEMENTS OF AEMFI

- ✘ Spearheaded the establishment of Ethiopian Inclusive IT Share Company



“....enable MFIs acquire a reliable MIS solution.”

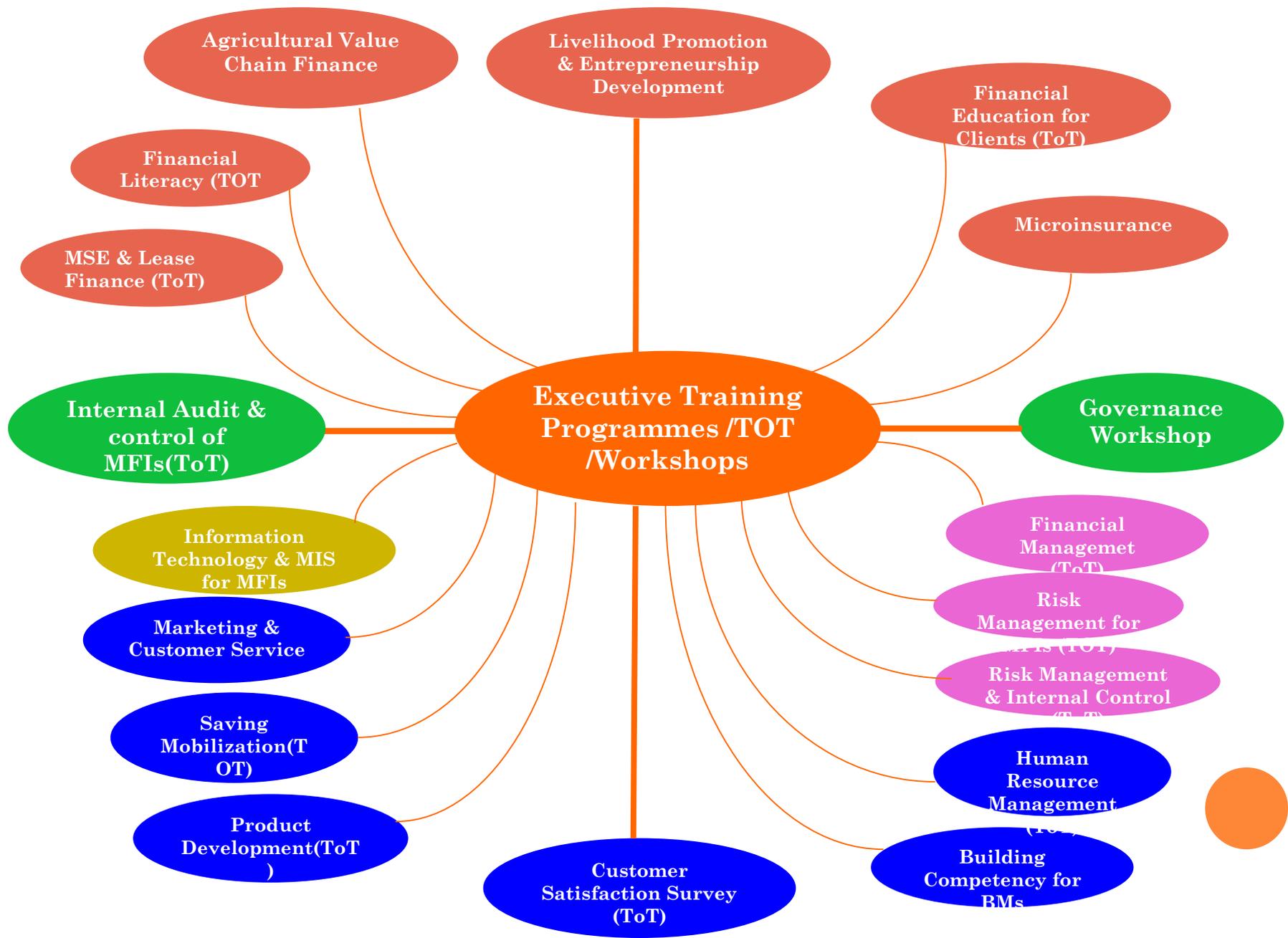


AEMFI UNDER UNCDF MICROLEAD PROGRAMME

- Meso level intervention- to improve the human capital of Ethiopian MFI and share the lessons learned from the micro level intervention
- augment AEMFI's long time training experience through provision of 17 training programmes and 2 workshops over the programme period

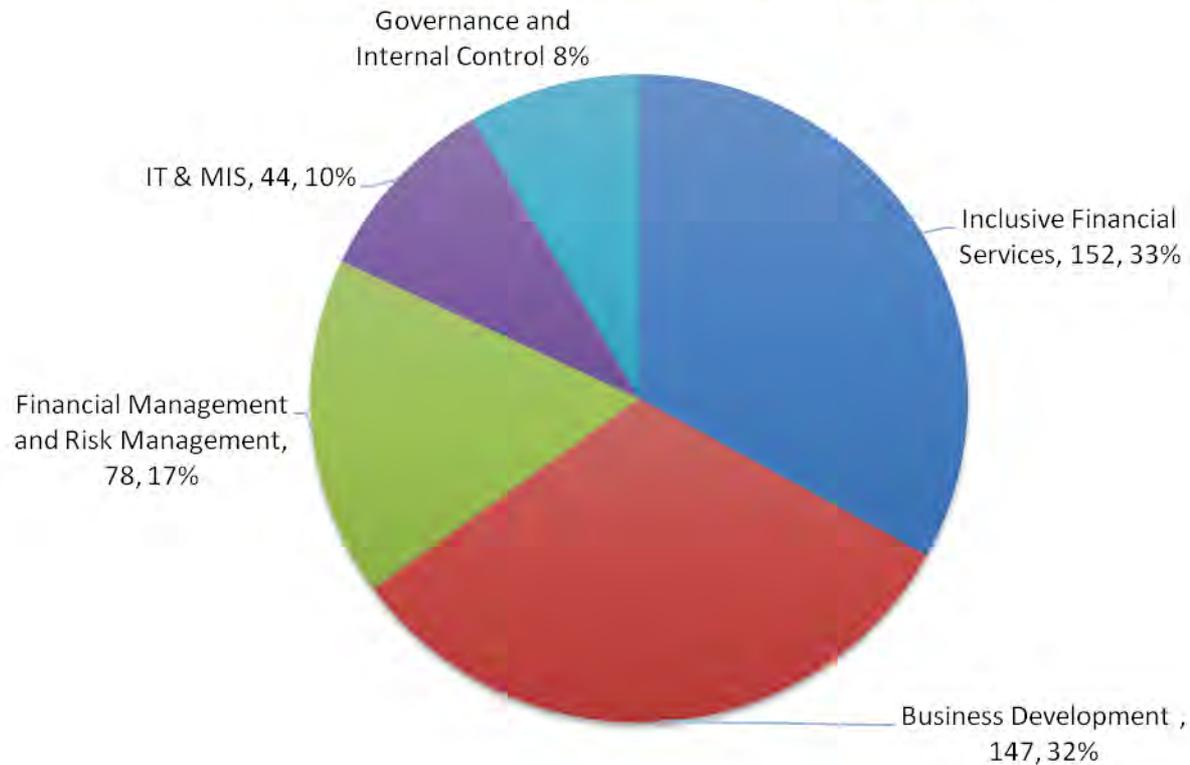


MICROLEAD PROGRAMME ACHIEVEMENTS



MICROLEAD PROGRAMME ACHIVEMENTS

Participants - Thematic Area Wise



MICROLEAD PROGRAMME ACHIEVEMENTS AND LESSONS LEARNED

- 18 training programmes were carried out in areas like- saving mobilization, marketing and customer service, financial education for clients, Risk Management, Agricultural Value chain
- two workshops conducted
- most of the training programmes are regarded as very good by participants



MICROLEAD PROGRAMME ACHIEVEMENTS AND LESSONS LEARNED

- the implementation approach- collective planning and execution is critical for success
- maintaining smooth communication and flexible working environment is essential
- various training modules were designed- proper documentation of programmes is important to disseminate learning
- Development of the local trainers capacity is essential for sustainability



INDUSTRY LEVEL CHALLENGES

- ❑ Limited financial products and innovations
- ❑ Limited interventions to provide financial services to pastoralists
- ❑ Lack of solid interventions to promote financial literacy
- ❑ Governance problems
- ❑ Limited donor support
- ❑ poor infrastructure in the rural areas



MFIS' HUMAN CAPITAL AND ITS TRAINING CHALLENGES

- ❑ Currently the sector employs around 21000 staffs out of which about 37% are operations
- ❑ Limited capacity in terms of skilled manpower
- ❑ many staffs especially at officer level join MFI sector with out having industry tailored training program
- ❑ Few Ethiopian Higher education institutes taken the agenda of MFI into their mainstream programme
- ❑ High employment turnover
- ❑ emergence of new market segments
- ❑ The range of services have been widening from time to time

THE WAY FORWARD- PROPOSED INTERVENTIONS

- ❑ Scale up successful projects and models to ensure increased financial inclusion
 - ❑ Need to move forward with provision of training programs on fee basis- to make sustainable
 - ❑ Provide capacity building in terms of training
 - ❑ certification of MFI staff
 - ❑ Increase outreach by addressing the issue of loan capital
 - ❑ Tailored interventions to increase women clients and other disadvantaged groups
 - ❑ Support to promote back-office and front office technology (MIS)
 - ❑ Technical support in product development
- 

THE WAY FORWARD- PROPOSED INTERVENTIONS

- ❑ Promote Financial literacy, SPM and client protection
- ❑ Establishment of wholesale facilities, without discouraging savings
- ❑ Enhance the focused interventions to increase the financial services to access deficit areas, particularly pastoralists



THANK YOU
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"Ameseginalahu"





KNOWLEDGE SHARING EVENT

MICROLEAD ETHIOPIA

3 June, 2015, Addis Ababa

Contents

- ▶ MicroLead
- ▶ MicroLead in Ethiopia
- ▶ Inputs, Outputs and Outcomes
- ▶ Way-forward

MicroLead Programme

- ▶ Global initiative of UNCDF to improve the access and usage of financial services by the unreached.
- ▶ Focus is on savings services - poor, women & rural.
- ▶ Supported by Bill & Melinda Gates Foundation, MasterCard Foundation, LIFT Fund (Myanmar)
- ▶ **29 projects** are being implemented in **21 countries** working with 39 Financial Service Providers (FSPs).
- ▶ > 1 million depositors reached by the end of 2014
- ▶ Through either “greenfield institutions” or “capacity building of existing institutions” as per country requirements.
- ▶ Supports promoting market research, product & channel development, marketing and financial education

MicroLead in Ethiopia

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- ▶ MoFED endorsement in May 2011, commencement in Aug 2011.
- ▶ Support to the human resources capacity building in the overall sector through training programmes in partnership with AEMFI – a unique model in Ethiopia
- ▶ The training requirements identified by AEMFI & MFIs, Consortium of BASIX (India) and PAMIGA (France) provided the training support. Local Trainers involved.
- ▶ Two MFIs – **BG MFI and Wasasa MFI** provided focussed TA and implementation support
- ▶ Two long term advisors placed onsite for 3 years for on-going handholding support.

Trainings to MFIs

- ▶ 18 training programmes in 3.5 years.
- ▶ Workshop for the Board members on – importance of Governance, Board's role in improving, key responsibilities of Board in strategy, oversight, financial management, risk management etc.
- ▶ Trainings rated well by >75% of participants.
- ▶ AEMFI and Participants provided printed copy & CD of training material, tools used for all the trainings for further use as necessary.
- ▶ **More than 400 MFI staff trained; Many MFIs participated in all trainings, some in selected thematic areas of their interest.**
- ▶ **Some MFIs used the training modules and tools for internal trainings and product development**



Training programmes conducted for all MFIs

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Sl. No	Name of the Training Programme	Period held
1	Savings Promotion	Nov 2011
2	Financial Education of Clients	Dec 2011
3	Risk Management	Feb 2012
4	Human Resources Management in MFIs	April 2012
5	Training for IT Managers	June 2012
6	Financial Management	June 2012
7	Micro Insurance	Aug 2012
8	Branch Management	Feb 2013
9	Conducting Customer Satisfaction Survey	May 2013
10	Internal Audit, Internal Controls and Risk Based Audit	Sep 2013
11	Financing of Micro & Small Enterprises and Lease Financing	Oct 2013
12	Product Development Process	Dec 2013
13	Workshop for Board Members	Jan 2014
14	Training for IT and MIS Managers	Mar 2014
15	Livelihood Promotion and Entrepreneurship Development	June 2014
16	Risk Management in MFIs	Nov 2014
17	Marketing and Customer Service	Feb 2015
18	Financing Agri Value Chains	April 2015

Technical Assistance to BG and Wasasa

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- ▶ Areas of focus for Technical Assistance:
 - Strengthening of Governance & Board Capacity
 - Strategic Planning
 - Saving Promotion
 - IT & MIS
 - Financial Education of Clients and SPM
 - Human Resources Management
 - Financial Management
 - Risk Management
 - Internal Audit
 - Micro Insurance
 - Managerial effectiveness
 - Marketing

Strengthening of Governance

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- ▶ Consultative workshops to identify the gaps in Governance and Board Capacity in supervision and guidance to the management;
- ▶ Training in key areas of board's role – strategic, fiduciary, supervision in financial and risk management etc.
- ▶ Knowledge sharing on different models of ownership diversification with their respective benefits and challenges.
- ▶ Recommendations on ways to improve governance & board skills, model ToR for the Board and specialised sub-committees - Risk Management Committee, Audit Committee, Asset & Liability Management committee etc.
- ▶ Draft Board Manual.
- ▶ Increased Board strength & skills, frequency of meetings, subjects discussed, key areas monitored.



Savings Promotion

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- ▶ Trainings on the importance of savings for clients and the institution;
- ▶ Designing of simple voluntary saving products to meet the different types of customer needs
- ▶ Support in process improvements, designing of promotional material, pilot of the products and eventual roll-out of products
- ▶ Support in marketing of new saving products and client awareness creation
- ▶ **Attitudinal change in the institution towards saving promotion, Improved staff skills in understanding client needs and designing suitable products, Impressive Growth in number of voluntary savers, volume of savings mobilised**



IT & MIS

- ▶ Support to Wasasa in identifying, selecting, testing, installing and implementing a new core banking solution, capable of – supporting agent & mobile banking solution and integration with the Credit Bureau of the National Bank.
- ▶ Support to BG in up gradation of existing software to support improved product range, increased MIS needs and integration with branchless banking solutions.
- ▶ PoS devices piloted and implemented in BG
- ▶ Staff capacity improved in IT & MIS management
- ▶ **Strong MIS and strong IT Teams in place in both the MFIs**



Client Literacy and SPM

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- ▶ Training modules on financial education of clients designed, customised.
- ▶ Branch Managers provided ToT
- ▶ Support in piloting and roll-out
- ▶ Assessment on SPM status, support in improvements.
- ▶ **The MFIs able to provide a structured training to clients.**
- ▶ **More than 20,000 clients provided training in debt management, savings promotion, budget management.**



Human Resources Management

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- ▶ Improvements in the HR processes – recruitment, orientation, training need identification and designing a staff capacity development plan
- ▶ Designing/streamlining Job Roles
- ▶ Staff Performance Measurement and orientation of incentives & disincentives towards performance measured. Performance Management tool
- ▶ Support in revising and updating the HR Manual
- ▶ Recommendations on HR MIS Management
- ▶ **Strong HR Departments in place with an ability to manage more staff in an efficient way**



Financial Management

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- ▶ Training the finance department staff – functions of the department, ways to structure the department and organise work; different ways of measuring financial performance – branch profitability, product profitability and customer profitability concepts
- ▶ Recommendations and tools to improve Liquidity Management, Reporting of financial performance to various stakeholders, analysing and understanding of key financial ratios important for decision making;
- ▶ Creation of Asset Liability Management structure and ToR for the committee.
- ▶ Different ways of funding and raising resources, costing and pricing
- ▶ **Strong Financial Management capacity in place to meet the future challenges of fund raising, resource management and strong information management.**

Risk Management & Internal Audit

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- ▶ Train the senior management and Board members on different types of risks, risk identification, measurement, management, creation of a “Risk Management Framework” for the organisation, in line with NBE’s guidelines;
- ▶ Workshop with management to develop Risk Matrix for the MFI
- ▶ Recommendations on Risk Management Framework, Risk Management methods, reporting and monitoring of risks
- ▶ ToR for the Risk Management Committee and designing of Risk Manual
- ▶ Improvements in the existing Internal Audit guidelines, Audit formats, reporting of audit findings and follow up mechanism for compliance
- ▶ Training the audit staff in the revised procedures and tools.
- ▶ Improved Risk Management Procedures and Internal Audit Procedures to lead to lesser operational and credit risk for the MFIs



Micro Insurance

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- ▶ Consultative workshop with management in understanding the guidelines on Micro Insurance,
- ▶ Designing a road map for insurance business in line with the guidelines with recommendations on desirable organisation structure, job role for the staff involved, ideation of products, marketing etc.
- ▶ Support in designing of processes and documents – registration, management, claim process
- ▶ Support in discussions with the insurance companies
- ▶ **MFIs capable of initiating the required organisational structure, products, processes and risk management procedures to meet the new regulatory guidelines.**

Managerial Effectiveness

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- ▶ Training the managers in improving the effectiveness of their functioning to contribute to overall organisational efficiency
- ▶ Inputs on communication skills, team building & team management, the art of delegation and accountability, goal setting, setting up and management of key performance areas and key responsibilities, management of professional and personal learning requirements of self and team
- ▶ **Increased staff efficiency will lead to efficient products for the clients.**

Marketing

- ▶ Assessment of existing marketing function, policies and procedures
- ▶ Assessment of competition
- ▶ Aligning Vision and Mission of the organisation with products and services of MFI
- ▶ Recommendations for organisation level Marketing Strategy
- ▶ Provide tools for Product Marketing
- ▶ **Increased marketing capacity to face the competition and increase their market share.**



Growth in outreach

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BG and Wasasa combined Performance (Amount in USD)	BG		Wasasa	
	June 2011	Dec' 2014	June 2011	Dec' 2014
Number of Active Borrowers	45,960	76,536	52,000	67,620
Number of Active Depositors (Voluntary)	Nil	50,677	52,000	80,314
Financial Self-Sufficiency	117%	118%	115%	104%
Operational Self-Sufficiency	154%	155%	137%	137%
Portfolio at Risk at 30 Days	0.4%	0.66%	3%	1.56%
% Rural Clients	60%	74%	60%	81%
Average Loan Balance per Borrower/GNI/capita	32%	30.35%	30%	37.81%
Average Savings Balance (Voluntary) per Saver/GNI/Capita	NA	4.89%	6%	6.80%

Challenges

- ▶ While the implementation of new policies, processes, tools has started in many supported areas, good progress has been achieved in some critical areas like IT, Savings, Financial Education, Internal Audit etc. In other areas, the progress of implementation is somewhat slow due to various institutional constraints – limited financial and human resources, many priority intervention areas on hand.
- ▶ Due to several factors beyond the control of the institutions, the funding sources are still limited and saving promotion takes a longer time to become an important source of funding. Till such time, the growth in outreach will be at a slow pace.

Way Forward

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BG and Wasasa need continued support in some critical areas – Savings, IT & MIS (Agent and Mobile Banking) and Micro-Insurance to fully realise the TA provided and reach the next level – offering a diversified product range with innovative delivery channels to a much larger number of people.

Many other MFIs, especially the small and medium MFIs are facing similar challenges - Board Capacity, human resource capacity to design and offer need based products, technology constraints, inadequate risk management capacity, need for financial education of clients, marketing etc., hence need support to improve their institutional capacity and be able to contribute to the National Financial Inclusion agenda.

THANK YOU