

PLANET FINANCE

www.planetfinance.org

The Microfinance Platform

**Citigroup-INSEAD Women's Financial Education Summit 2004
November 2nd, 2004, Hong Kong**

Leading Social Enterprises: An Agenda For Tomorrow

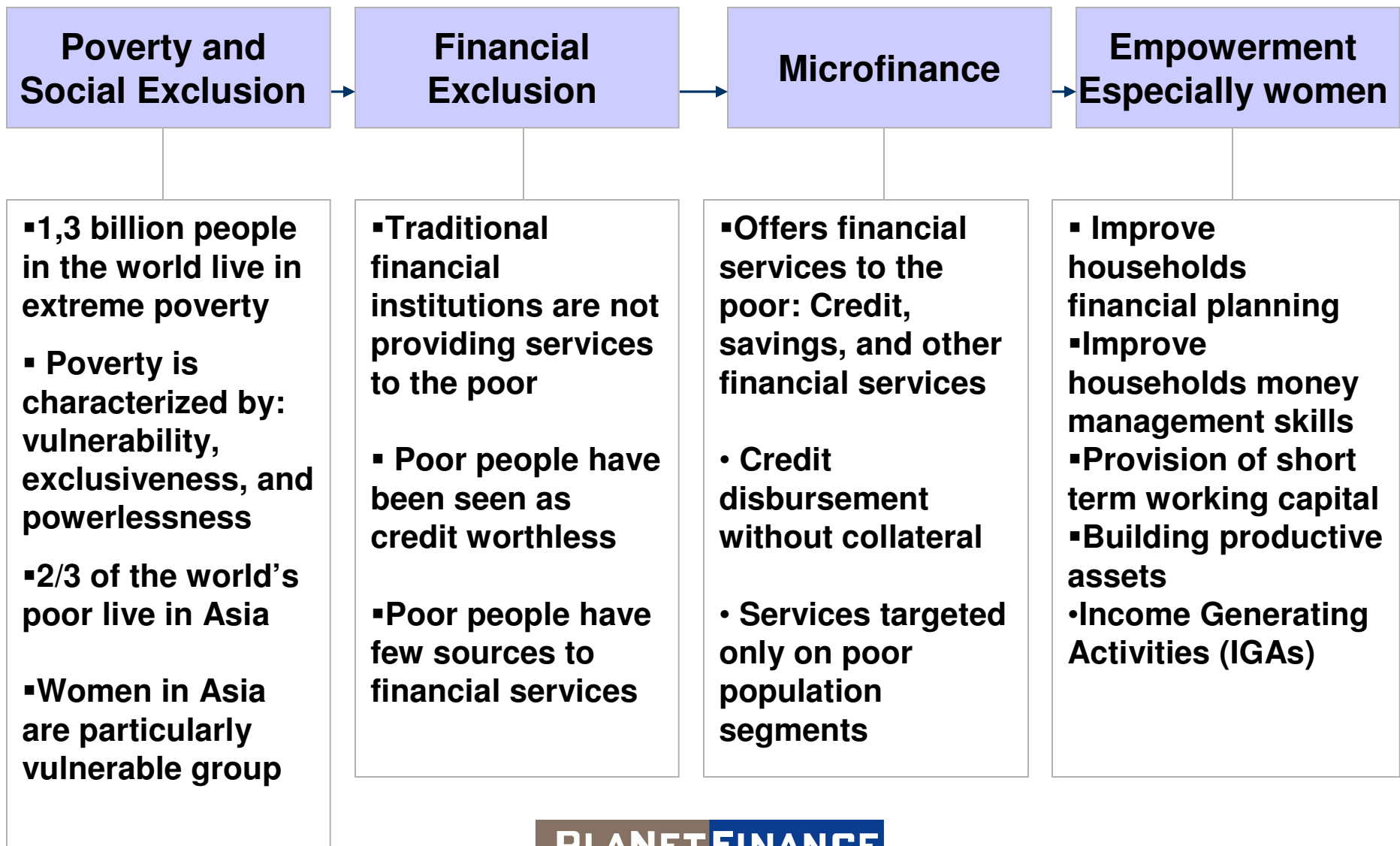
**Financial Education Support the Social Entrepreneurs
of Asia-Pacific: PlaNet Finance Experience**

This presentation has been presented by Dr. Mostaq Ahmmed
In the framework of Women's Financial Education Summit 2004
In November 2nd, 2004, Hong Kong



PLANET FINANCE

Microfinance, an Effective Tool for Poverty Alleviation



Women, Main Clients of MFIs

Women Being Often Among the Poorest Section of the Society, the Majority of Microfinance Clients Worldwide are Women

Women's Barriers as Micro Entrepreneurs

- **Lack of Assets:**
 - social and human
 - productive
 - financial and market
- **Unfavorable Legal Structure**
- **Socio-cultural Environment :**
male domination
- **Generally Low Level of Education** (lack of business and marketing education)

Women's Assets

- **Availability and Willingness**
- **Reliability** : low percentage of loan default among women, productive and efficient use of loans, repay loan at a higher rate than men
- **Real Impact on Both Family and Community** : most of women's income goes back to the household economy

⇒ **Women: strategic agents of social change**

Why Women Need Credit and Financial Education to Run their IGAs ?

Different experiences shows that microfinance programs are more effective when run together with a **Business Training**. Otherwise, when an IGA reaches a certain extent, it faces a slowing down of its growth due to :

- **A Lack of Technical Knowledge**
- **The Weak Increase in the Amount of the Loans Allowed**

These factors justify the development of a **specific training for women micro entrepreneurs** helping them to :

- Define a realistic and feasible business to run and gradually extend, answering to existing needs ;
- Conduct research to target a market in the creation or extension of an economic activity ;
- Make an effective use of local available materials and resources ;
- Plan and make the best choice among the different financial services offered to them.

How Financial Education can Improve Microfinance Clients' Entrepreneurial Skills ?

MICROENTREPRENEURS:

- Will improve their understanding and importance of financial planning
- Will improve their capacity to analyze and develop money management practices
- Will be able to recognize possible changes in their financial needs and identify future risks related to their business activities
- Will develop their capacity to analyze the trade-offs between various financial options
- Will be able to make financial plans for business activities

Benefits of Financial Education for MF Clients:

- Women increase their participation in household financial decisions
- Microentrepreneurs improve their understanding of interest Rates
- Improved awareness of income/expenses and capacity to save
- Ability to understand and articulate the concept of financial planning

How to Provide Financial Education for Women Entrepreneurs Through Microfinance Program ?

To Reach Women, it's Important to Offer Them :

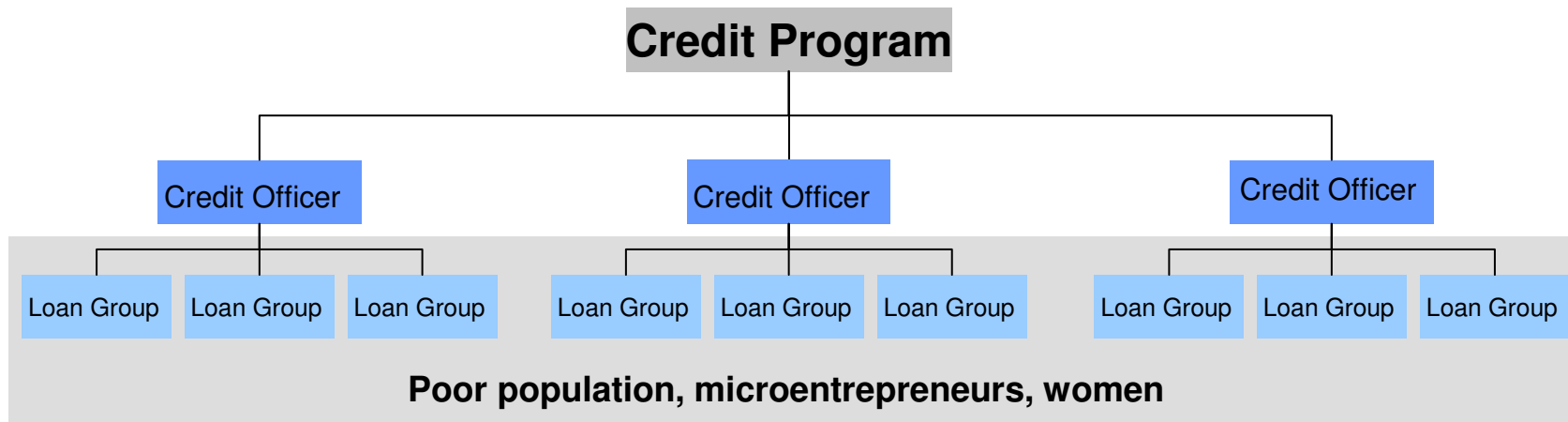
- **Access to Credit** : To change women behaviors and positions and to help them gain in self-confidence.
- **Closeness** : Women have fewer opportunities than men to escape from households duties and family responsibilities, and so, are less mobile.
- **Confidence** : Women should feel at ease and not fear asking questions.
- **Regularity** : To allow capacity building.

Adult Learning Principles and Practices :

- Incorporate local folk stories and proverbs
- Use illustrations and popular education techniques to demonstrate new or difficult concepts
- Utilize problem-solving scenarios
- Focus on having an impact on knowledge, skills and attitudes

How to Reach Women Entrepreneurs Through Microfinance Program ?

- Microfinance institutions have build an effective social network among poor population segments
- This network is a cost-effective way to reach and provide financial education for microentrepreneurs
- **MFIs Can Provide Financial Education in Two Different Ways:**
 1. Training of Trainers programs – credit officers provide financial education during loan group meetings
 2. Training group leaders as master trainers in financial education



Loan group meeting is an efficient way to reach women because :

1. Lending groups meet regularly nearby clients' houses
2. They allow the development of a long term relationship between members
3. Members don't come only to repay their loans, but also to ask for advices, to share experience, etc
4. Group meeting is already a kind of informal training centre

Current Experience and Expected Outcomes of Financial Education for Women Entrepreneurs Through Microfinance Programs ?

Examples of MFIs outreach:

Country	MFI	Number of Members	% of Women Members
Bangladesh	ASA	2 800 000	99%
Bangladesh	BRAC	3 400 000	99%
Indonesia	BRI	2 500 000	App. 20%
India	SHARE	132 000	100%
India	SEWA	250 000	100%
Philippines	CARD	108 000	78%

Expected outcomes:

Reach cost-effectively women microentrepreneurs and improve their financial management skills in following areas:

1. Financial planning
2. Money management
3. Benefits of savings and investment
4. Borrowing and loan management
5. Insurance and risk management
6. Financial plan drafting

Example Program : PlaNet Finance Asia

<u>Achievements</u> :	China	India	Nepal	Pakistan	<u>Total</u>
Nb of training sessions	6	11	2	1	20
Nb of person trained	255	212	59	38	564
Nb of institution trained	43	76	29	6	156
Nb of modules developed	15	6	0	1	22

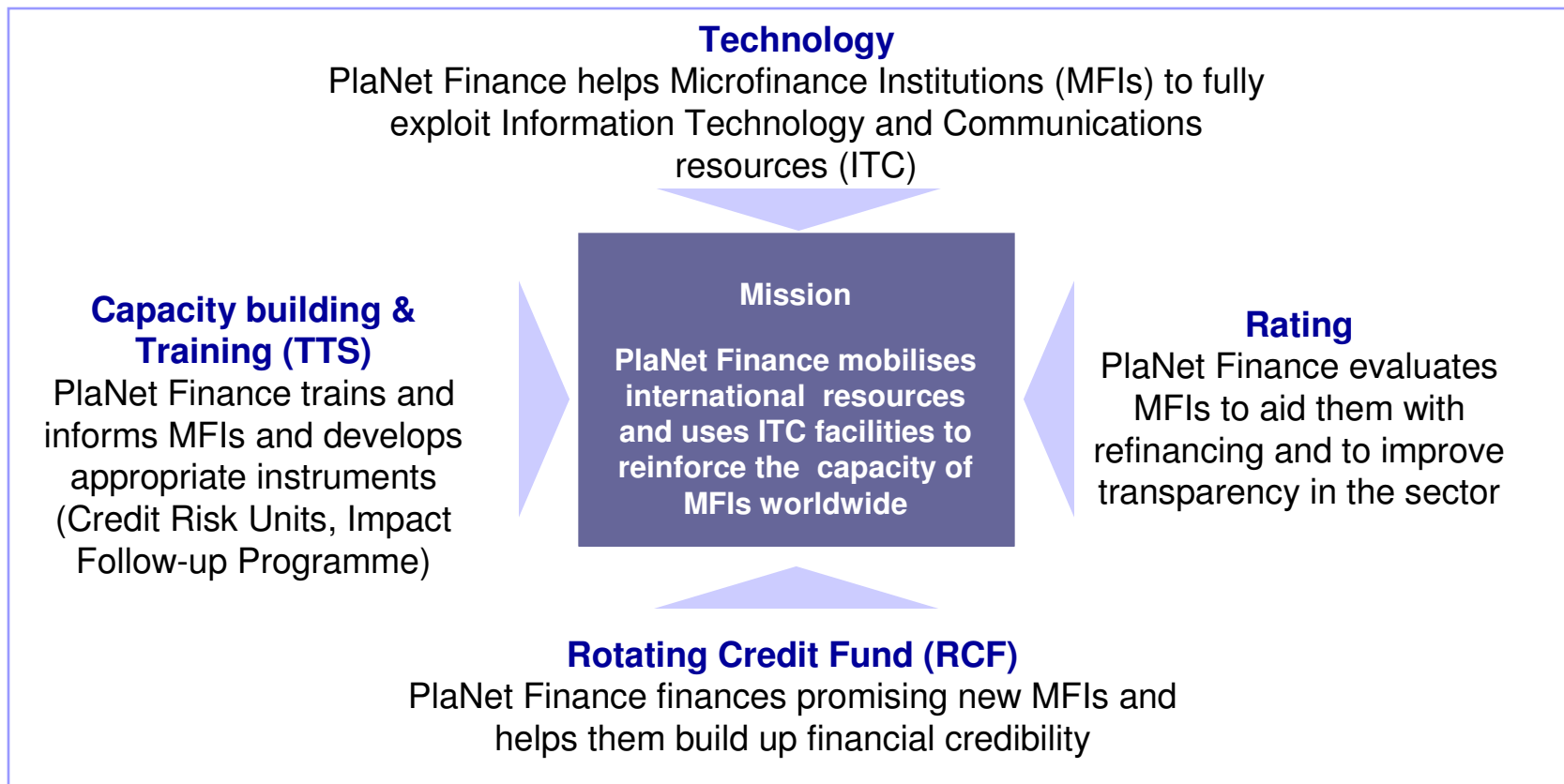
Future Objectives : Optimal use of Existing Resources

- Development of **Training of Trainers (TOT) modules**
- Train and involve **local loan officer as master trainer** for micro entrepreneurs skill development during the regular group meeting. This process would allow a better adaptation of the training content to the local context.

PlaNNet Finance, General Mission

Planet Finance Aims to Reduce Poverty in a Sustainable Manner by Supporting the Development of Local Microfinance Institutions (MFIs) Around the World

PlaNNet Finance Brings its Support Through Four Areas of Expertise :



PLANET FINANCE

PlaNet Finance's Training and Technical Support Department, the Answer to the Need of Microfinance Training Worldwide

PlaNet Finance's Training and Technical Support is the Training Centre for Microfinance Practitioners and Women Micro Entrepreneurs

Training & Technical Support department

PlaNet University
Microfinance
Training

IKM (Impact Knowledge Market)
Microfinance
Impact
Studies

PlaNet Library
Information &
Knowledge
sharing

Technologies
IT support

• **On-site Training** activities for microfinance institutions

• **E-learning** courses for microfinance institutions and other stakeholders

• **Training of Trainers** for microfinance institutions and MF practitioners

• **Distance Learning** courses for microfinance stakeholders

PLANET FINANCE

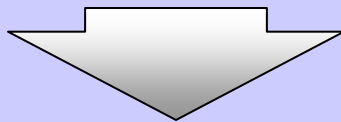
Reaching Micro Entrepreneurs by PlaNet Finance's Training and Technical Support Methodologies

On-site Training for Microfinance's Workers

Effective Microfinance Services

Microfinance institutions improve their Management Capacity by:

1. Following international best practices
2. Designing cost-effective & sustainable Management functions
3. Providing need based services



Better services for clients mean that MFI will be able to maximize their positive impact on micro entrepreneurs by:

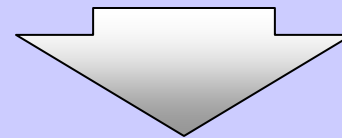
1. Providing appropriate financial services
2. Offering support services in business management

Training of Trainers (TOT) for Micro Entrepreneurs

Maximizing Field Impact

Training of Trainers increases MFIs' capacity to provide supportive financial education for Micro entrepreneurs by :

- Enhancing MFIs' human resources capacity in micro entrepreneurship
- 2. Multiplying number of competent trainers



Training of Trainers maximizes the impact of financial education of micro entrepreneurs by:

1. Multiplying direct contact with micro entrepreneurs
2. Providing tailor made financial education directly to micro entrepreneurs
3. Answering to field level needs

**Citigroup-INSEAD Women's Financial Education Summit 2004
November 2nd, 2004, Hong Kong**

Conclusion

Thank You for Your Attention