



## INTRODUCTION

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### Summary

#### Workshop Objectives

- Raise awareness of the potential of partnership approaches in microfinance, with a specific focus on MFIs.
- Better equip managers of financial and other institutions to assess, enter into and maintain mutually satisfactory partnerships that enable them to better deliver sustainable and appropriate financial and other non-financial services to the poor.





## Guidelines for Trainers

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The materials contained in this workshop provide a variety of activities that seek to explore the increasingly important issue of microfinance partnerships. The materials are made up of four modules, based on the 8 steps of a 'partnership cycle'.

It is important for trainers to note that the workshop materials are very much exercise-based; participants are encouraged to brainstorm, debate and role-play within the context of both general and specific partnering considerations over the course of the partnership cycle. This provides scope for participants to share experiences and lessons learned, as well ask questions within a framework that provides guidance in seeking answers. The aim is to reflect the wide variety of permutations possible across partnerships and to avoid the risk of being too prescriptive.

The materials provide a structure, guidance and suggestions that allow for a stand-alone presentation of the workshop. However, facilitators must be aware that the complexities of the issues at hand require preparation and a tailoring of the materials to specific audiences, countries, regulatory and legal environments. In this sense, the trainers manual and companion website should be used as tools that can, and must, be adapted as the facilitator sees fit.

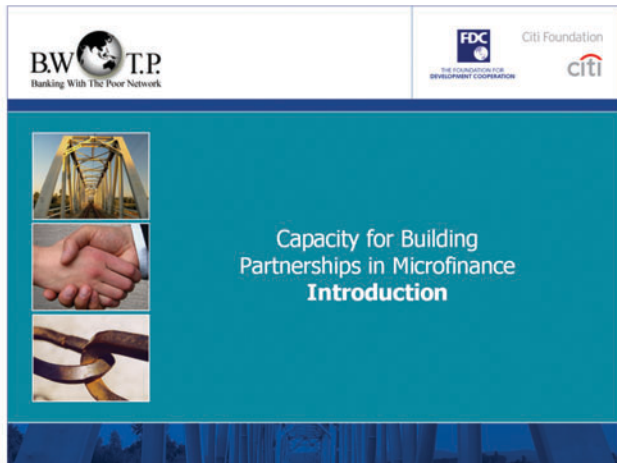
### Variations to the core materials

The primary materials that consider the partnership cycle are general enough and contain issues that can be applied to all forms of partnership. The primary exercises are based on issues that may arise for microfinance institutions (MFIs) undertaking to expand access to sources of funds. While this provides a good baseline exercise that may cut across institutional types, facilitators will need to consider whether exercises based on other partnership forms are more appropriate. Broadening the range of financial (and non-financial) services is one of the central objectives to the partnership approach in microfinance. While the exercises provided focus on partnerships between MFIs and Banks, it is hoped that trainers will adapt the framework of existing materials where appropriate.

To assist in this, slides, lesson suggestions and case studies have been provided (see Appendix 3) that allow for adaptation of the materials to other forms of partnerships across institutional types and covers the essentials of identifying objectives, considerations for internal assessment and identifying partners.

## Introduction

Welcome to the 'Capacity Building for Partnerships in Microfinance' workshop!



Slide 1 - Capacity for Building Partnerships in Microfinance: Introduction

## Workshop Objectives

The primary objectives of the workshop are to:

- Raise awareness of the potential of partnership approaches in microfinance, with a specific focus on MFIs.
- Better equip managers of financial and other institutions to assess, enter into and maintain mutually satisfactory partnerships that enable them to better deliver sustainable and appropriate financial and other non-financial services to the poor.



Slide 2 - Objectives

## A Discussion of Partnerships

Partnerships in microfinance are not an isolated trend. Entering into a variety of forms of partnerships is a general trend across many business sectors and industries, from airlines to software developers, pharmaceutical companies to footwear companies. Indeed it is estimated that over 20% of revenue generated by the top 2000 US and European

businesses is the result of 'strategic alliances', with this expected to increase over the coming years.<sup>1</sup> In 2006, interviews by Price Waterhouse Coopers of 339 of the fastest-growing companies in the US found that alliances, including joint ventures and contractual partnerships, were considered by more than half as central to reaching their business objectives.<sup>2</sup> More importantly, two-thirds expected these to be more important in the future.

In the wider business community, strategic alliances are agreements between companies which commit resources with the aim of reaching a shared set of objectives; increasing revenue and profit. 'Strategic alliances' are therefore what might be more broadly referred to as 'partnerships', with the specific aim of increasing revenue.

Within this workshop curriculum 'Capacity Building for Partnerships in Microfinance', the term 'partnership' is used to reflect the broader nature of agreements negotiated within the context of 'sustainable development' - which incorporates not only economic development, but also social development and environmental protection.



Slide 3 - Partnerships in Context

<sup>1</sup> According to Booz Allen Hamilton, a global consulting firm specialising in business alliances.

<sup>2</sup> PriceWaterhouseCoopers Trendsetter Barometer, 2006.

## A Discussion of Partnerships - continued

In recent years, several innovative business models based on linkages between organisations, often supported by new technology innovation, show promise in substantially changing the way financial services are delivered to the poor, both in terms of scale of outreach and increased diversity of services offered.

In this environment, the ability of institutions to manage their engagement with external parties, and to form complementary partnerships, will become increasingly important to their survival—both for those institutions directly providing financial services, as well as those that support the industry through financing, capacity building or ancillary services.

But forging and maintaining mutually beneficial partnerships, in many cases with non-traditional partners, may require a different skill set than is currently present in traditional banks or micro-finance institutions (MFIs). MFIs need to be well equipped to respond to these changes.

Partnership types are many and varied, including within the context of microfinance. MFIs have entered into partnerships with a large number of financial institutions, including commercial, development, government and postal savings banks; leasing, hire-purchase and finance companies; credit and savings societies and credit unions; insurance companies; money transfer companies; energy suppliers; telecommunications and ICT companies; water and sanitation companies and a variety of other retail companies through innovative microfranchise mechanisms.

These are examples of the many ways partnerships are being used to extend the reach and impact of microfinance. The potential of these collaborations is gaining increasing attention from the microfinance industry. The objectives and nature of the linkages are diverse, as are the range of partners—including banks, MFIs, NGOs, community associations, government agencies and other entities in both finance and non-finance sectors.