

BANKSETA and Democratisation of Training at Financial Institutions in South Africa.

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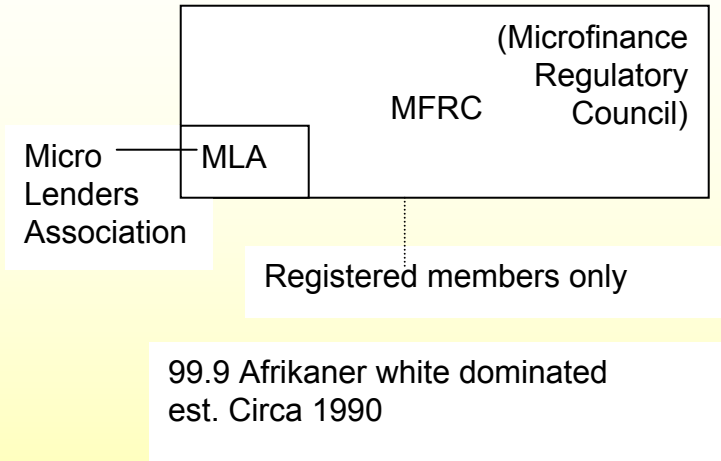
Purpose of visit.

- To share and learn from the experiences and challenges of their Skills Project (a similar initiative to the CBU in South Africa).
- Both the BANKSETA and the CBU hoped to learn from each other's experiences with the view of improving their own processes, initiatives and delivery mechanism in building the capacity of MFIs

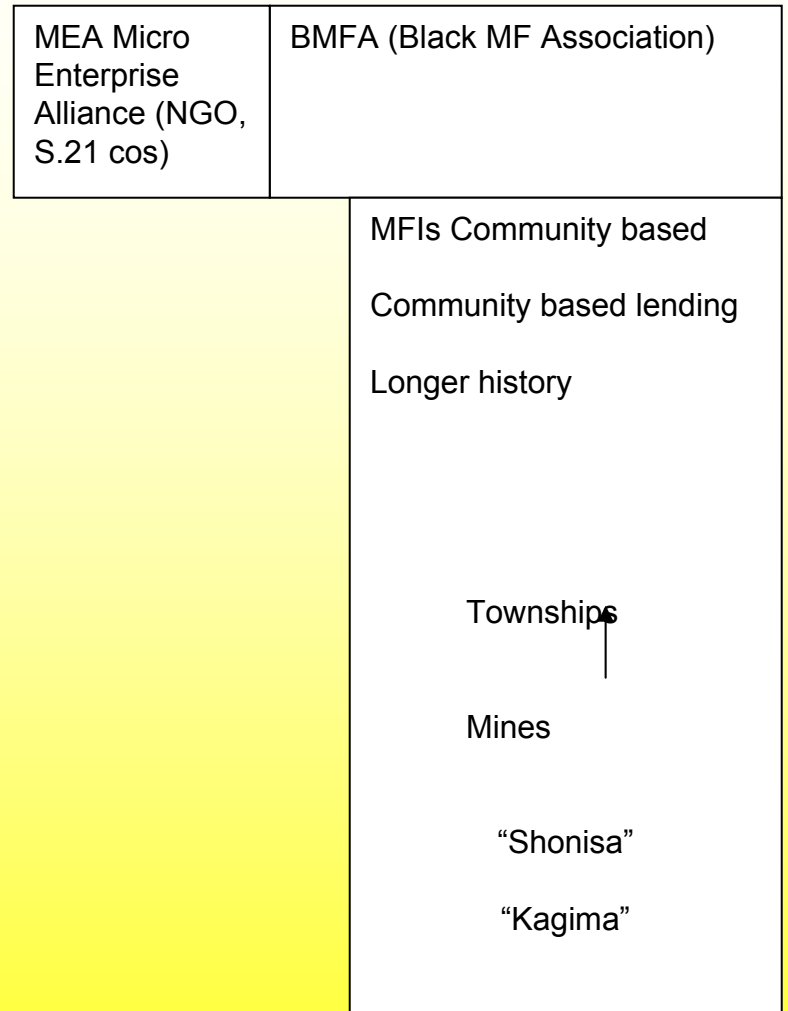
Structure of South African Microfinance Industry.

- Predominantly consumer lending based on pay roll.
- SME lending beginning to emerge but still small.
- Housing finance beginning to emerge.
- The industry is split in 2: visible (registered, and predominantly white), emerged in the 90s
- And invisible (unregistered, predominantly black, with a long history).

Structure of the South African MF Industry



Black farm workers on white farms



Micro Finance Skills Project

- Justification of the project.
- Lack of business knowledge inhibits growth in the sector.
- Enhanced skills and professionalism
- Consumer protection and education
- Entrepreneurial development.

Overview of the project

- MFSP was set up in 2002
- Micro finance sector provides services to small, medium & micro enterprises, and individuals
- Bridges the gap between the traditional banking sector and the emerging market
- Aims to develop skills in micro finance industry

Overview

- Three year, three phase project funded by the National Skills Fund
- Unique approach: targets service providers & their clients
- Recognizes the critical role that MFIs are playing in providing access to finance to the larger South African population

Project Objectives

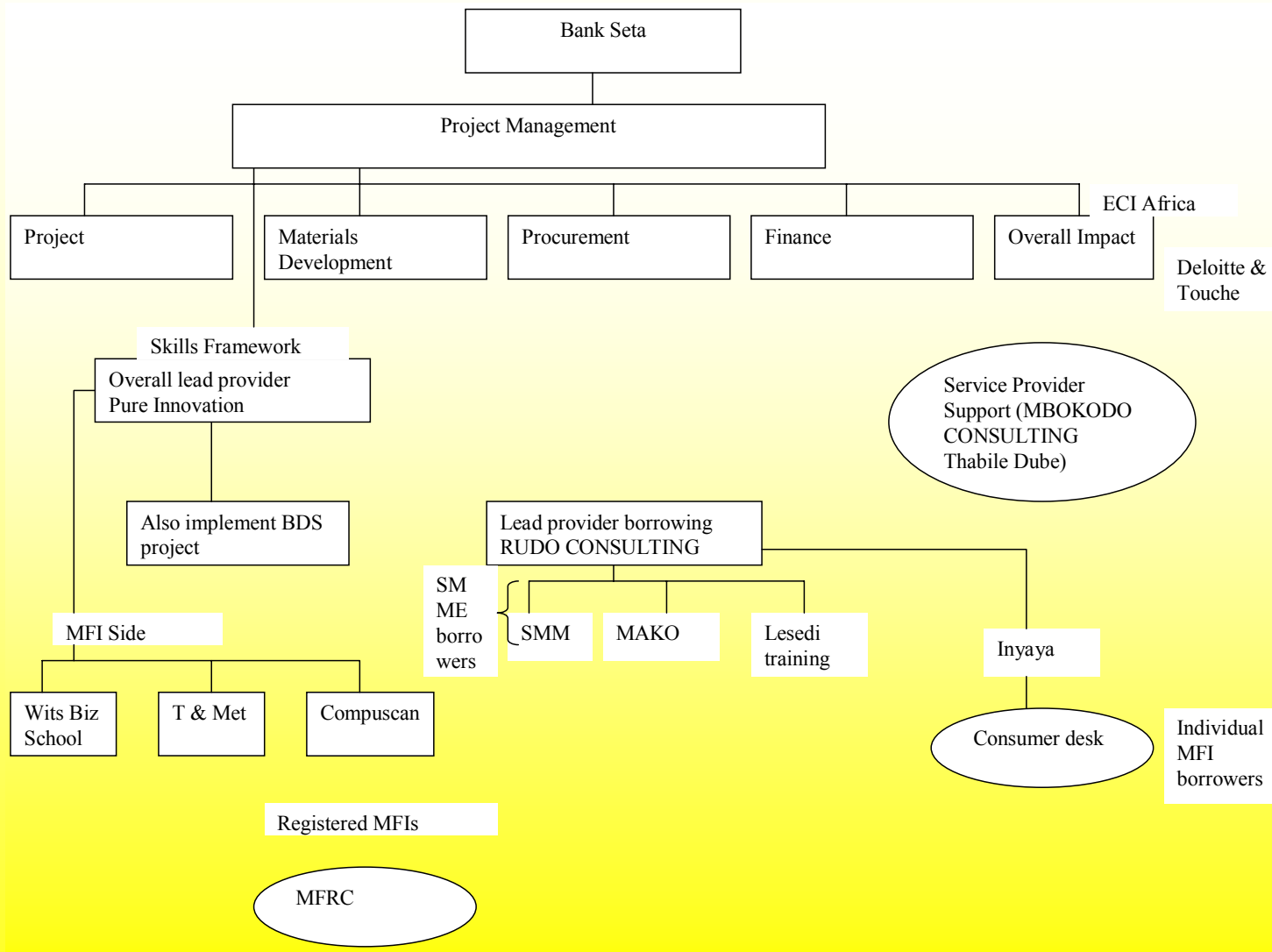
- To implement skills development initiatives to:
 - 1200 learners in micro-finance institutions over a three-year cycle between 2002 and 2004;
 - 1200 SMME borrower enterprises by 2004;
 - 6000 individual borrowers/consumers;
- . To build capacity of :

Project Objectives

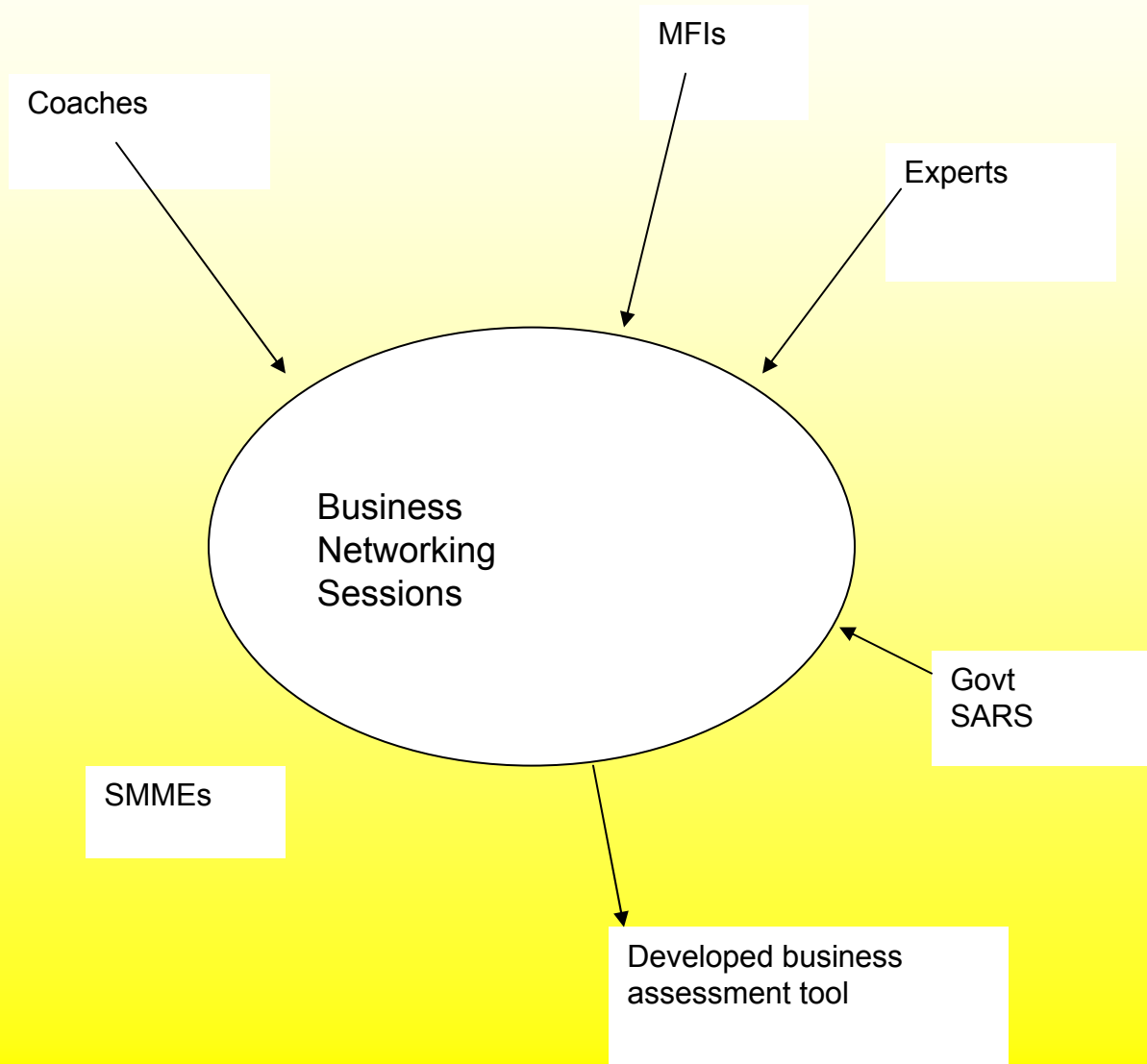
- Education and Service providers within all provinces to deliver skills development initiatives
- To research best practice models for the micro-finance industry;
- To develop sustainable business support systems to micro-finance institutions and SMME borrowers in association with outsourced

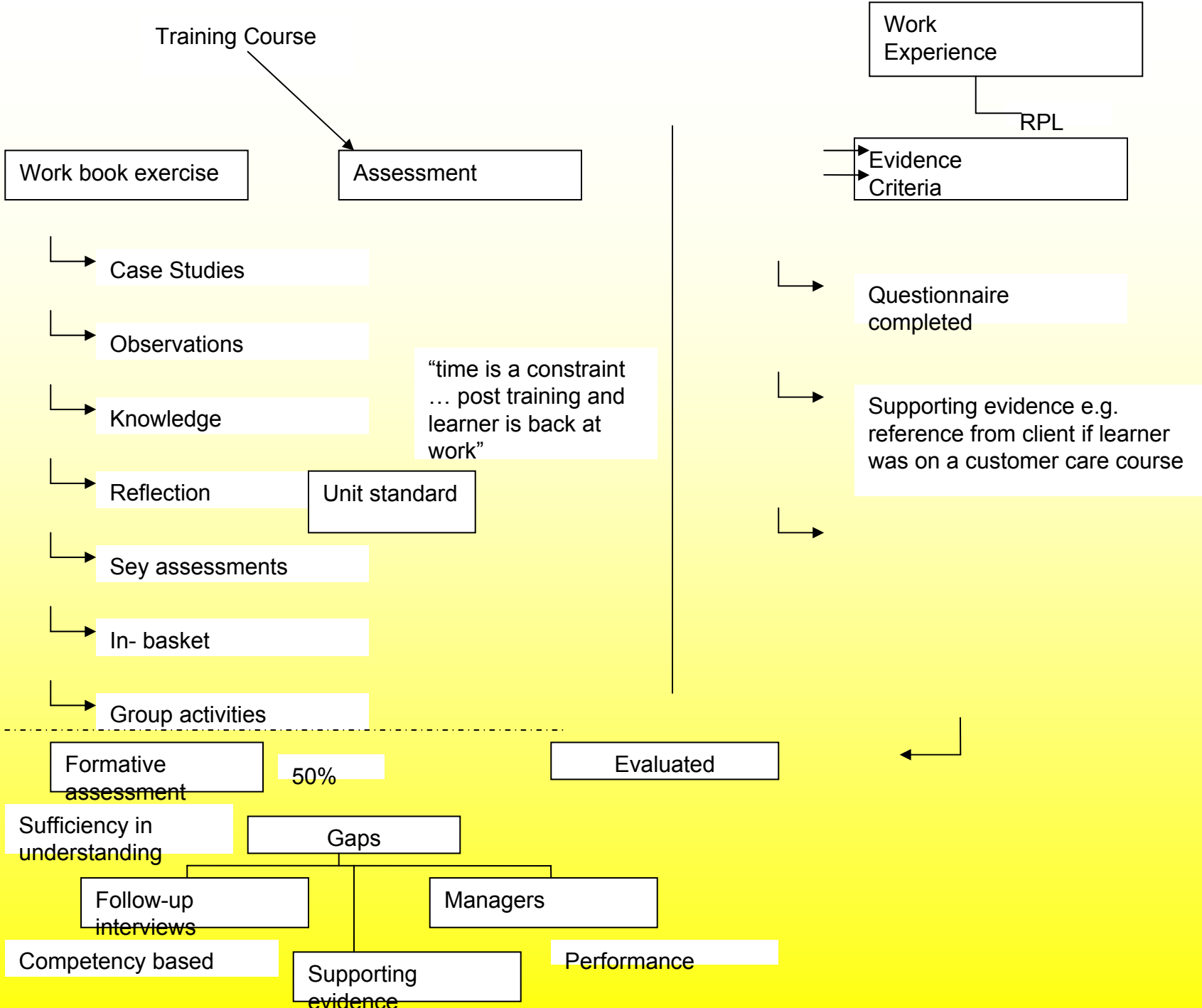
Financing and Guiding Principles

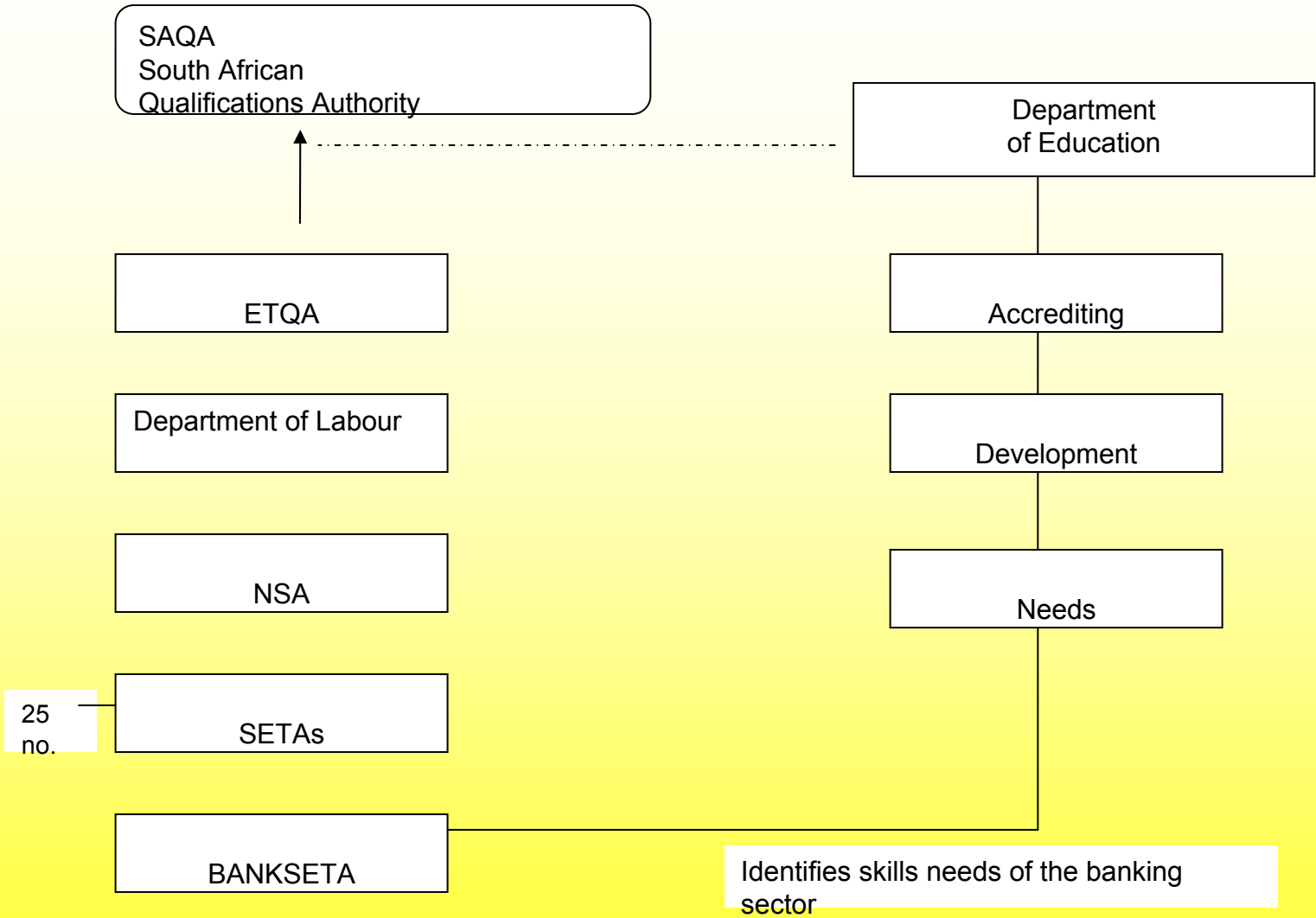
- Financing- 1% skills level on all financial instns
- Guiding Principle
- Ensuring buy-in of stakeholders
- Incorporating and supporting SMME and BEE contractors, and
- Strong focus on thorough research in all phases of the project



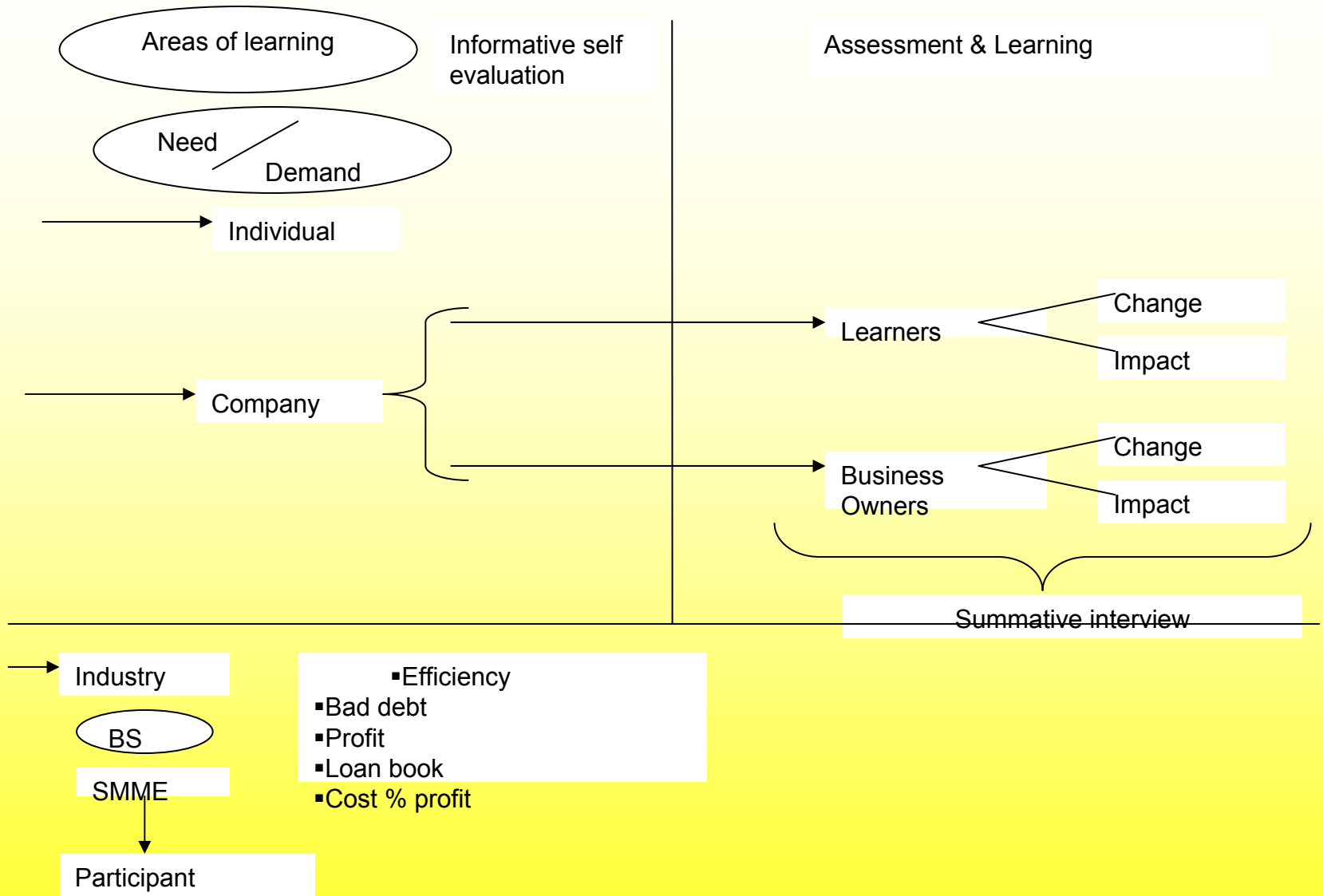
BDS







M & E



Key Features of the Design

- Steering Committee made of key people in the banking sector- Bank Council, organised labour, MLA, MEA, MFRC ie (predominantly private sector).
- Project management – Outsourcing procurement, finance and impact assessment- (administrative efficiency)

Key Features of the Design

- Lead Service Provider Model- Implementation efficiency and quality assurance.
- Contracting out materials development to one service provider- quality and ease of adaptation.
- Service provider support – based on the realization of inadequate capacity of some service providers.
- Had measurable outputs hence able to monitor their performance.

Implementation Process

- Phase 1: Development (July2002-Feb2003)
- Carried out baseline study.
- Used study results to develop curriculum.
- Consulted stakeholders for both MFIs and BDS
- Consulted consumers (for SMME side) MFIs to establish need.
- Developed database of providers available
- Developed a strategy: materials: content, pitch, who was going to deliver, language, literacy etc

Implementation Process

Phase 2: Pilot Phase (Feb 2003-Aug 2003).

Done in 3 provinces.

Information dissemination- informal means used.

Learner selection – Challenging, use of intermediaries eg NGOs consumer desks.

Facilitation skills aligned with the culture, and adaptation of materials to fit the context.

Training evaluation- use independent quality assurance- Lead provider.

Implementation Process

- Key lessons learnt from pilot led to significant changes in the design of phase 3.
- Service provider support, quality assurance, assessment
- Phase 3 : Delivery (Aug 2003-June 2004).
- Roll out in all provinces.

Key Features during Implementation.

- Adopted the adaptive approach where by lessons learnt from implementation would be used to improve the process and the interventions.(ie continuous learning and adaptation as opposed to being rigid!)
- During the pilot exceeded target by 38.5%, in phase 2 exceeded target by 356%
- Our discussions with the beneficiaries and service providers indicated a huge success.

Key Lessons of Relevant to CBU and MF Industry in General.

- 1. Integration of MF and BDS to get a more holistic intervention. Business culture?
- 2. Quality assurance of our interventions-use of Lead provider model given the geographical spread of the industry and competence of existing service providers.
- 3. Service provider support in order to deal with capacity challenges of service providers. Can we identify an organisation to mentor service provider? Regular dialogue and meeting among service providers to become a community of learners.

Lessons Learnt

- 4. Set measurable targets at different levels learner, MFI, industry. This could inform the monitoring and evaluation.
- 5. Our capacity building needs to be skills oriented rather than knowledge oriented. We need a competency based assessment which would feed into certification. Competence proven it a portfolio of evidence from work place.
- 6. Certification of learners- Needs to be at two levels: attendance and competence.
- 7. Who certifies the learners? Uganda Institute of Bankers?

Lessons relevant to Uganda

- 8. We need to consider accreditation of service providers to ensure quality and professionalism
- 9. A system for learner identification needs to be put in place to ensure that right learners for the right course.
- 10. We need a database of learners in addition to the current database of capacity builders and database of MFIs. This will act as a basis for monitoring.
- 11. We need to have a communication strategy for the project using different kinds of media.

Lessons learnt by BANKSETA from Uganda

- **a. The need to coordinate the SA Industry and establish mechanism that bring together all stakeholders regularly.**
- **b. The need to integrate all sectors for CB interventions to make the most impact. There is need to bring together all the MFIs in the various sectors.**