

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)

Implemented by the

NATIONAL ANTI-POVERTY COMMISSION

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Focus Group Discussion Outputs

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Non-clients' Experiences in Accessing Microfinance Services

PRESENTATION OUTLINE

- FGD Objectives
- Design and Structure
- Participants
- Discussion Coverage
- Results

OBJECTIVES

- Discuss non-clients' understanding of microfinance
- Identify specific issues, concerns and problems in accessing microfinance services
- Discuss the requirements of Basic Sectors in so far as Business Development Services is concerned
- Recommend possible interventions to address needs/concerns and problems in expanding microfinance service delivery to Basic Sectors

DESIGN and STRUCTURE

- 3 FGD workshops were conducted with a maximum of 15 non-client participants from the Basic Sectors
- A facilitator was responsible for administering the workshop proper
- Metaplanning was used to facilitate documentation of responses
- A 2-hour limit was set for each workshop

PARTICIPANTS

- 39 Basic Sector representatives who are non-clients of MFIs
- 11 Sectors
- 15 Regions
- 34 Organizations

DISCUSSION COVERAGE

- MF Awareness and Access
- Income Sources
- Microenterprise Activities
- Loan Sources
- Savings
- Business Opportunities and Training Needs

FGD RESULTS



Understanding of Microfinance

DISCUSSION AREAS

MF Awareness and Access

Income Sources

Microenterprise Activities

Loan Sources

Savings

Training Needs

lending

ME financing

MF = government program

✓ **CHEAP**

✗ **HIGH INTEREST**

Awareness of Microfinance Services

DISCUSSION AREAS

MF Awareness and Access

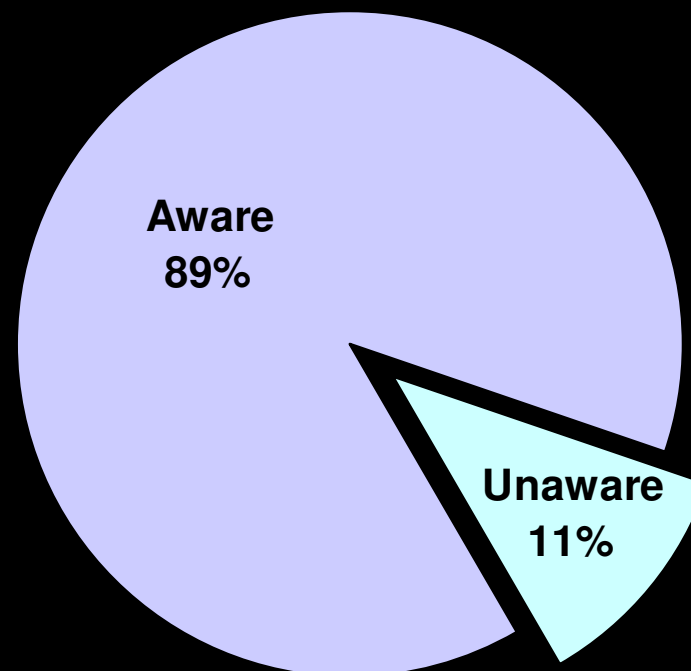
Income Sources

Microenterprise Activities

Loan Sources

Savings

Training Needs



Sources of Information on MF

DISCUSSION AREAS

MF Awareness and Access

Income Sources

Microenterprise Activities

Loan Sources

Savings

Training Needs

- Government institutions
- Members of organization
- Community members
- Media
- MF clients

Improving Microfinance Access

DISCUSSION AREAS

MF Awareness and Access

Income Sources

Microenterprise Activities

Loan Sources

Savings

Training Needs

- Less stringent MFI requirements
- Info dissemination at barangay level
- Media campaign
- Capacity building for MFIs and clients
- Expansion of MFI operations

Common Sources of Income

DISCUSSION AREAS

MF Awareness and Access

Income Sources

Microenterprise Activities

Loan Sources

Savings

Training Needs

- Farming
- Fishing
- Livestock production
- Cottage industries
- Vending
- Petty trading
- Services delivery
- Employment

Microenterprise Operation Experience

DISCUSSION AREAS

MF Awareness and Access

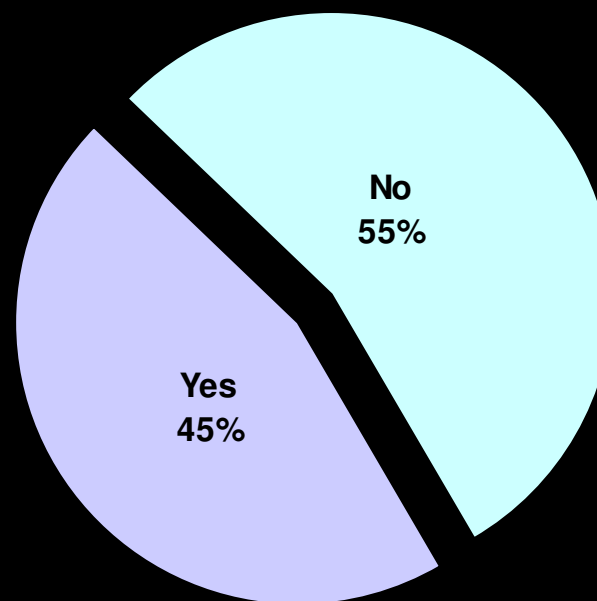
Income Sources

Microenterprise Activities

Loan Sources

Savings

Training Needs



Constraints in Microenterprise Operation

DISCUSSION AREAS

MF Awareness and Access

Income Sources

Microenterprise Activities

Loan Sources

Savings

Training Needs

- Lack of working capital
- High cost of inputs
- Market price fluctuations
- Strict competition
- Lack of enterprising skills

Reasons for Not Engaging in ME

DISCUSSION AREAS

MF Awareness and Access

Income Sources

Microenterprise Activities

Loan Sources

Savings

Training Needs

- No seed capital
- No enterprising skills
- Full-time employment
- Cultural factors

Sources of Loans

DISCUSSION AREAS

MF Awareness and Access

Income Sources

Microenterprise Activities

Loan Sources

Savings

Training Needs

- Cooperatives
- Rural Banks
- GFIs/Gov't Agencies
- NGOs
- 5/6
- Relatives

Loan Purpose

DISCUSSION AREAS

MF Awareness and Access

Income Sources

Microenterprise Activities

Loan Sources

Savings

Training Needs

- Working capital
- Education
- Loan repayment
- Hospitalization
- Emergency situation
- Special Occasion

Borrowed from Formal Sources

DISCUSSION AREAS

MF Awareness and Access

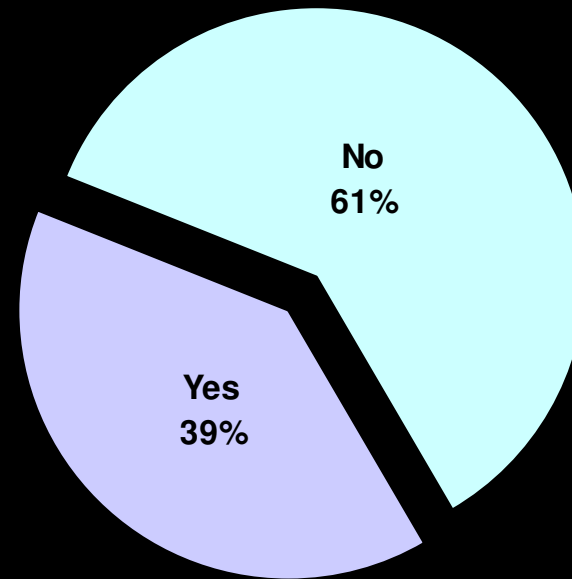
Income Sources

Microenterprise Activities

Loan Sources

Savings

Training Needs



Reason for Not Borrowing

DISCUSSION AREAS

MF Awareness and Access

Income Sources

Microenterprise Activities

Loan Sources

Savings

Training Needs

- Long process
- Stringent requirement
- Not qualified
- Collateral requirement
- High interest rate
- Payment terms
- No need

Presence of Savings

DISCUSSION AREAS

MF Awareness and Access

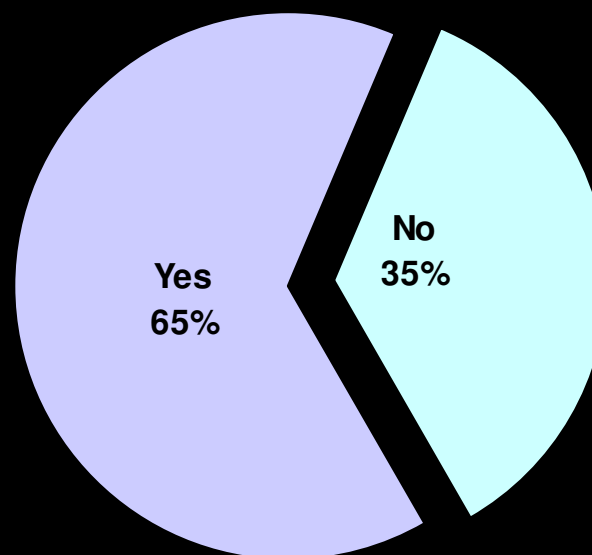
Income Sources

Microenterprise Activities

Loan Sources

Savings

Training Needs



Where kept

DISCUSSION AREAS

MF Awareness and Access

Income Sources

Microenterprise Activities

Loan Sources

Savings

Training Needs

- **Banks**
- **Cooperatives**
- **BSRP**
- **Investments**
- **Coin bank**

Business opportunities

DISCUSSION AREAS

MF Awareness and Access

Income Sources

Microenterprise Activities

Loan Sources

Savings

Training Needs

- Aquaculture
- Livestock production
- Farming
- Business franchise
- Cellphone load
- Eco-tourism & travel
- VCO
- Network marketing
- Lending

Training needs

DISCUSSION AREAS

MF Awareness and Access

Income Sources

Microenterprise Activities

Loan Sources

Savings

Training Needs

- **Marketing**
- **Management**
- **Quality control**
- **Product development**
- **Computer operation**
- **Process technology**
- **Financial management**

Support services

DISCUSSION AREAS

MF Awareness and Access

Income Sources

Microenterprise Activities

Loan Sources

Savings

Training Needs

- Financial assistance
- Resource identification
- Product transport
- Market linkaging
- Product promotion

Expected service providers

DISCUSSION AREAS

MF Awareness and Access

Income Sources

Microenterprise Activities

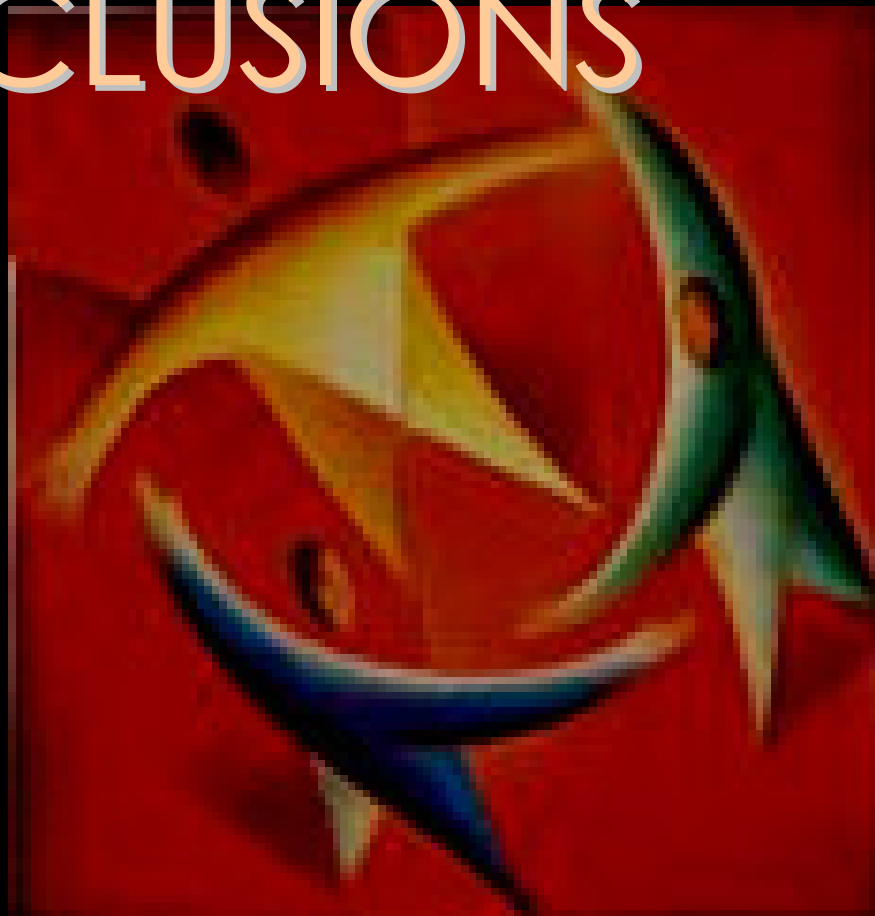
Loan Sources

Savings

Training Needs

- **NGA's**
- **LGU's**
- **Donors**

CONCLUSIONS



- Microfinance is understood as lending and microenterprise financing
- Access to microfinance can be improved thru capacity building of MFIs and potential clients
- Lack of working capital is a major constraint to microenterprise operations
- Loan sources include formal and informal providers

- Stringent requirements of formal financial institutions stir a continuing dependence on informal loan sources
- There is capacity to save whether in formal or informal arrangements, except for those with very low incomes
- There is willingness to put up businesses based on existing opportunities which can be better enhanced by the provision of training and support services