



**IFC**

**International  
Finance Corporation**  
World Bank Group

# **PACIFIC MICROFINANCE INITIATIVE: Broadening Access through Innovation**

**November 2009**

# The Problem – conventional MF not working

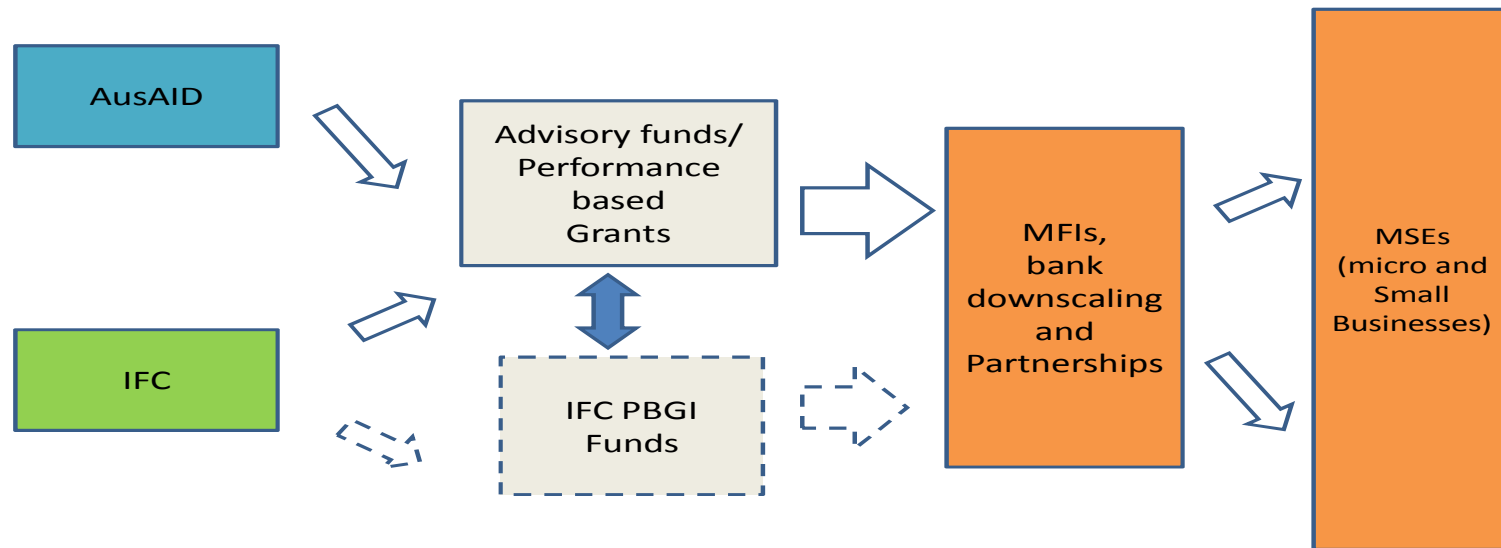
- **Limited penetration of financial services to rural areas**
  - **Dispersed populations – 80% rural, low density**
  - **Poor transport infrastructure and security issues**
  - **Weak financial infrastructure**
  - **Poor financial literacy**
  - **Limited product offering (savings/credit)**
  - **Capacity/skills constraints of existing FI/MFIs**



# Objectives

- Reduce legal and regulatory obstacles and **improve the environment for financial inclusion**
- Improve awareness of financial services and **financial literacy among the 'underserved'**
- Create an efficient and effective **multi-agency platform** for promoting microfinance and leverage greater global financing
- **Partner with selected Financial Institutions (FIs) and other Intermediaries** to extend geographic range and diversity of financial services
- **Promote new technologies (m-banking)** which improve penetration and lower the costs of serving rural and poor customers;

# Program structure



# Approach...

A two pronged approach:

– Sector level interventions – financial infrastructure, financial literacy, market information, regulatory environment

– Performance Based Grant programs for partner institutions with potential IFC Investment

- FI/MFI/other agent partnerships to expand points of access and offering for rural customers (micro-insurance services, micro leasing/hire purchase, factoring)
- Bank downscaling and upscaling MFIs (including possible mergers/alliances with FIs)

Program funding	<u>AUD 12.5 mn</u>
AusAID	AUD 9.5 mn
IFC	AUD 3.0 mn

# Steps

- Situational and Gap Analysis by IFC, ADB, UNDP  
(Fiji, Timor-Leste, PNG, Samoa, Vanuatu, Solomons)  
- *complete*
- Submission of PMI Concept note to AusAID Oct 1, 2009  
- *complete*
- Discussion at PSD Donor Group Meeting Oct 8, 2009  
- *complete*
- AusAID approval process Oct – Dec 2009
- IFC pre-implementation mission Nov 2009
- IFC Internal approval process Oct – Nov 2009
- Staff recruitment process Oct – Dec 2009  
(Microfinance Initiative Team)
- Formation of Strategic Advisory Group Dec 2009  
(AusAID, IFC, ADB, UNCDF)