

Building a Shared Vision

Setting Goals for Inclusive Finance
in Fiji

National Strategies for Microfinance

- Over 30 countries have national strategies
 - Publicly approved or endorsed documents
 - Commit to increasing poor people's access to financial services
- Content of Strategies
 - Overview
 - Vision for Sector
 - Strategic objectives
 - Action plan or action items
- Steps to build one
 - Diagnostic/Gap Analysis
 - Consulting with stakeholders (workshops, meetings, informal)
 - Draft document, often led by government with technical support
 - Obtain government approval
 - Adopt and implement

Lessons Learned from Review of National Strategies

- Can lead to improved dialogue, premise for dialogue
- Increases knowledge of stakeholders through interaction
- Builds commitment to good practices
- Helps define goal, shared outcomes
- Often based on superficial analysis
- Lack honest assessment of providers
- Lack adequate market research
- Remain isolate from broader financial sector strategies
- Inadequate leadership, capacity to implement

Uganda Goals, Principles and Conduct

Microfinance goals

- - Offer a range of financial services, with new credit and savings products, focused on rural populations.
- - Establish linkages between MFIs and formal financial institutions.
- - Aim for average client growth of 25 % per year (compounded).
- - Increase number of rural clients to 60 % of total clients.

Microfinance principles

- - Microfinance is a business, not a welfare activity.
- - Microfinance is a private sector activity inappropriate for direct government intervention.
- - Microfinance encompasses savings as well as credit services.
- - Microfinance is a key poverty alleviation tool.

Code of conduct

- - Transparency and information sharing are crucial to building an effective microfinance sector.
- International standards of good practice are desirable to follow.

Building a Vision: Uganda Lessons Learned

Factors to develop a shared vision:

- ▣ Involve a mix of stakeholders
- ▣ Build trust through interaction
- ▣ Draw on experts and others' expertise
- ▣ Set objectives

Pitfalls to avoid:

- ▣ Defining microfinance too narrowly
- ▣ Lacking a process to monitor and update
- ▣ Avoiding tough issues, including political imperatives
- ▣ Don't overstate the impact

Philippines National Strategy: Lessons Learned

- Strong private sector collaboration, from the onset, imperative to push critical reforms
- Credible, independent body with multi-sectoral representation is an effective venue for continuous policy dialogues
- Institutionalization of reforms through legislation and executive order can mitigate policy reversals
- Private sector ownership of reforms can ensure continuity

Fiji: Milestones Reached

- ▣ 1998 Cabinet Memorandum
- ▣ 1998 National Conference on Microfinance (UNDP, MoF)
- ▣ 1999 Committee of Inquiry into Financial Services
- ▣ 1999 Creation of National Microfinance Unit
- ▣ 2000 FCOSS and ALGOW Supported
- ▣ 2001 NMFU commences retail microfinance
- ▣ 2002 Village Banks and Cooperatives Supported
- ▣ 2002 Small and Microenterprises Development Act (No. 1 of 2002) creation of NCMSED
- ▣ 2003 Critical World Bank review of Microfinance Sector
- ▣ 2004 NCSMED and NMFU merge
- ▣ 2004 ANZ Rural Banking launched
- ▣ 2005 MFU Internal Evaluation
- ▣ How much progress have we made?

Proposed way forward for Fiji Strategy

- Keep it short and simple
- Analysis must be honest and thorough. Financial Services Sector Assessment (FSSA) draft completed by PFIP, will be updated and shared after workshop, reflect other evaluations (2003, 2005)
- More broadly define microfinance
- Broader based involvement rather than just government and/or donors
- Need to have honest discussion on past failures, political climate, imperatives, motivations
- Address the tough questions – rural
- Identify resources needed
- Put forward clear and realistic indicators to measure success
- Acknowledge future need to change course and have plan to do it

Vision 2014

Questions

- How many people do we want to reach?
- How will we reach them?
- With what products and services?
- And what will be the impact?

Example

- Reach 200,000 new clients
- Through a variety of sound institutions
- With a mix of appropriate products that enable them to manage risk, build income and financial assets
- That create greater economic security

What is important to you?

Strategies

Questions

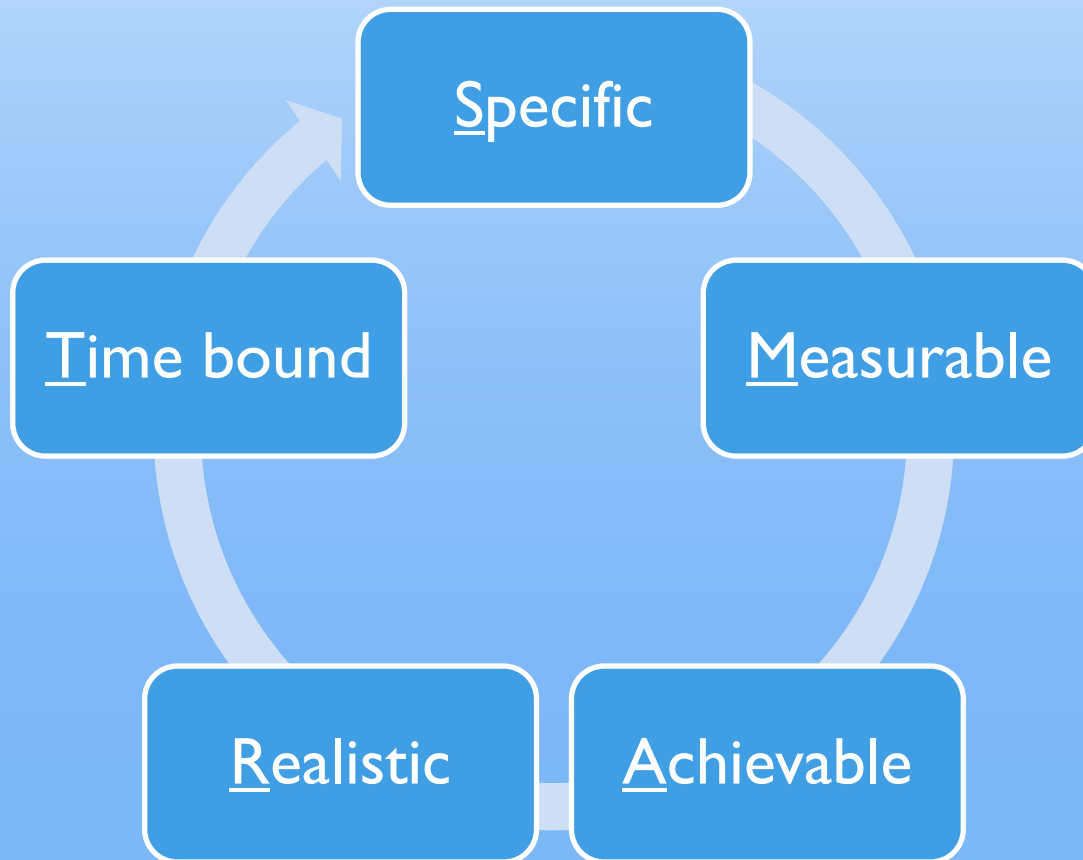
- ▣ What do the lessons of the past tell us we need to do?
- ▣ What should we not do?
- ▣ What is new that might work?
- ▣ Who needs to be involved?
- ▣ What resources are needed?

Example

- ▣ Financial inclusion requires identifying what clients need
- ▣ There is no single way to do microfinance and methodology driven approaches have not succeeded
- ▣ Credit focused programs have not succeeded and demand for savings far exceeds that for credit
- ▣ Government involvement in retail services has not produces desired results and more needs to be done to promote private sector involvement
- ▣ Reaching large numbers of the unbanked requires microfinance to be profitable
- ▣ New technologies offer new possibilities and should be encouraged
- ▣ Investment is needed to build capacity of service providers and clients

What have we learned?

SMART Objectives and Targets



Outcomes

Questions

- How many new clients will be served?
- Which indicators will we use?
- How will we measure access?
- How will we know the impact?

Examples

- XX households will have access to a safe savings account
- XX households will have access to appropriate other financial services
- XX points of services per person will be available in each district
- Cost of domestic and international remittances will decline to XX, XX
- All children will be taught financial competency by XX level
- XX% Sample households will record improved financial management

What should we measure? (and who should do it?)



Your task:

- Draft a vision statement – what do you want to achieve by 2014?
- List at least three strategies or principles, based on the lessons learned.
- List at least two indicators or outcomes that are SMART: Specific, Measurable, Achievable, Realistic, Time bound

Action Agenda: 2010

- List 5 steps needed to achieve greater financial inclusion (100,000 – 150,000) and competency (100,000-150,000) in Fiji by 2014.
 - Consider the “quick wins” (< 12 months) and long-term issues that need to get started now
- Identify who is responsible (primary, secondary)
- What support is needed (financial, technical) to get this done
- What is our SMART indicator or outcome for this steps so we know we have achieved our goal

Remember your key questions:

- What do we need to know? Who can help us find out?
- What were the “big ideas” or opportunities that we saw.