

Building on Capacity and Education to Expand Microfinance Access

A Presentation of Results and Experiences from the Technical Assistance in Enhancing Access of the Poor to Microfinance Services in Frontier Areas (TA 4544)

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Training Needs of MFIs in Frontier Areas

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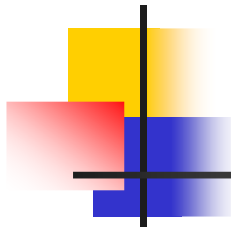
ADB's TA 4544

- capacity building to microfinance institutions in frontier areas to increase skills and best practices for sustainable microfinance
- education for poor and low-income groups on microfinance services
- ***Ultimate objective*** is to expand outreach of sustainable microfinance services to the poor in frontier areas.



ADB's TA 4544

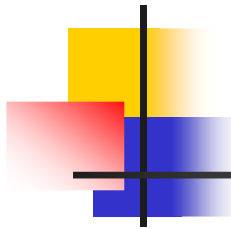
- Frontier areas: municipalities and barangays with the following conditions: (a) hard to reach-where access is a problem because of geographic location (highlands or islands); (b) high poverty incidence and high magnitude of poor families

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- (c) areas that lack access to other basic services and infrastructure facilities; and (d) areas where the saturation rate, in terms of access to microfinance services, is very low or zero.
 - Saturation rate is the ratio between the potential poor target households and the actual number of clients reached in a given area.



Outstanding Gaps in MFI Performance and Outreach

- A combination of factors- perception of risks, high transaction costs and low profitability and external factors such as inadequate infrastructure, peace and order problems, hinder the outreach and portfolio expansion plans of MFIs.

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- A great need for the MFIs to improve field operations and financial management. Although 72% of all respondent MFIs claim that they have reached operational self-sufficiency with 66% of them reporting to have achieved financial self-sufficiency, the majority of those MFIs have high PAR and past due ratios.



MFI Training Needs

- Maintenance of portfolio quality
- Loan delinquency management
- Risk management
- Internal control and audit
- Adherence to performance standards
- Board governance