

## Increasing Access to Financial Services in Rural Areas – ADB's Experience

UNCTAD Workshop on Enhancing Access to Finance for the Agricultural Sector

Nadi, October 2011

ADB

## Access to Financial Services

- Access to financial services remains very low around the Pacific, particularly in rural areas.
- As a result, people face real difficulties in accessing services and:
  - Saving in a secure way
  - Efficiently transferring funds
  - Borrowing to facilitate entrepreneurship
  - Securing assets through insurance

ADB

## Access to Financial Services for Agriculture

- Different players will likely require different services:
  - Smallholders – Savings services, payment services such as mobile money/banking, microinsurance, financial literacy training
  - Micro, Small and Medium Agribusinesses – Credit for expansion and for financing working capital needs, business development skills training

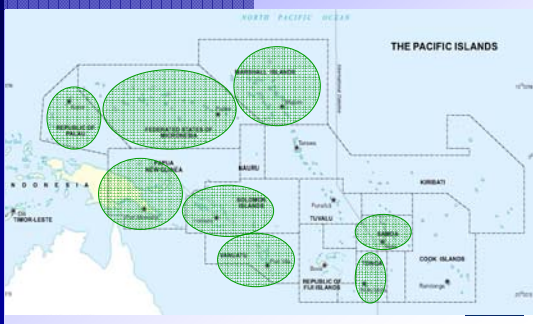
ADB

## ADB Access to Finance Activities in the Pacific

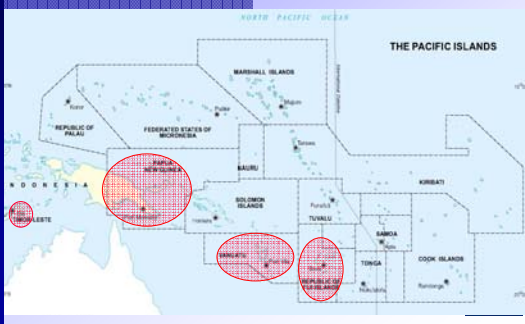
- Broad involvement in the Pacific for >10 years
  - Country specific interventions
  - The Private Sector Development Initiative (PSDI), cofinanced by AusAID
- Strong position to expand support
  - Technical assistance
  - Equity

ADB

## Existing Access to Finance Activities - Enabling Environment



## Existing Access to Finance Activities - Support to Partner Institutions



## Strategic Focus

- Goal: sustainable and safe financial services
- Continued commitment will be pursued through:
  - Improving **outreach**
  - Developing appropriate **products**
  - Reforming the **enabling environment**
  - Strengthening **institutions** and **clients**
- Partnership and coordination with other donors

ADB

## Outreach and Products

- Improving outreach – Low cost and efficient:
  - Leveraging new technologies
  - Innovative partnerships
- Developing new products as institutions mature:
  - Collateralized lending
  - Micro, Small and Medium Enterprise Finance
  - Microinsurance
  - Remittances

ADB

## Enabling Environment and Capacity

- Reforming the enabling environment:
  - Relevant/appropriate regulatory frameworks
  - Secured transactions (personal property security) reform
- Strengthening institutions and clients:
  - Capital growth and transformation
  - Institutional and business capacity development
  - Financial literacy

ADB

## Current ADB Activities PNG Microfinance Expansion Project

- Comprehensive package of industry support:
  - Capacity building for institutions
  - Financial literacy and business development skills
  - Regulation and supervision
  - Industry standards and transparency
  - Risk share facility for micro and small enterprise lending
- In partnership with the Governments of Australia and Papua New Guinea

ADB

## Current/Pipeline ADB Activities

- Fiji
  - Microinsurance demand research and product development
- Papua New Guinea
  - Mobile phone banking support to Nationwide Microbank
- Timor Leste
  - Assistance to Institute for Microfinance in Timor Leste
- Solomon Islands and Vanuatu
  - Assistance to Government for regulation of MFIs
- Pacific region
  - Secured transactions reform in 8 island countries
  - Equity investments

ADB

## Potential Areas of Support

- Warehouse receipt financing
  - Legal environment
  - Assistance to financial institutions
- Renewable energy financing
  - Solar, biogas, mini-hydro
- Linking cooperatives/communities with financial service providers
  - Distribution channels and agent networks
  - Supply chain

ADB

**Nationwide Microbank in PNG  
– A Success Story**

