



**Let's share the best of micro-finance**

## **New Rural Finance in Africa**

- ① Due to constraints related to governance, capacities and product range, Member-Owned MFIs have difficulties reaching scale and growing to critical size to be competitive
- ① The isolation and concentration of risk threatens the long term sustainability of MFIs
- ① Simple and limited product range make it difficult to serve all client segments
- ① To expand access to financial services to rural households scale, linkage and product development are most needed

## Scaling up Rural MFIs

- ① Strategic mergers at regional or national level
- ① Build Apex bodies
- ① Transform into a share company to attract investors with capital and professional skills



Tailored Advisory Services are needed to accompany them in the decision making and implementation process

## Building Linkages and business alliances

- ① Rural MFIs can build business alliances with Urban based MFIs to gain productivity and efficiency, mitigate risks and build economic bridges between the rural and the urban economies
- ① Rural MFIs can link up with commercial banks for refinancing, for services (shared MIS, check clearing, inspection...) and for delivering new products to attract new clients: MSME, housing, leasing
- ① They can represent for the commercial banks the opportunities of an existing network/sales points, be their agents for higher end product lines



Technical and Financial services are needed to build these linkages in equitable ways

## Product development for rural areas



- ① Micro savings, micro loans, micro insurance at community level, using if adequate, participation to lower transaction costs and social collateral for very poor households
- ① MSME loans for Rural Entrepreneurs integrated in Agriculture or Rural Related Value Chains: working capital, MT equipment loans, leasing...using multipartite contracts within the VC as guarantee, especially when a private marketing, processing or export firm provides TA to producers and secured access to market
- ① Housing savings and loan products for migrants and others



Market Research and product development skills are needed together with system and LT resource to deliver and monitor

## PAMIGA offers services to face these challenges

PAMIGA-NETWORK

PAMIGA ADVISORY SERVICES

PAMIGA FINANCIAL SERVICES

## PAMIGA NETWORK

- ① PAMIGA-NETWORK gives micro-finance institutions a chance to break isolation, benchmark with peers, share experience and disseminate innovation
- ① At national level, network members can build business alliances or apex technical / financial bodies. Ex: Mali Workshop on strategies and positioning
- ① At cross Africa level, network members can lobby for a more conducive environment (regulation and policy) for Rural Finance

PAMIGA aims at gathering 30 MFIs by 2011 and serving a million rural poor households in Africa

In 2008, PAMIGA has 12 full members, totalizing 233 500 members/clients, 11.5 million loan outstanding and 8.2 million outstanding savings, PAR 90 is at 3% and average OSS is 99%, which is quite good as compared to peer groups in the MIX



## PAMIGA ADVISORY SERVICES: New skills for new position on the market

- ① PAMIGA-ADVISORY SERVICES offers a number of operational services, tools and experts in priority fields for rural microfinance institutions:
  - Organizational development (mergers and acquisition, Apex bodies, including banks, business alliance contracts)
  - Risk management and internal control
  - Accounting, financial analysis
  - MIS, technology (mobile banking, prepaid card, ATM)
  - Costing and pricing, marketing, product development
- ① These services are designed and performed by experts from the banking sector who partner with PAMIGA to adapt expertise to the needs of african rural MFIs and to Rural Microfinance Banks
- ① Ex: In 2008, PAMIGA has served more than 42 MFIs in Africa, organized a training session on Risk Management for 12 MFIs in Madagascar, jointly with AIM and two tailored missions in RM and internal control in Madagascar and Benin, is pilot testing a MIS for RMFIs in Burkina Faso, organized a training session on market research and product development in Cameroon for 15 MFIs and conducted such a study in A3C. A workshop on mergers and strategic alliances was organized in Mali with 15 small to medium size MFIs.



## PAMIGA FINANCIAL SERVICES

- ① Equity and Quasi equity to strengthen governance of RMFIs
- ① Flexible credit lines to refinance short and medium term needs for resources and improve cash management and financial efficiency
- ① Investment in Rural Microfinance Banks at national or regional level to get a structuring effect

On-going proposals: Bank in Mali, Bank in Cameroon

## PAMIGA: a new approach to Rural Finance

- ① Consolidate the Rural Financial Market by building on existing RMFIs, providing tailored advisory services at micro level, creating specialized Rural Microfinance Banks to enhance governance, services and product development at meso level and to advocate for equitable access at macro regulatory and policy level
- ① Promote and encourage entrepreneurial behaviors in rural communities
- ① Make globalization and price raise an opportunity for African farmers

## PAMIGA welcomes partnerships

- ① If you know a RMFI or a bank who may be interested by our offers, connect us.
- ① If you are thinking of a site for pilot testing technology to reach remote, hard to reach communities, let's talk
- ① If you are in contact with an agribusiness firm who is looking for MFIs to provide financial services to its out growers, we are interested
- ① If you are supporting microfinance sector at meso level where consolidation and transformation is needed, we can work with you
- ① If you know an investment fund who wants to invest in rural Africa and 2nd generation MFIs....



## Contact PAMIGA

Participatory Micro-finance Group in Africa

7, rue Taylor, 75010 PARIS, FRANCE

Tel. +33 (0)1 42 01 91 38

Fax +33 (0)1 42 01 91 39

contact@pamiga.org

[www.pamiga.org](http://www.pamiga.org) in french and in english