



# Enabling a paradigm shift for microfinance under the ESF

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## Importance of TA in Microfinance (MF)



**Frankfurt School's experience & approach**



**Lessons learnt**



**« Recipe » for a successful MF TA**



**Conclusions**



## Frankfurt School's experience & approach (1/2)



### FS / INTERNATIONAL ADVISORY SERVICES (IAS)

- Since the early 1990s we are committed to providing consulting, training and research services globally – **so far, over 1,000 projects in more than 100 countries** through 40+ donor organisations or directly to banks and MFIs

### OUR APPROACH

- Client centred consultancy approach
- International best-practice
- Technical excellence
- Capacity building of counterpart staff
- Phasing-out
- Backstopping from FS Head Office

9 offices abroad  
80+ Project Management staff  
100 associated consultants  
> 1,000 experts in rooster

***Customized TA approach with high quality standards***



## Frankfurt School's experience & approach (2/2)



### MICROBANKING PROJECTS

- **Market Surveys:** Feasibility Studies, Demand/Supply, Financial Sector assessments, Impact studies etc.
- **Downscaling** for banks establishing MF as a successful business segment.
- **Up-scaling/MFI Transformation** to regulated financial institutions.
- **Capacity Building:** Providing a set of training, advisory and coaching to strengthen MFI capacity and organize events for a sector.
- **Products/channels:** Developing products/delivery channels and appropriate strategies and methodologies.
- **New trends:** Non-financial services, e.g. BDS, Social Performance Mgt.
- **Microfinance PLUS:** Green MF, Rural MF, Women in Business, Housing MF, Islamic MF, Youth Finance etc.

***TA usually leads to better access to funding, growth and higher impact***



## Lessons Learnt (LL) – Importance of...



### Donor

- Good design of ToR
- Offer TA & Funding
- Effective Project Management
- Dissemination of LL
- Right scope of TA

### MFI

- Board/Management commitment
- Dedicated MFI staff
- Absorption of TA
- Strategic fit
- Double/triple bottom goals

### Clients

- Participation in TA
- Non-financial services
- Financial education
- Entrepreneurial spirit

***Demand-driven TA projects - a key to success***



## « Recipe » for a successful MF TA (1/2)



### INGREDIENTS

- TA for MFIs (Banks, non-banks of all types), business clients
- Well-designed ToRs
- Adequate consultants
- Effective donor support
- Committed and capable MFI counterparts
- TA fits into the MFI strategy
- Overall goal (economic development, social impact, etc.)

***No one is borne as a great cook ...***



## « Recipe » for a successful MF TA (2/2)



### PREPARATION

- Do TA needs/ToR in cooperation with MFIs that addresses institutional development and/or gaps
- Ensure that tender process (in case necessary) is done fast
- Allow sufficient budget for the TA (cost-sharing)
- Identify consultants with specific expertise
- Require best-practice application for the TA
- Implement appropriate monitoring indicators
- Cooperate with other donors for larger projects
- Provide a forum for dissemination of lessons learnt
- Time frame 1-24 months



***One learns by doing ...***



## Conclusions – Importance of TA in MF



1. Carefully designed and effectively implemented TA is crucial
2. Different TA needs amongst MFIs, depending on context (developing countries where MFIs fill market gaps vs. developed countries where MFIs focus on vulnerable and marginal sectors)
3. Commitment of all stakeholders is decisive
4. Larger TA scope and budget -> greater impact on MFIs and clients
5. TA usually leads to better access to funding, institutional growth and higher impact on clients
6. Importance to consider all institutional forms of financial service providers





**Thank you**

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