Outreach Performance of Microfinance Institutions in Ethiopia

Tsegay Berhane Reda*; Prof. K.S. Rao**

*Ph.D Scholar, Andhra University, Visakhapatnam, Andhra Pradesh, India.
Assistant Professor, College of Business and Economics, Aksum University, Ethiopia.
**Professor, Accounting and Finance, Department of Commerce and Management Studies, Andhra University, Visakhapatnam, Andhra Pradesh, India.

Abstract

Outreach is a hybrid measure that assesses the extent to which a Rural Financial Institution (RFI) has succeeded in reaching its target clients and the degree to which the RFI has met the clients demand for financial services. The pointers of outreach could be: the depth (types of clients reached and level of poverty) and breadth of outreach (number of clients served up). Outreach is considered as one of the main aspects of microfinance performance that captures the social mission of MFIs. The main goal of MFIs is to provide sustainable microfinance facilities to the poor and in developing countries like Ethiopia, microfinance institutions also offer loans and technical assistance on how to start and develop a business. The main objective of this study is to assess the trends and identify the significant determinants of outreach of MFIs in Ethiopia. Descriptive analysis and Panel multiple regression model has been used to assess and identify the significant determinants of microfinance institutions outreach in Ethiopian. In this study the STATA software has used because it has a range of advanced tool for panel analysis that a researcher needs to organize and manage their data and then obtain and analyze statistical results. From the descriptive statistics the mean value of the number of active borrowers is small compared the number of population of Ethiopia and there is greater variation between the MFIs in Ethiopia in terms of
outreach to the poor. From the random effect model of econometric result of outreach of MFIs, the researcher observed that the size of MFIs, average loan balance per borrower, percentage of women borrowers and age of the MFIs are significantly affected the outreach of MFIs in Ethiopia.

**Keywords:** Trends, outreach, MFIs, Panel Multiple Regression, Ethiopia.

**References**


