Enabling Dialogue...
A series of workshops organized by GTZ PROMIS

Documentation of outcomes of the Enabling Dialogue Workshop on

Training & Consultancy Infrastructure in Sri Lanka

- **Participants:** Regulators, Policy makers, Microfinance practitioners, Commercial banks, Technical service providers (TSPs) and Promoters.
- **Venue:** Sri Lanka Foundation Institute (SLFI): 100, Independence Square, Colombo 7
- **Date and Time:** October 20, 2009, 14.00 to 17.00
- **Language:** English with simultaneous translations into Sinhala and Tamil
- **Presenters & Presentations:**
  1. Dr. Nimal Fernando, Managing Director Inclusive Finance International (InFin):
     - *Issues in Training and Consultancy for Development of Inclusive Finance*
  2. S.H.A.M. Abeyratne, Director General Institute of Bankers of Sri Lanka (IBSL)
     - *Gaining Competitive Advantage of Microfinance Institutions (MFIs) through Qualitative Training and Capacity Building*

Outcomes and Discussion points:

- **Promoters for training and standards** in training are for example WOCCU, CGAP,
  - But also the private sector (such as MCRIL in India) or Industry Associations such as the Philippines Council or the Pakistan Microfinance Network are very active
  - The Sri Lankan Microfinance Network has failed to become an active provider of Training
  - New players are still entering the market: such as MICRO in Indonesia
  - The Role of Central Banks in Training: Opinions vary. In some countries Central Banks have an active role in training for MFIs, however not so much in consultancy for MFIs

- **Three types of modalities:**
  - **In House:**
    - Many practitioners think that this is the best option, but it needs economies of scale to be cost effective, as in the case of SKS in India or BRAC in Bangladesh
    - “Lead Agencies” such as BRAC in Bangladesh, Bank Rakyat Indonesia (BRI), or ACLEDA in Cambodia have their own training facilities to disseminate their own models.
  - **Traditional external training**
    - Rather for small MFIs due to lack of scale in their operations.
    - Often these small MFIs are not supported by donors (“cherry picking”), however there is a point to support them to enable their “disruptive innovations”.
  - **Distance Learning,** as for example offered by UNCDF

- Support of local languages is extremely important to reach also smaller MFIs
- **Should training be compulsory in order to establish standards among practitioners?**
  - There are pros and cons. First the need for training should be assessed. Making training compulsory can lead to non-demand and non-services oriented provision of training. However, it could establish certain standards among MFIs and could also have positive impact on the composition of the Board of Directors of MFIs.
- **Does Sri Lanka need more training facilities?**
  - In SL, financial services for the poor did not develop through microfinance but through Cooperatives, government programs and others and was later only given the “flavor” of microfinance. But for example, the cooperative training has always been available.
- **Does Sri Lanka need more research facilities?**
  - Research has often underpinned the development of the sector in other countries. In Sri Lanka research is almost not available, because of lack of transparency and because in Sri Lanka it is very difficult to access latest Microfinance publications.
- **Is the demand for MF Training & Consultancy big enough in Sri Lanka?**
  - Based on the fact that scale matters, the demand is high, affordability for quality training is however low or the understanding / willingness to pay for such services is low. Especially for small MFIs it is difficult to assess the importance of training. And the sector is fragmented, which in turns also lowers demand.
- **How to avoid “poaching” among MFIs?**
  - This is a serious problem for MFIs, since especially formal banks that enter the MF market offer higher salaries to qualified staff. MFIs like SKS therefore continuously train new staff to avoid short comings among their staff.
- **A Microfinance Diploma Course** was established by IBSL together with Frankfurt School of Finance and Management and with support of GTZ
  - It offers 15 microfinance modules for microfinance practitioners
  - First batch of trainers has started in August, next batch expected April/May 2010
  - IBSL to conduct same ToT soon for Jaffna University staff & Jaffna MF practitioners