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THE ADVISORY GROUP ON APEC FINANCIAL SYSTEM
CAPACITY-BUILDING
A Public-Private Sector Initiative

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Guangzhou, People's Republic of China

Meeting Paper 6-D

**The Role of the Public Sector:
Supporting Promising MFIs &
Empowering Potential Clients for Viable
& Responsible Financial Inclusion**

Japan International Cooperation Agency (JICA)

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The Role of the Public Sector
~supporting promising MFIs &
empowering potential clients for
viable & responsible FI

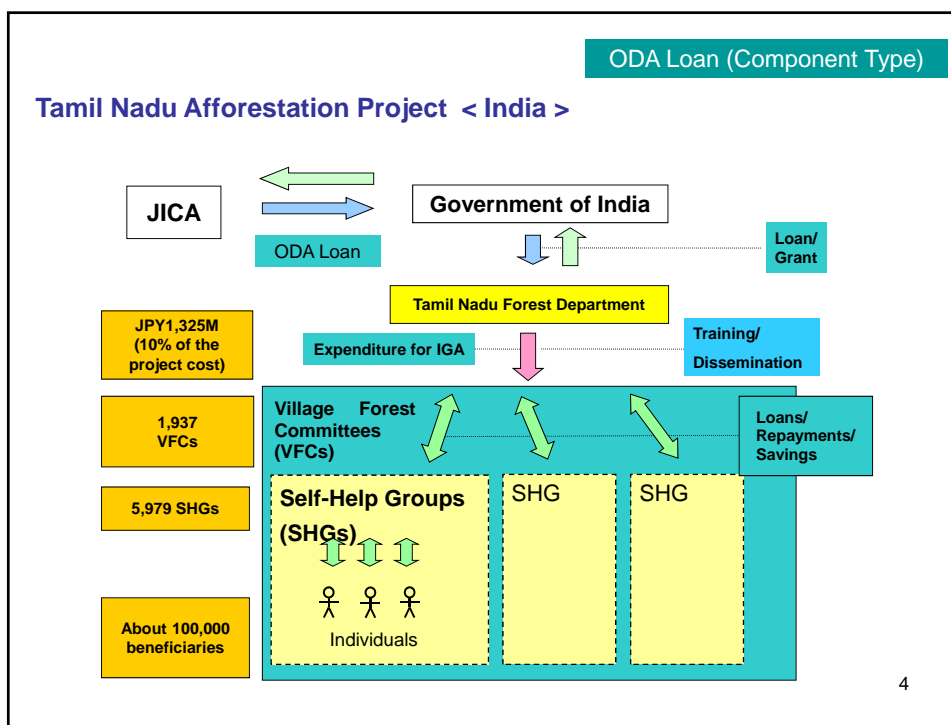
Feb. 2011
Kazuto Tsuji
Japan International Cooperation
Agency

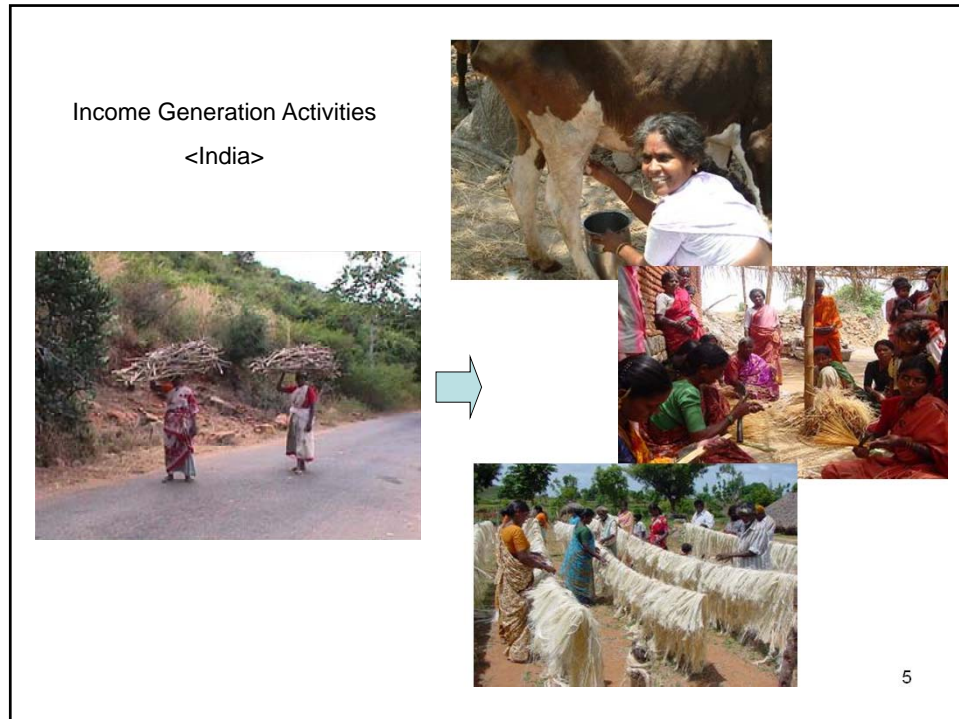
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JICA's Support to India

1. Organizing joint forest management by the state gov. & ultra-poor villagers
2. *Financial education* of villagers, savings accumulation, meeting villagers' needs & MF activities with a revolving fund
3. Empowering villagers & their SHGs
4. NABARD(*APEX*)'s linking SHGs to *private* MFIs while supporting both SHGs & MFIs for financial sustainability

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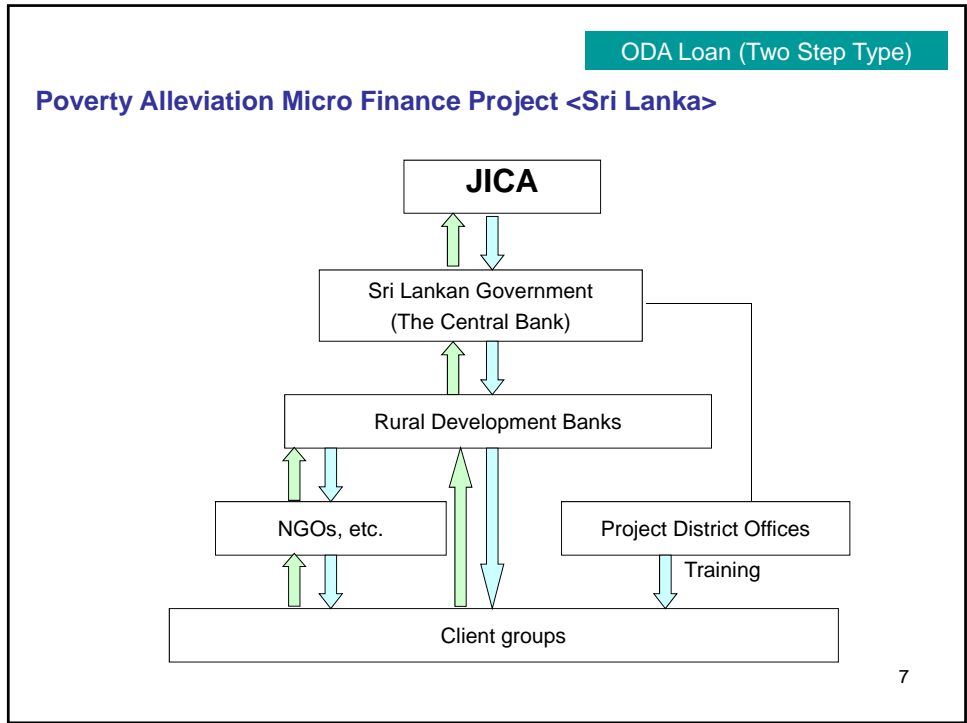




JICA's Support to Sri Lanka

1. The central bank(APEX)'s wholesale & technical support to public MFIs and to the enhancement of client capacity
2. Demonstration of successful implem. and of the financial & social viability of MF
3. Private MFI's participation in the second generation revolving, augmented by the central bank without further aid by JICA

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The Role of the Public Sector

- To support promising MFIs financially, managerially & technically through a sustainable APEX toward financially viable & regulated MFIs
- To empower potential clients, including the ultra-poor on subsidies, with financial education & capacity building for savings & others, aiming at MF financial viability & social responsibility
- Smart customers result in savings mobilization, reduced transaction cost & outreach, lower risk, competition among MFIs, avoidance of over-indebtedness, and customers' better livelihood

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The Way Forward

- Need to study the roles, functions and performance of the APEX mechanisms in various economies and to improve them
- Aiming at the synergetic effect of both the supply-side (to MFIs) and demand-side (to customers) interventions by the public sector in a market friendly manner for commercially viable and socially responsible MF as an integral part of FI strategies

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Thank you !

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