

Abstract

A key objective of microfinance programmes is to provide financial services to poor people who are excluded from such services by the formal banking system. It is in this perspective that governments, development partners and donor agencies continue to provide support to such institutions, to enable them to deepen their outreach. This paper examines the type of poor people served by one of the leading microfinance institutions in Ghana. By comparing the living standards of clients of *Sinapi Aba Trust* (SAT) with those of non-clients, representing the general population in its operational areas, the paper concludes that the microfinance institution reaches disproportionately a smaller percentage of very poor people. The study notes that programme placement plays a key role in determining the type of clients reached by SAT, since almost all its branches are located in urban centres. It finds that the objective of financial sustainability being pursued by SAT has eventually caused it to shift the provision of financial services from very poor households to the less poor.

Keywords: Microfinance, Depth of outreach, Poverty, Standard of living, Financial sustainability

Acknowledgements: We would like to express our gratitude to the management and members of staff of Sinapi Aba Trust and their clients, especially those being served by the Agona Swedru, Offinso and Tamale branches, as well as the non-clients residing in the aforementioned locations for their co-operation in the survey conducted for this paper.

Joseph Kimos Adjei is the Managing Director of Boafo Microfinance Services Limited, a joint venture between HFC Bank Limited of Ghana and CHF International of the United States of America. He is a banker by profession and recently completed his PhD in Development and Policy Management at the Institute for Development and Policy Management, School of Environment and Development, The University of Manchester.

Thankom Arun is Reader in International Finance, Lancashire Business School, The University of Central Lancashire and Honorary Senior Fellow, School of Environment and Development, The University of Manchester.