



Institute for Capacity Development (ICD)

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Financial Analysis for Microfinance Institutions

Course Objectives

On completion of the course, participants should be able to:

- Identify components, purpose, relationships and importance of primary financial statements
- Have the skills to analyze the financial health of their MFI
- Understand the different ratios used by microfinance institutions, what they mean, and how they can be used to keep track of an institution's financial performance over time
- Format financial statements for decision making, adjust for inflation and subsidies,
- Measure portfolio quality, efficiency, and profitability, and choose strategies to reach sustainability
- Apply financial analysis tools in own institution to improve decision making and program performance,
- Identify critical factors for moving towards financial sustainability.

Target Groups

- Finance Officers
- Executive Directors,
- Finance Managers,
- Credit Managers,
- Operations Managers and Branch Managers
- Accounts Officers
- Microfinance Networks

Course Outline

- General management principles and practices
- Overview of Financial Analysis
- Basic concepts of financial and management accounting
- The reasons why one needs to analyze financial information
- The importance of financial ratios for decision makers
- Use benchmarking to better understand ratios and MFI performances
- Defining and computing profitability ratios, ROA, AROA, ROE, and AROE
- Explaining the significance of the ratios for an MFI
- Examining types and components of efficiency and productivity ratios
- Strategies to overcome barriers preventing MFIs from getting good financial information
- The Chart of Accounts and its relationship to financial statements and analysis
- Identifying and accounting for non cash transactions
- Formatting Financial Statements
- The importance of the cash flow statement
- Operating expenses for an MFI

- Making adjustments for inflation
- Making adjustments for subsidized cost of funds
- Making adjustments to reflect in-kind donations
- Creating adjusted financial statements
- Sustainability and Profitability Analysis
- Understanding sustainability and profitability
- Financial Statements and Other Managerial Reports
- Action Planning

Dates: 16th – 27th October 2017

Duration: 2 Weeks

Course Costs: US\$3250/delegate

Venue: Windhoek, Namibia