EUROPEAN MICROFINANCE WEEK 2010

BUILDING RESPONSIBLE PARTNERSHIPS

30th November - 1st December 2010
Abbaye de Neumünster, Luxembourg

Conference report

EUROPEAN
MICROFINANCE
PLATFORM

NETWORKING WITH THE SOUTH

With the support of

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FOREWORD

European Microfinance Week is a well-established key event in the microfinance sector's calendar. Organised by the European Microfinance Platform (e-MFP), it gathers e-MFP members and other interested professionals from related sectors to debate, share experiences and opinions on current issues pertaining to microfinance in developing countries. On the theme of "Building Responsible Partnerships", the 2010 event gathered 351 participants from 51 countries.

A combination of plenary, workshop and roundtable sessions made for lively exchanges and productive discussions. Feedback from the event was very positive, ensuring European Microfinance Week's position as the unique meeting point for European microfinance actors, providing a dynamic forum and the opportunity to contribute to the progress of the sector.

This report condenses the viewpoints, debate and energy of the two day event. We invite you to look back on these inspiring days of microfinance discussion and we look forward to welcoming you to an equally stimulating European Microfinance Week, 2nd – 4th November 2011.

We wish you an enjoyable read!

Marc Bichler
Chairman

Christoph Pausch
Executive Secretary

SESSIONS

TUESDAY 30TH NOVEMBER 2010

OPENING PLENARY: FINANCIAL INCLUSION AND THE MILLENNIUM DEVELOPMENT GOALS: THE ROLE OF MICROFINANCE

Moderator	**Christoph PAUSCH** (Executive Secretary e-MFP)
Speakers	**David MORRISON** (Executive Secretary UNCDF)
	Nixon BUGO (Programme Officer Innovative Finance AGRA)
	Axel DE VILLE (Chairman e-MFP)

PRESENTATIONS

Christoph PAUSCH opened this session by welcoming all participants, in particular the numerous new members of the European Microfinance Platform attending their first European Microfinance Week. European Microfinance Week 2010 offered yet another unique opportunity for consultation between members and non-members in the framework of the dynamic programme for the two day event. He commented that in addition to the 3rd European Microfinance Award Ceremony, the General Meeting of e-MFP Members and the plenary sessions there would be maximum opportunity to learn and share experiences in five parallel workshop/roundtable sessions. Mr. Pausch also shortly presented two new e-MFP publications; the European Microfinance Actors Directory 2010 and European Dialogue No. 3. He concluded that sharing and interaction can effectively lead to new partnerships, thus contributing to the Millennium Development Goals (MDGs).

David MORRISON congratulated e-MFP on bringing so many people together and offering so many interesting themes in the programme for European Microfinance Week. He referred to the MDGs as an important reminder of our tasks ahead and emphasised that financial inclusion is a strong enabler for achieving other MDGs. Whereas impact studies focus on microfinance rather than on its impact on other MDGs, it is important to measure and validate these impacts to sustain and consolidate efforts. Understanding these relationships requires further research and more data.

Mr. Morrison reiterated the need for more coordination, in particular also in standard setting. He also mentioned financial inclusion and financial integrity do not necessarily have two separate agendas. In this respect he advocated for coordination within national contexts, to define who will lead the agenda and to define the national mechanisms of coordination. He elaborated on issues such as the link between microfinance and SME finance, the good development potential of savings and on payment systems as the backbone of financial services systems. Inclusive finance must be about responsible financing and investing. In this respect e-MFP can contribute by continuing to:

- Promote responsible financing practice (advocacy, information)
- Encourage innovation through a range of services in the development world (e.g. cash-to-account remittances)
- Link expertise and experiences from different actors and organisations.

Nixon BUGO (replacing Akin Adesina, Vice-President of AGRA) thanked e-MFP for the opportunity to present AGRA, the Alliance for a Green Revolution in Africa. Mr. Bugo explained how AGRA, as a partnership organisation, aims to offer a comprehensive value chain approach for rural agricultural development in Africa. With a range of challenges in agricultural financing, it is crucial to unlock access to finance for developing the agriculture sector in Africa. In this respect, AGRA works with banks to initiate innovative incentive mechanisms for agricultural lending. In this way, it has successfully leveraged US$ 170 million in new lending to agriculture from commercial banks in Kenya, Tanzania, Uganda, Ghana and Mozambique, by using US$ 16 million in risk-sharing facilities. This has also helped in lowering interest rates charged by the

banks, while its programmes have also contributed to lowering default rates of loan beneficiaries.

Based on initial successes, AGRA, with the support of PricewaterhouseCoopers and other partners, is establishing an Impact Investing Fund, to open up sustainable financing facilities for small, medium and large-scale farmers and other parts of agricultural value chains. Important components of the fund include a risk sharing facility, insurance products such as weather and crop insurance, technical assistance, a bank incentive mechanism and impact measurement metrics. The initiative is expected to lead to a systematic change in lending and a reduction in interest rates and transaction costs through appropriate mediation processes and delivery mechanisms.

Axel de VILLE was pleased to once more open the European Microfinance Week, underlining the importance of the MDGs and the need to learn from the continuous development of the microfinance sector, even when it faces crises such as the one in India. According to Mr. de Ville, the microfinance industry can offer three response mechanisms to crises as a result of systematic failures:

1. Learning from these failures to improve practices. In this respect it is important to partner with universities and researchers, not so much for long-term academic research but more for practical and field research oriented studies.
2. Sticking with the principles of microfinance and inclusiveness in order to improve the lives of the vulnerable, hence the importance of social performance issues. This is why e-MFP promotes partnerships and supports initiatives such as "The Smart Campaign" and "Microfinance Transparency".
3. Communicating better about successes, failures and challenges, such as on financial inclusion and contributing to the MDGs, for which two approaches can be considered:
   a. Improving access to financial services; strengthening regulation that also promotes inclusiveness, combined with subsidies and investments to strengthen capacities.
   b. Linking microfinance services to the various MDGs, based on partnerships that can reach the poor and including such issues as health services and climate change. With its membership and multi-stakeholder dimension, e-MFP contributes to the MDG "building global partnerships for development".

Axel de Ville concluded by thanking all members and staff for their support and collaboration in establishing and expanding e-MFP. He added that he had enjoyed chairing the organisation for the past four years and now passed this task on to others.

DISCUSSION AND CONCLUSIONS

A representative from IFAD remarked that in order to contribute to the MDGs much work is needed regarding financial infrastructure and linking financial institutions and community-based finance.
Mr. Morrison commented that indeed much is needed in respect to regulatory and policy frameworks, and retail networks and links for achieving financial inclusion. Mr. de Ville added that the e-MFP discussions are contributing to evolution - microfinance is a developing industry requiring corrective measures in the process of maturing.

The discussion then turned to the role of technical assistance in AGRA's Impact Investment Fund. Mr. Bugo explained that the assistance is geared to value chain finance development through innovative mechanisms such as insurance products, impact measurement metrics and bank incentive mechanisms.

RISK MANAGEMENT FOR MFIs: LESSONS LEARNED FROM THE IMPLEMENTATION OF "THE RISK MANAGEMENT FACILITY" (RMF)

Speakers **Alex SILVA** (Omtrix/Risk Management Facility-RMF)

PRESENTATIONS

This session, prepared by Alex SILVA on The Risk Management Facility, a donor-funded technical assistance facility in Latin-America and the Caribbean, was an opportunity to join two Luxemburgish initiatives in the area of microfinance, e-MFP's European Microfinance Week and the Microfinance Risk Management workshop organized by ADA, ATTF and PRiM. This workshop has been organized yearly by these partners to provide professional training about risk management to a selection of leading MFIs already engaged in a process of setting-up or improving their risk management procedures. The first workshop in 2008 was the result of a survey on this subject after an interactive session at the 2006 European Microfinance Week.

Mr. Silva continued by presenting the Facility, which is administered by Omtrix and supported by various international donors. It aims to provide risk manuals, management tools and training to MFIs, based on international standards and best practices, tailored to meet the needs and realities of the microfinance industry and taking also into account national regulations and contexts. It addresses credit risks, market risk (stemming from interest rates, foreign exchange, and prices), operational risk, liquidity risk and other risks such as reputational and legal risks. He explained the procedures and organizational structure of the facility and that the facility has assisted 17 MFIs in 8 countries, since its inception in 2008. This session gave Mr. Silva an opportunity to share his experience and show what pitfalls should be avoided, principally linked to poor information systems and data, weak organization of the function and finally un-adapted processes, including communication.

The session was quite interactive, due to the number of EMW participants who attended it and the importance of the subject today in the microfinance sector. As a conclusion, Alex Silva informed participants that due to its success, there are discussions between the different initiators to duplicate or extend this initiative into Africa to provide the microfinance industry in this region with better perspectives for sustainability.

THE SMART CAMPAIGN AND THE PRINCIPLES FOR CLIENT PROTECTION IN MICROFINANCE: ASSESSING THE PROGRESS, IMPLEMENTING THE PRINCIPLES THROUGH THE ANALYSIS OF CASE STUDIES

Moderator	**Jessica SCHICKS** (Solvay Brussels School of Economics and Management)
Speakers	**Isabelle BARRÈS** (The Smart Campaign)
	Vanessa MENDEZ (PlaNIS)
	Jami HUBBARD (IDLO)
	Ging LEDESMA (Oikocredit)

PRESENTATIONS

Jessica SCHICKS introduced the context of this session, highlighting the importance of customer protection to the microfinance industry, especially considering the ongoing commercialisation of the sector and the current crisis in some regions.

Isabelle BARRÈS presented the main principles and the status quo of The Smart Campaign, a global campaign supported by microfinance leaders committed to the principles of client protection. It facilitates the full integration of client protection principles into the operations of MFIs, networks, associations and other stakeholders. These principles revolve around avoiding risks to the client, including; preventing over-indebtedness, transparent and responsible pricing, appropriate collection practices, ethical (MFI) staff behaviour, client complaint mechanisms and privacy of client data. Ms. Barrès pointed out that The Smart Campaign is gaining ground at this important moment in the history of microfinance. On one hand, internal and external stakeholders increasingly demand accountability and transparency from MFIs. This is especially relevant in light of the over-indebtedness crisis experienced in many countries and the reputational risk the industry is suffering. On the other hand, client protection mechanisms are necessary due to the rapid growth of microfinance and because they are good for business.

Ms. Barrès also introduced the different tools offered by The Smart Campaign to MFIs and networks. These tools, such as Webinars, "Getting Started Questionnaires", "SmartNotes" and "Smart Lending", are continuously developed to guide financial institutions in integrating client protection into their systems and processes.

Vanessa MENDEZ (replacing Maud SAVARY-MORNET) continued by presenting the theme of client protection from a lender's viewpoint. She linked the issue of client over-indebtedness to the global economic slowdown and the crisis in microfinance which has led to a sharp increase in portfolio at risks and tension between regulators and practitioners. Increasing client over-indebtedness has several underlying causes. The global economic slowdown hit emerging countries hard, causing a decline in jobs, income and revenues, making it difficult for microfinance clients to repay their debts. A slowdown in remittances also caused over-indebtedness, either directly or indirectly affecting MFIs. Over-indebtedness also has its roots in factors such as MFIs taking on new activities without appropriate methodologies, insufficient MFI management capacities and a weak regulatory and supervision system. In addressing the issue, the main challenge lies in the lack of coordinated efforts by MFIs, which are still hesitant to share sensitive information. She indicated that overcoming over-indebtedness requires an increased use and promotion of credit bureaus, a further dialogue between regulators and MFIs, improving credit methodologies, improving risk awareness at all levels and developing social performance management.

Jami HUBBARD contextualized MFIs in the legal framework on client protection and indicated that the microfinance industry is currently not doing enough for clients. MFIs and the industry could benefit from customer protection, while also increasing client satisfaction and empowerment. One of the hurdles IDLO identified for implementing client protection mechanisms is the confusion on domestic consumer law and conflicting regulation. IDLO assessed consumer protection law for financial services in five countries; India, Colombia, Cameroon, Kenya and Egypt. These case studies resulted from a joint effort between lawyers and university partners, analysing the theory and practice of law. Overall, they revealed gaps such as the misuse of loan documents, hyper-collateralization, a lack of internal dispute resolution, an imbalance between creditor and debtor rights and abusive debt-collection mechanisms. Ms. Hubbard pointed out that The Smart Campaign should not be the only initiative for client protection in the microfinance industry and called for further involvement of networks. Including mediation and insurance mechanisms is vital, as well as a complaint windows at a country's central bank or microfinance network. Other recommendations were creating legal clinics supported by law students and microfinance networks offering clear standardised contracts to members.

Ging LEDESMA brought the investor's perspective, by explaining how Oikocredit incorporated client protection principles in its work. Ms. Ledesma stressed the importance of client protection in the changing microfinance environment and related it to the debate on impact. Oikocredit endorsed the Client Protection Principles in 2008 and subsequently circulated them to its partners and surveyed the level of compliance among its partners. Oikocredit included a clause on The Smart Campaign's principles in its investment contracts. These principles are assessed through Oikocredit's Environmental, Social and Governance (ESG) Scorecard, which is integrated in due diligence processes and requires a clear code of conduct for partners and transparency of costs to clients. Oikocredit noticed that MFIs need support and guidance regarding mechanisms for client protection and therefore now offers training and workshops to partners to perform self-assessments and set-up mechanisms for client feedback. A remaining challenge is the need for harmonisation of client protection assessment between service providers and investors, requiring ratings, audits and assessment procedures to be developed at a global level.

DISCUSSION AND CONCLUSIONS

The discussion first revolved around the role of The Smart Campaign in the context of self-help groups. Ms. Barrès clarified that tools, such as those addressing lending processes, can potentially be adapted to group-lending methodology, but there is still room for improvement in applying The Smart Campaign's tools to different contexts. Next, the floor discussion turned to the possibility to certify MFIs that adopt The Smart Campaign principles. The question was whether this type of certification could have a negative consequence on non-certified MFIs. Smart Campaign certification is still being discussed with different stakeholders, keeping in mind that the Campaign aims to provide incentives and not to harm to MFIs.

Ms. Schicks concluded the session by acknowledging that a wide range of players in the microfinance industry have taken up the challenge of developing client protection mechanisms. At the same time, numerous open topics remain or require further detailing and fine tuning to the needs of the sector. In a next step, the industry will need to align the various efforts under way, create a mechanism for accountability and promote implementation.

THE MICROFINANCE PROMISE: WOULD IT SURVIVE INCREASED COMPETITION?

Moderator	**Guillermo BAQUERO** (European School of Management and Technology (ESMT))
Speakers	**Malika HAMADI** (Luxembourg School of Finance)
	Irina IGNATIEVA (Concern Worldwide)
	Marcus FEDDER (Agora Microfinance Partners)

PRESENTATIONS

Guillermo BAQUERO of ESMT stated that increased competition in many microfinance markets is becoming an important topic for MFIs and investors alike. While competition can benefit clients through increasing service levels and decreasing prices, MFIs often lack full insight into their clients, while clients lack insight on their options. Competition in the microfinance market can have important unintended results.

Malika HAMADI of Luxembourg School of Finance presented a paper[1] on the effects of increased competition on the microfinance sector. The paper considered effects on MFI costs, revenues and outreach and related these to MFI characteristics, such as size, age and region. Indicators for outreach were loan size, outreach to women and credit availability. The data-set incorporated 380 MFIs from 67 countries and provided valuable insight into changes in market concentration in these countries. This ranged from a strong reduction in concentration in most countries, while in a few cases, market concentration actually increased over the last years. The project showed that competition reduces MFI revenue, but as their costs are reduced to an even larger degree, competition actually results in increased profitability. Literature on the banking sector supported this outcome, by showing how low competition takes away incentives for management to increase efficiency and innovate. There were however, significant differences between types of MFIs, with older and larger MFIs performing better in competitive environments and there were also regional differences. The outcomes on outreach were mixed. On one hand, competition led to larger loan size as MFIs try to cut costs, resulting in less access to low-income lenders and women. On the other hand, overall outreach increased as MFIs are trying to access new markets.

According to Marcus FEDDER and Irina IGNATIEVA competition is a catalyst for innovation and improvement, a cause of systemic risks of over-borrowing and defaults, but is not a deterrent to social outreach. This they consider to be a management decision of the MFI. They also point at wider competitive tendencies affecting the sector. Increased competition between MIVs reduces financing costs and leads to differentiation. Some MIVs attract new capital by promising high returns. As such, they can only invest in highly profitable MFIs, while competing with social investors for finance. There is also competition to use MFIs for other purposes, for example to deliver social services. Although these competitive tendencies are affecting many microfinance markets, Mr. Fedder explained that certain markets, most rural markets, remain underserved.

They discussed that competition leads to lower prices, increased productivity and innovation and the MFI focussing on its core strengths and meeting local client needs. On the other hand, in increasingly competitive environments it is difficult to guard against over-borrowing and the resulting increase in defaults, which could result in systemic risks and a possible (political) backlash against non-sustainable practices. Although industry codes and standards, credit bureaus and regulatory supervision are important to safeguard against such problems, they are not infallible. Solutions should be sought in terms of self-restraint by MFIs, in business models that focus on both financial and social returns and close partnerships between financial institutions and MIVs. For Ms. Ignatieva, an ideal partnership incorporates both high levels of collaboration, but also application of shared principles. This was the approach in the partnership of Concern Worldwide and Agora Microfinance Partners. They first defined areas where interests overlapped (relating to target populations, regions, products and services) and then defined a shared strategic vision. Ms. Ignatieva showed how such a shared vision between partners can ensure continued social outreach in a competitive environment through the example of AMK in Cambodia. While competition puts pressure on social policies of MFIs, a clear strategic vision and management commitment allows for continued focus on the poor.

1. Guillermo BAQUERO, Malika HAMADI and Andréas HEINEN, 2010, "The microfinance promise: Would it survive increased competition?", mimeo. This paper is part of a larger ongoing research project entitled "The Financing of Microfinance Institutions and Outreach" funded by the FNR in partnership with ADA.

DISCUSSION AND CONCLUSIONS

Mr. Baquero kicked off the discussion by indicating that cost reduction puts pressure on outreach to poor populations. Solutions exist, such as cross-subsidising from more profitable intervention areas, but these need to fit in the social strategy of an MFI. Ms. Ignatieva related this to the question of impact. High financial returns may be justified if they are balanced with as high, or higher, social returns. On the question how we can decide fair pricing if impacts on income and assets are unknown, Ms. Ignatieva responded that to this end one can use the concept of social returns. Social returns can be measured as change in clients' financial assets, other assets and expenditure. To begin with, MFIs should be able to measure and use change in clients' savings over time as a proxy for the change in clients' financial assets. If clients' financial assets grow at the same, or higher, rate as return on equity, this can be used an indication that the level of pricing is fair. A further comment was that competition, when leading to reduced costs to clients, is always good. Ms. Hamadi countered that lower interest rates are related to larger loan size and therefore can lead to exclusion.

Mr. Baquero turned the discussion to the need for subsidies and whether the principle of self-sufficiency needs to be challenged to ensure social outreach. Mr. Fedder indicated that grants are not free and might be unnecessary. The grant giver has an agenda, which may not match the objectives of the grantee. Grantees also incur costs for application and reporting requirements. Cross-subsidising is a viable option for socially-driven MFIs, while grants can negatively influence the MFIs business culture. Grants are useful when limited to system development benefitting the entire MFI sector in a country, such as establishing credit bureaus, or developing effective tools and instruments which allow MFIs to work more cost-effectively with the poor. Ms. Ignatieva added that as subsidies dry up, MFIs need to focus on other funding sources that allow them to retain a social focus, such as equity investments of like-minded investors. The discussion then turned to the relation between outreach figures and the percentage of people which actually need financial services. Mr. Fedder agreed that the potential need is not fully apparent from outreach percentages; also considering low rural outreach in many countries. A last comment related back to the role of regulators and aggressive lending practices of MIVs on over-indebtedness of MFIs. Mr. Fedder agreed that regulators are responsible for setting maximum leverage levels, but that MFI boards are responsible for deciding funding needs and negotiating the right terms with the right MIV.

Mr. Baquero concluded that more research is needed to determine the influence of competitiveness and how socially-driven MFIs can continue to adhere to their mission. He stressed the importance of codes of conduct, credit bureaus and regulatory frameworks to support continued outreach.

MICROFINANCE ROLE IN CONFLICT AND POST NATURAL DISASTER AREAS

Moderator	**Wolfgang BÜCKER** (GTZ)
Speakers	**Michaël KNAUTE** (Oxus Development Network)
	Philippe SERRES (AFD)
	Roshaneh ZAFAR (Kashf Foundation)

PRESENTATIONS

Wolfgang BÜCKER welcomed the panel and the participants and opened the session by referring to three typical characteristics of post-conflict/disaster situations:

1. Infrastructure and services are gone
2. The economic setting has completely changed (household and business assets, lack of trust)
3. Psychological effects (caused by death, fear, separation, violence)

Philippe SERRES presented AFD's perspective on "Microfinance in Fragile States", also relating to natural disasters. Based on the World Bank LICUS list (Low Income Countries Under Stress) with some adjustments, AFD conducted a study in 2009 which identified the following main features of fragile states; weak state policies and institutions, very weak socio-economic indicators and high prevalence of conflict and political instability. Whereas microfinance offers attractive prospects in fragile states and MFIs have shown resilience in crisis and fragile environments, specific challenges need to be dealt with. In addition to listing a number of lessons learned from a donor perspective, Mr. Serres also indicated the potential role donors can play in such situations, such as promoting good practices in microfinance and support at sector level. In this sense, AFD has been diversifying services, expanding the number of countries served and the financial contributions committed. The main lesson that can be drawn from this experience is the need to offer a diversified set of financial products, from grants, to guarantees, loans and equity as MFIs grow in a fragile environment. This support needs to be provided in the long run.

Roshaneh ZAFAR showed a video on the natural disaster in Pakistan and the subsequent responses, which in her opinion best displayed the unimaginable magnitude of this recent disaster. She referred to the high price increases for basic necessities and staple foods as shown by the Sensitive Price Index, creating a mind-set of dependency and high inflation rates. In addition to communities being directly affected by loss of life, property and savings, they are also impacted by price hikes, food inflation and aid strategies. Ms. Zafar therefore advocated for diversified strategies for directly ("beyond business as usual") and for indirectly ("improving on business as usual scenarios") affected communities. With a reference to a formula, "Impact of Disaster = Vulnerability x Natural Disaster", she mentioned that microfinance helps reduce vulnerability, thus mitigating the impact of the disaster on low-income households. Microfinance helps low income households build social safety nets. If flood affected households in Pakistan had had access to affordable and client driven savings products, they would have been in a much better financial position today. In other words, access to financial services including credit, savings and insurance can enable households to manage the impact of natural disasters. Some MFIs even undertake direct relief services. Ms. Zafar concluded with some examples of support given by the Kashf Foundation after the August 2010 flooding.

Michaël KNAUTE began by explaining that OXUS is a specialised microfinance split-off from ACTED. To illustrate microfinance's role in crisis-affected areas, he presented three case studies; on Kyrgyzstan, Afghanistan and the DRC, with the key assumption that there are many cases of successful MFIs in crisis-affected areas. Although micro-finance can be recognised as a key-recovery or development tool, there are several key success factors needed to bring out this potential and lessons to be learned. The short-lived political and ethnical crisis in Kyrgyzstan in 2010 showed the resilience of MFIs and their clients, the importance of having strong actors and good collaboration amongst them and dialogue, partnership and creativity, linked with grants, to support affected clients. The very strong growth of the Afghan microfinance sector from its beginnings in 2004 to USD 100 million in 2008, illustrated the need for profes-sionalization and risk-management before focusing on growth. The case of DRC demonstrated that donors and govern-ment are still uncomfortable with microfinance in post-conflict situations. Hence, there is a need for international actors who can help professionalise the sector and leverage donor funding. In summary, Mr. Knaute pointed to the fact that the diversity of crisis situations also requires diversity in approaches.

DISCUSSION AND CONCLUSIONS

When asked about the way money-trans-fers work in the Kashf Foundation, Ms. Zafar responded that this is done through an agents' network and an M-Pesa model of mobile banking. In response to the disaster much effort has been put into making the affected people credit-worthy and resolving basic needs. Furthermore, she explained the merits of supplying money in tranches with built-in triggers, and first working with small pilot projects. Due to the difficulty of raising funds for emergency services, they established a bank to start working with a savings-model.

On a question concerning the potential of micro-insurance in conflict and disaster situations, Mr. Knaute replied that there is not yet much experience in this respect. Mr. Serres mentioned an example from Madagascar. In general, the panel agreed that crisis-affected areas are highly different in circumstances and contexts, including political risks and thus require diversified responses. Assuming that MFIs can be instrumental in the recovery phase, sharing and learning is needed to articulate appropriate responses.

MICROFINANCE FUNDING: NEW DEVELOPMENTS AND CHALLENGES

Moderator	**Edvardas BUMSTEINAS** (EIB/e-MFP)
Speakers	**Roland DOMINICÉ** (Symbiotics)
	Mary Ellen ISKENDERIAN (Women's World Banking)
	Cyrille PARANT (Microfis)
	Sophie WIESNER (ADA)

PRESENTATIONS

Roland DOMINICÉ began his presentation with an overview of the growth of capital mobilized by Microfinance Investment Vehicles (MIVs) domiciled in Luxembourg. Over the last five years a continued trend towards capital intake can be observed, from roughly USD 0.5 billion to well over 3 billion, but also a trend towards growing liquidity challenge. To date approximately one billion dollars, or a third of mobilized funds, remains un-invested. Moreover, overall yield curves are declining due to increased competi-tion in the market and rather conservative investment policies indicating higher costs levels at MIV level in comparison with domestic capital markets. Mr. Dominicé concluded that MIVs have successfully passed their first main test but are now exposed to "real" investor challenges.

Sophie WIESNER presented some highlights of the widely distributed ADA Discussion Paper No. 2, which reviewed the performance of seven top MIVs. The most notable observation is a continued double concentration practice; over the last few years, 86% of the funding of these established MIVs concentrated in the 250 largest and most mature MFIs and 78% of the funding concentrated in the 3 most mature microfinance regions

(Eastern Europe and Central Asia, Latin America and the Caribbean, East Asia and the Pacific). This concentration, however, is not without its own risk. Excess funding creates a pressure for MFIs to place their funds and pushes them to lower their lending standards. The ADA paper advocates for MIVs to support capital placements with high potential newcomers, while improving risk management capacities and also asks for more independent non-financial assistance of MFIs.

Mary Ellen ISKENDERIAN of Women's World Banking (WWB) concurred that there appears to be sufficient capital for microfinance available in the market, but cited research by CGAP which shows continued over-dependency on capital in hard currency. In addition, WWB research indicates a strong link between capital providers and MFIs' ability to remain mission focused.

WWB recently decided to place direct investments in its affiliated MFIs. Overall, MFIs need long term unsecured debt finance offered in local currency against a fixed rate that is transparent in pricing and comes with standardized reporting and covenants. Increasingly, foreign investors are living up to these needs. In case of equity placements it is critical that missions are aligned and that outreach, especially to women, remains a central objective. Currently, equity investors too readily rely on standard success models that tend to overlook a special focus on women, drive up average loan sizes, rely heavily on collateral and loan officer productivity and demand cutting expenses without considering long-term effects. Such models are in fact difficult to recognize as pro-poor strategies.

Cyrille PARANT'S main focus was that now with the commercialization of microfinance, it also has to adopt standard market instruments to move forward. The financial crisis has shown that microfinance cannot be considered a genuine asset class if there are no liquidity systems in place. Microfis was established to offer a Pan-European market platform for all investors. Such a market place could turn loans into securities, promote new issues and monetization and promote and provide permanent information disclosure. Such an open market place could deal with the current asset allocation challenges of MIVs by reducing their cash balances.

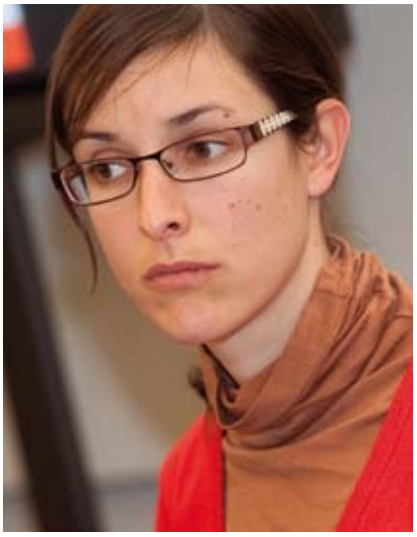
DISCUSSION AND CONCLUSIONS

During the panel discussion, Mr. Dominicé indicated that investors have never been as diversified as today in terms of MFI tiers. For instance, Symbiotics has a vast majority of its investments with Tier 2 MFIs and has had problems accessing the Tier 1 market. This is why Symbiotics created its bond platform, targeting the larger volumes and more sophisticated and competitive needs of that segment. An intermediating marketplace would run the risk of delinking investors and MFIs. Ms. Iskenderian agreed with that and added that an open market system would also make it more difficult to keep track of the social character of particular investments in the industry. Mr. Parant countered that the point is in creating a more efficient market infrastructure. This does not exclude issuing social bonds or financing second tier MFIs. Ms. Wiesner also underlined the need for much greater differentiation but also subscribed to the need to keep track of the actual quality of investments.

The floor discussion mainly focused on the issues of diversification and investing in second and even third tier MFIs. Some argued that current investment vehicles could become more effective by diversifying their loan products. Others questioned the availability of much additional investment potential in the first place due to clear signs of market saturation and client over-indebtedness in various parts of the world, often referring to the current crisis in Andhra Pradesh in India. Also some panellists saw potential saturation patterns in mature markets, but at the same time they identified more opportunities in specific markets such as in rural finance. Unleashing that potential may, however, call for intensified partnerships with other (non-financial) actors and stronger promotion of innovation in order to reduce investor risk.

RISK MANAGEMENT GATEWAY LIVE: SHARING COACHING EXPERIENCES FROM LEADING MFIs

Moderator	**Yves MATHIEU** (ATTF)
Panellists	**Alex SILVA** (Omtrix)
	Nawal KERDOUGLI (Open Space Risk Assessment for Microfinance Institutions)
Speakers	**Samuel GRAND** (ATTF expert, coach of Xac Bank, Mongolia)
	Dragisa LUKIC (Partner Microcredit Foundation with Yves Deceuninck, ATTF expert)
	Sami Ben ACHOUR (Enda Inter-Arabe, Tunisia)
	Sameh AL-MAHARIQ (National Microfinance Bank, Jordan with Yves Mathieu, ATTF expert)



The second contribution of the Risk Management workshop organized by ADA, ATTF and PRiM to the European Microfinance Week was a panel discussion about the coaching exercise which was organized in the framework of this workshop.

In addition to their participation at the workshop, microfinance institutions were given the opportunity to apply for some dedicated assistance under a coaching process delivered by Luxemburgish risk managers. This initiative is funded by the Luxembourg Ministry of Finance. Part of the agreement is that beneficiaries of this support have to present results of the coaching exercise during the following year's workshop to show participants the added value provided by this assistance.

This year four MFIs, following their participation in the 2009 edition of the workshop, presented their experience together with their coaches; Xac Bank from Mongolia, Enda Interarabe from Tunisia, Partner Microcredit Foundation from Bosnia-Herzegovina and Microfinance National Bank from Jordan. Two experts had been invited to comment on their experiences, Alex Silva of Omtrix, a Costa Rican consulting firm managing the risk management facility for Latin-America and Caribbean and Nawal Kerdougli of Open Space, a French risk management initiative with the purpose of setting-up a tool for self-assessment of risks for MFIs.

The MFI representatives and their coaches expressed their satisfaction about the method and recommended to participants to apply for this valuable experience, which for them led to concrete results and improvements.

REGULATION AND SUPERVISION OF MFIs: THE BASEL COMMITTEE INITIATIVES

Moderators	**Eric DUFLOS** (CGAP)
Speakers	**Castro Fritz YEROM** (Comisión Bancaria y de Valores, Mexico)
	Paul ARMBRUSTER (DGRV)
	César LÓPEZ (Latino Economic Development Cooperation)
	Eric EKUÉ (Independant microfinance consultant)

This session took the form of a question and answer discussion between the moderator, the panellists and the floor. Eric DUFLOS kicked off the discussion by explaining that the Basel Committee on Banking Supervision (BCBS) was formed by the central banks of the G10 (later G20) countries to set capital adequacy standards, agree on the principles of supervision and regulate cross-border supervision. It is expected to guide on financial inclusion in a broader context, such as prudential regulation of savings of the poor and it has recently developed a specific document to promote adaptation of the core principles of effective banking supervision to microfinance (http://www.bis.org/press/p100830.htm). The main question of this session was whether we see a clear role for BCBS in the field of microfinance in the context of a changing world, where global standard setting bodies are increasingly looking at financial inclusion, and not just stability.

Paul ARMBRUSTER suggested that this initiative should be welcomed as a first step to deal with a persistent and major global challenge in the industry; massive savings intake by non-regulated and non-supervised MFIs. Over time this may constitute a major threat to the stability of domestic financial systems. At the same time it would seem utopian to expect that all MFIs can be effectively supervised. A possible solution is to design delegated (indirect) supervisory systems without actual formal delegation of authority to third parties.

César LÓPEZ explained that in Latin America supervisors are struggling with financial institutions that in fact operate outside the formal financial system. Extending conventional supervisory practices is currently too expensive. A phased approach is now gradually being introduced that will not directly penalize non-licensed entities but rather work with them towards the introduction of core

principles. Castro Fritz YEROM added that many conventional supervisory rules cannot be effective for smaller MFIs. Whereas Basel rules continue to apply to regulated financial institutions, the major task ahead for the non-regulated ones is first to agree on a common language and to put in place a system of incentives that promote IMF's to invest to become better financial institutions, as is presently pursued in Mexico. He concurred that this is a costly affair but believes it would cost even more to the countries in the long run if they do not do it.

Panellists agreed that, in theory, all institutions that take deposits from the public need to be subject to prudential supervision to maintain the integrity of the financial system and protect people's savings, but that in order to be effective, sophisticated differentiation is required, tailor-making supervision to levels of licensing, volume of activities, maturity of the institution, size of loans, etc. This will not be an easy task though, explained Mr. Yerom. Supervisors are often considered personally responsible if they, for financial inclusion objectives, issue minimum prudential standards that are not sound enough and even though he considered that in México the regulators had been able to work without political interference it takes a strong effort at times to do so. At the same time we should be careful not to under-estimate the challenge. Although in Mexico only 2% of the market appears to be non-regulated, it is important to create a well regulated and supervised financial system that is able to offer a variety of financial services, including deposits to all citizens.

The discussion came to focus on the relationship between stability and inclusion - the need to maintain system integrity versus the need to include more clients that are reached by non-regulated entities. Eric EKUÉ pointed to the many issues faced by microfinance practitioners, some of which result from a basic lack of understanding at the level of central banks on how microfinance works in practice. Rigid application of rules runs contrary to the objective of financial inclusion. Realizing that repayment rates in the industry are around 96%, it remains difficult to consider non-regulated entities as a systemic risk. More useful would be to set in motion a learning

curve that focuses on a simple yet effective design of key performance indicators and train practitioners and supervisors alike to work with those. In West Africa, the BCEAO and its partners are working towards that end. Mr. Ekué indicated that supervision does mean additional costs, but that these are low in comparison to the costs of social unrest caused by the default of a major financial institute. Furthermore, these costs of supervision could be reduced by the implementation of an efficient risk-based monitoring system and improved coordination.

Discussing what European actors could do to support such initiatives, the panel discussion revealed various options; prevent over-indebtedness through the introduction and intensive use of credit bureaus, focus on client education and protection, strengthen enforcement, act against perpetrators and offer expertise particularly from the realm of the cooperative banking sector in Europe. Finally, supporting supervisory capacity of central banks was seen as an important priority. CGAP's role could be to help avoiding duplication of funders support strategies.

The floor discussion suggested that on some points, further consideration could be helpful. First, supervisory agents and their supporters could do more to curb the present trend for very fast outreach and quick returns. This numbers game is unsustainable in the long run. Second, we should realize that efforts to broaden regulation are often stimulated by actors that have little understanding of the workings of microfinance; expansion without knowing the market also holds little promise for the future. Third, introduction of functional credit bureaus is more easily said than done. Who is to do that; who will pay for it; how will clients, often not understanding the very concept, benefit from it? A fourth point of consideration is how to extend regulation to the telecommunications sector? In México, Mr. Yerom explained, this is approached by enforcing that mobile accounts can only be offered in joint ventures between banks and telecoms.

Overall, panellists and participants agreed that there is a need and rationale for a progressive system of regulation and supervision that takes into account supervisory capacity to ultimately ensure that the poor have access to safe financial services. However, panellists argued against forms of self-regulation. There can only be one financial sector at the end of the day and as Mr. Armburster pointedly stated, "we do want the informal financial sector to become formal".

MICROFINANCE INSTITUTIONS AND MICROINSURANCE: DOES IT WORK?

Moderator	**Veronique FABER** (Microinsurance Network/ADA)
Speakers	**Bert OPDEBEECK** (BRS)
	Mathieu DEBRUEIL (Planet Guarantee)
	Craig CHURCHILL (Microinsurance Network/ILO)

PRESENTATIONS

Veronique FABER began by explaining how MFIs are among many possible agents for microinsurance. She indicated how this session would look into how and why MFIs should be involved in microinsurance and suggest possible ways forward.

Craig CHURCHILL discussed how MFIs offer insurance products for various commercial reasons, such as lowering credit risks, diversifying income streams and enhancing client retention and for social reasons, such as reducing vulnerability or improving client welfare. The balance between these motives strongly influences the type of products offered and the structure chosen. Although insurance offers MFIs the opportunity to reach new clients, it also requires a different approach. There are various reasons why an MFI may opt against offering insurance products, including the perception that it is an inefficient or expensive way of addressing client risks, it requires different skill sets from savings and credit provision; the MFI may not want to be distracted from its core competencies.

MFIs can self-insure, enter in a partner-agent model with an insurer, become a microinsurance broker, or create an insurance company. The most suitable institutional model depends on the MFIs size, the kind of products and the type of clients. Self-insurance only works for simple products and large MFIs, who need to avoid investing insurance premiums in loan portfolios. The main difficulty in the partner-agent model is the relationship between MFI and insurer. For this it is important that insurers work with MFIs that can offer insurance separately, that insurers are closely involved to understand client needs, to reduce exclusions, to assign claim handling to the MFI (for basic products), to track data premiums and pay-outs and to share profits. Regarding products, Mr. Churchill indicated that credit life is a good basis to educate people about insurance, but policy holders need to know they are insured, coverage should be extended beyond the loan-size and it should be aligned with other MFI products. Linking it with credit has limited potential, as clients do not always want to be in debt. He explained that demand for health insurance is high. As it is highly complicated perhaps MFIs could focus better on basic products such as hospital cash and health savings accounts. In conclusion, Mr. Churchill recommended MFIs reflect on their objectives; insuring clients also means protecting the MFIs own assets and showing the importance of insurance products to MFI front-line staff.

Mathieu DUBREUIL presented the implementation of credit-life insurance in Senegal. Planet Guarantee acts as the link between the reinsurer in Europe, the local insurer and the MFIs in Senegal to offer a basic credit life scheme, but with extended coverage and compulsory insurance. Building trust was central to their efforts, by reducing the number of exclusions, by integrating benefit sharing and training to management and closely monitoring contract claim to premium ratios.

Mr. Dubreuil mentioned several lessons learned. Firstly, there exists a large need for staff training to build their knowledge, improve their communication with potential clients and clear supportive documents are needed at the local branch level. Secondly, to facilitate membership processes and cope with the lack of formal identification systems, group leaders certify information for individual members. Planet Guarantee also work with paper contracts as a means of verification. Thirdly, claim settlement processes proved beyond the capacity of some MFIs, which has implications for progressing to more complicated products. Additional weaknesses of the product are how to cover more complicated risks for clients without unsustainable insurance costs and how to ensure the durability and exclusivity of the relationship with the distributing MFI.

Bert OPDEBEEK presented the possibilities of self-insurance and starting an insurance company through cooperative systems. Since the 1970s, the World Council of Credit Unions (WOCCU) has been working on loan and saving protection schemes with Savings and Credit Cooperatives (SACCOS). Although not called microinsurance, the scheme offered a microinsurance cover to members in case of death or disability. The support of WOCCU was needed to allow national insurance federations of the SACCOs to build up their capital base. The increasingly autonomous federations continue to insure many members, but due to reduced international support and as AIDS increasingly became a problem, premiums increased strongly. Now they face requests from clients for increased coverage and more complicated insurance products, but meeting these requests requires institutional changes to comply with different legal requirements and risk management practices.

Federations opt for different institutional options to meet these challenges. One is creating a SACCO owned life-insurance company, while the other is ceding part of the risk to a formal insurance company. The main bottlenecks for credit cooperatives to provide their clients with their own insurance coverage are technical capacities, the start-up capital needed and the limited ability to take up new products based on client needs. A cooperative system of insurance can help to monitor better the actual needs of claimants.

DISCUSSION AND CONCLUSIONS

The floor discussion turned to question whether SACCOs can use their own social funds to pay for the same costs they could potentially ensure and if that would not be safer with less organisational capacity. Mr. Opdebeek responded that he agreed, but pointed to the limited initial capital availability of such funds, which will not be able to meet many member needs. The floor discussion then shifted to the reasons for insurers to work with MFIs on these bottlenecks. Mr. Churchill mentioned the large client base of MFIs, the trust they enjoy and the frequency of contact. However, for effective cooperation MFIs should focus on insurance products that make sense to the clients and the MFI and those that offer them opportunities for cross selling. As MFI clients are usually relatively poor, they form a risk pool which only allows covering basic costs. For further extended benefits cross subsidising would be needed at the level of the insurance companies.

The moderator concluded that microinsurance beyond credit life is a difficult service to provide for MFIs, which requires a different set-up and insurance expertise. MFIs and partners need to monitor the process and keep in close communication to understand needs at different levels and to make the necessary product and process adaptations. Crucial elements of a successful and low-cost service are furthermore quick and efficient claim handling to build client trust, efficient MIS and appropriate technology. Another issue is that not much microinsurance relevant data is available, but data history will be created as our experience with microinsurance increases.

MICROFINANCE AND CLIMATE CHANGE: THE CHALLENGE FOR MICROFINANCE INSTITUTIONS

Moderator	**Matthias ADLER** (KfW)
Speakers	**Alberic PATER** (Triodos Facet)
	Pascale GESLAIN (Planet Finance)
	Daniel PHILIPP (Microenergy)

PRESENTATIONS

Matthias ADLER opened by referring to the many interventions on energy-efficiency and coping with climate change and to the Cancún Conference (COP 16), held in parallel to European Microfinance Week. He expressed the need and opportunity for MFIs to get involved in this area, usually perceived as beyond their scope and that this panel could help to establish a framework for this.

Alberic PATER introduced the e-toolkit which Triodos Facet developed for FMO. FMO was interested in adapting its existing sustainability management tools to the microfinance context. The toolkit helps MFIs to develop and implement a social and environmental risk management system. To address the expected need for training an accompanying e-learning kit was developed. As a product in development, the tool-kit offers possibilities to add extra modules, such as on client protection. MFIs which have used it report positive feedback: the toolkit makes complex issues more concrete and tangible. The toolkit appeared especially relevant to those MFIs focusing on small enterprise development. Although several MFIs are interested in this type of toolkit, Mr. Pater observed that last year issues such as risk management tools and client protection were given priority. Taking this into consideration further promotion and incentives are needed, such as a reduction in interest rates for MFIs which have implemented the tool.

Pascale GESLAIN presented Planet Finance's recent energy related projects. In China, Planet Finance promoted biogas access and assisted MFIs to implement relevant financial models. In Bangladesh and Indonesia, the focus was on new financial models and solutions targeting more beneficiaries, involving new stakeholders and donors, exploring the role of MFIs in the field of renewable energy and training and support to end-users. Lessons learned were that MFIs need financial and technical support for energy-related projects and that technical partnerships with energy actors (public and private) are an important way forward. Furthermore, appropriate institutional frameworks and infrastructure for promoting and implementing projects, as well as full support from donor and policy-makers, are needed, through subsidies and funding. Ms. Geslain stressed the opportunities of energy-efficiency and energy access as a trigger for local employment generation and development of technical expertise. She also sees the potential of toolkits such as the one presented by Mr. Pater to raise awareness among MFIs and to offer a platform to develop additional modules on new, green financial services.

Daniel PHILIPP presented Microenergy's programme in Peru, which is developed in partnership with ADA. The programme aims at increasing access to sustainable energy services for vulnerable populations by supporting the integration of energy products in MFI portfolios. Peru was selected for the programme because of its well established and strong MFIs and the state of its energy sector regarding technology, prices and network. Its rural-focused pilot project provided energy products, such as solar dryers and improved ovens to be used for income generating activities.

Mr. Philipp acknowledged that finance for energy-efficiency is a pioneer field which still requires much awareness-raising as few MFIs currently offer loans for energy products in spite of the benefits to clients. The pilot in Peru showed increased productivity and incomes, a shift to energy-efficient solutions and long-term benefits, such as reduced exposure to smoke. The social return of such schemes can also be significant, including energy inclusion of the poor, promotion of local development and lowering of carbon emissions. Benefits for investors lie in profit sharing, also keeping in mind that these programmes can generate carbon credit revenues. To reach sufficiently large revenue levels, he stressed the need to scale up the project and to install mechanisms to monitor how much carbon reduction takes place at the micro level.

DISCUSSION AND CONCLUSIONS

The floor discussion questioned how local governments are involved and interested in projects involving climate change and energy-efficiency. It was concluded that such involvement remains mostly limited to large-scale problems, such as natural disasters. Awareness-raising is needed at the local government level and is a topic worth investing in. At the European level, there seems to be a lack of political will and mechanisms to promote such practices. Another topic addressed was the extent to which equipment maintenance is included in the framework of projects. It was clarified that long-term financing is needed in such projects and that there is a need to focus on appropriate technologies and to establish standards in the quality of equipment delivered to clients.

Matthias Adler concluded by highlighting how combining microfinance and green finance means that MFIs protect clients and help them live a healthier, more social and environment-conscious life. It is a field where there is great potential for product development, such as those described in the presentations. These also showed the potential of microfinance to engage in cross-cutting issues and address the lack of technical expertise among MFIs and their limited awareness of social and environmental risks that clients face. It was further emphasized that the presentations addressed important issues regarding climate change, but themes such as the impact of climate change on clients and the consequent importance of micro-insurance need to be further explored.

MAKING MICROFINANCE INVESTMENT RESPONSIBLE: INTERACTIVE DISCUSSION ABOUT THE NEWLY PUBLISHED "EUROPEAN DIALOGUE"

Moderator	**Bonnie BRUSKY** (Independent microfinance consultant)
Speakers	**Cécile LAPENU** (CERISE/e-MFP)
	Catherine BELLIN-SCHULZ (SIDI)
	Frances SINHA (M-CRIL)
	Antonique KONING (CGAP)
	Jessie GREENE (Triple Jump)
	David DEWEZ (INCOFIN)
	Sofie DESMET (Alterfin)
	Philippe GUICHANDUT (Grameen Crédit Agricole Microfinance Foundation)
	Marieke DE LEEDE (SNS Asset Management)

PRESENTATIONS

All speakers briefly introduced themselves and their contribution to e-MFP's "European[2] Dialogue No.3" through questions put forward by the moderator. The aim of the meeting was to also discuss how MFIs and MIVs can use the results. Antonique KONING insisted on the need for more transparency on investor's financial and social performance as a way to move towards more responsible investing. MIVs have built consensus on a core set of disclosure guidelines to harmonise reporting across MIVs to facilitate comparison and benchmarking. The European Dialogue article of CGAP reports on Environmental, Social and Governance (ESG) performance collected in the 2009 MIV survey based on this harmonised set of indicators. Ms Koning also reflected on the question of the need for third party verification of data reported by investors, similar to financial and social ratings that exist at MFI level. As with other information services and ratings, there are questions around sustainability and investor demand. One of the conclusions of a workshop on this topic earlier in the week was that full investor transparency including a policy of "truth in advertising" should be the first priority.

Frances SINHA introduced the rating of MIVs, piloted by M-CRIL and supported by Anthos Amsterdam and SDC. The MIV rating mirrors MFI level ratings covering issues of financial and social performance. The rating is both a qualitative judgement, as well as an assessment of the data available. Blue Orchard, Oikocredit and Incofin were MIVs participating in pilot ratings. These showed strong financial risk management and monitoring systems in place, with social performance policies and monitoring largely being "work in progress" which the MIVs, as social investors, are beginning to integrate into their investment systems. The opportunities for engagement with MFI investees are stronger for equity investors. Nevertheless, all are systematising their approach to social screening and monitoring.

Cécile LAPENU presented the Social Audit tool for MIVs (SAM), which has been pilot-tested with Oikocredit. Social audits are more internal tools compared to rating; they build awareness and foster internal reflection to allow MIVs to take stock of their practices, strategies and social impact. They can effectively serve as a management tool to guide investment decisions. They can reveal a fund's comparative advantages, thus helping the MIV stay focused on its social objectives. SAM has been designed by CERISE to promote socially responsible investment in microfinance. The tool assesses MIV's strategy, investee social performance and social responsibility. Much is geared to self-responsible finance/investment and in this respect avoiding over-indebtedness, for example, is an important issue.

Laetitia HAMON explained LuxFLAG's approach towards integrating a Social Dimension into its Microfinance Label. She stated that in order to do so, LuxFLAG first had to tackle four main challenges: i) understand what is meant by social impact, ii) ensure data integrity, iii) have an in-depth knowledge of the specificities of each Microfinance Investment Vehicle and last but not least, iv) express a judgment on the indicators used by MIVs. In view of the challenges listed above, LuxFLAG chose a flexible and adaptable approach based on ensuring that MIVs: i) include

2. See http://www.e-mfp.eu/sites/default/files/resources/documents/Dialogue_European_No.3.pdf

social performance objectives in their investment objectives, ii) use generally accepted social performance indicators, iii) regularly monitor the social performance of their portfolios, iv) and report at least on an annual basis to its investors and indicate for given MFIs whether they have been subject to a social rating or audit.

Catherine BELLIN-SCHULZ presented how every investment officer is involved in the social performance reporting process while implementing the work plan with partners. She presented SIDI as a social investor founded in 1983 by the French NGO CCFD Terre Solidaire. SIDI has institutional shareholders but also individual shareholders (e.g. French citizens). When investing in SIDI, shareholders expect social, not financial returns. Mrs. Bellin-Schulz focused on SIDI's institutional level by further explaining the social performance report and showed how it is compiled and focuses on the partner level and how the investment officer can follow the process.

Sofie DESMET explained that within Alterfin's vision and mission, social performance is at the core of microfinance. Apart from financial criteria, each investment has always been evaluated on the basis of social criteria. Since 2007, Alterfin has been reporting on social performance on a yearly basis, adapting the tool to be consistent with the MIX and including the client protection principles. Alterfin wants to encourage further dialogue with all stakeholders involved (partners in the South, shareholders, MIV's and the microfinance sector as a whole).

David DEWEZ, from Incofin, mentioned that Incofin has more than four years experience using the ECHOS © tool as part of their due diligence process. Incofin has learnt, among other things, that smaller loan size does not necessarily result in better social performance. Mr. Dewez mentioned 16 of the indicators (out of the 43 used by Incofin) to be significant. Among those 16 indicators are 4 (out of 6) customer protection principles. The main finding is a positive correlation between financial and social indicators, confirming the double bottom line nature of the sector.

According to Jessie GREENE, harmonisation has not yet been fully achieved, as different actors work with different tools. For reporting it is important to harmonise criteria and standards. She added that there is a lot of goodwill and a positive movement to achieve this.

Together with a working group, Marieke de LEEDE from SNS Asset Management contributed to the development of the Investor Principles in Inclusive Finance[3]. This initiative aims to strengthen the movement towards responsible finance and to encourage sustainable growth of the microfinance market. The seven Principles stimulate innovation (i.e broaden the scope of inclusive finance); promote the protection of clients; encourage fair treatment; support integration of essential ESG elements into investment analyses; promote transparency; strive for balanced returns; and encourage cooperation between different investors in inclusive finance. The Principles will be officially launched on January 27, 2011.

Philippe GUICHANDUT mentioned that Grameen Crédit Agricole Microfinance Foundation (GCAMF) worked together with CERISE on the application of SPM principles and due diligence. The Foundation systematically includes a social performance assessment of the MFI using SPI but also considers the social performance of the GCAMF offer, by performing an assessment of the added value of an investment in relation to GCAMF's strategy and positioning. Among the lessons learned are:

- Practical to use tools and links
- Social measurement is familiar among organisations, but some confusion becomes apparent concerning different concepts and tools of social performance
- Tier 2 and 3 MFIs often lack the management capacities to cope with social performance management and therefore there is a need to slowly bring the concept to the MFI partners
- Comparing partner MFIs seems to confirm that MFIs with a high social performance score also tend to be those with a high financial score – or at least with an above-average "institutional strength" performance.

DISCUSSION AND CONCLUSIONS

A remark from the floor identified a strong reliance on self-reporting and a low level of analysis by the investors in funds. This is perceived as a risk as it requires a high level of trust in the intermediaries. Ms. Greene replied that Triple Jump, as an investor, visits partners during their due diligence to discuss issues of social performance, client protection, effective interest rates etc. Ms. Sinha added that due diligence by investment officers can be supported and validated by specialised rating agencies; in turn at the MIV level, rating on financial and social performance serves to highlight areas which investment funds can include in their own agreements and reporting. Mr. Guichandut added that trust is crucial and that it is important that investors share experiences and information on MFIs

3. These Principles are the initiative of a core group of investors and Her Royal Highness Princess Máxima of the Netherlands, UN Secretary-General's Special Advocate for Inclusive Finance for Development. They developed the Principles with a broad group of investors together with UNPRI and in consultation with CGAP and other industry players.

instead of only looking at each other as competitors. Joint efforts are necessary to strengthen communication among investors for the benefit of MFIs. Mr. Dewez mentioned that the treatment of social performance is different when conducting equity investments compared to debt investments. Debt investors have a more limited role to play compared to equity investors, especially those participating at the Governance of the investee MFIs. He mentioned that this distinction is often not considered.

Ms. Lapenu explained that experience shows that working on social performance helps investees to build a stronger profile vis-à-vis potential investors, enabling them to choose between the investors. When asked why most of the responsibility is put on the shoulders of MFIs, Mr. Guichandut and Mr. Dewez replied that there are also criteria for investors and that they are also expected to support good practice within the MFIs with whom they work.

Ms. Brusky and Ms. Lapenu concluded by referring to e-MFP's European Dialogue as a "work in progress", next steps on harmonising indicators and checklists are being discussed among the stakeholders and other parties are welcome to join.

PRESENTATION OF THE THREE FINALISTS OF THE 3RD EUROPEAN MICROFINANCE AWARD ON VALUE CHAIN FINANCE

Moderator	**Joost DE LA RIVE BOX** (NEDWORC/Terrafina)
Speakers	**Selma JAHIĆ** (Partner Microcredit Foundation)
	Tesfaye BEFEKADU (HARBU Microfinance Institution)
	Roberto CASANOVAS (IDEPRO)

PRESENTATIONS

Joost DE LA RIVE BOX introduced the three finalists of the European Microfinance Award, selected from an initial 32 applications from 20 countries. He expressed his pleasure that the 3rd European Microfinance Award focused on value chain finance. It enriches microfinance by focusing on competitive agriculture to boost rural economies, on real income increases for poor farmers and on addressing gaps facing the sector. Although many international value chains are well financed, the more one moves to the local level and local chains, the more limited is value addition and access to financial services. Dilemmas facing value chain practitioners include increasing local value addition, building horizontal and vertical linkages, mitigating risks, designing appropriate financial instruments and building capacity without threatening the viability of MFIs. Mr. de la Rive Box further commented that we need to consider if there is a place for MFIs and if smaller institutions have the capacities to engage with value chains. Moreover, an additional dilemma is how much value chain finance

fits with a focus on poverty. He indicated that the following successful cases would shed more light on many of these questions.

Selma JAHIĆ of Partner Microcredit Foundation in Bosnia and Herzegovina began by presenting the Rural Employment Generation Activity Initiative (REGA). REGA is focussed on rural development, self-employment and improvements in household income. REGA builds public-private partnerships to promote the development and expansion of the fruit sector. The project provides financial services and technical assistance and liaises with farmers, cooperatives and other market participants in charge of marketing the

product, mostly in EU countries. Partner, in cooperation with USAID, has created a new agricultural loan to provide financing for soft fruits cultivation, so called "Fruity Loans". The benefits for farmers include below-market interest rates, linking farmers with buyers, processers and farm cooperatives, technical assistance soil analyses during the implementation of the project, financial education for all participants and access to certified seeds. All those activities are aimed at preparing and enabling producers to export fruit according to market requirements and as such, also to ensure the financial sustainability of the project.

Tesfaye BEFEKADU explained how Harbu MFI, an Ethiopian MFI, boosts agricultural productivity and agricultural marketing by supporting value chain development and access to financial services to reduce rural poverty and food insecurity. The initiative presented concerns the financing of a soybean value chain in response to market demand generated by a shortage of cow milk in the Jimma City area. The joint initiative with its partner, Facilitator for Change, started with 240 farmers and was built on the basis of strengthening horizontal linkages with farmer marketing organisations and vertical linkages with women's associations processing soy into soy milk and retailers. Harbu developed loan products across the value chain, such as agriculture loans so farmers can buy the needed inputs, working capital to farmers associations to purchase the produce and for first processing and lease financing for processing machines and working capital to women's associations.

The initiative created market opportunities for poor farmers and reduced their dependence on a single crop. It also created employment opportunities for urban women and youth and proved a viable line of business for the MFI. Simultaneously it contributed to the improvement in family food security and child nutrition.

Roberto CASANOVAS of IDEPRO, a Bolivian MFI, explained how his organisation aims to improve the productivity and competitiveness of small producers through financial and non-financial services. IDEPRO's initiative presented involved financing the quinoa chain in Bolivia's Oruro and Potosí departments. Here, at least 15,000 families are involved in its production and quinoa production contributes considerably to family income. Quinoa, a nutritious grain, has a growing demand in local and international markets. Previously, the chain was characterised by informal contracting arrangements, limited negotiation power and skills of producers and limited value added. As such, by supporting this chain a large development impact could be made. The main beneficiaries of the initiative were 271 quinoa farmers and four primary processing companies, which are IDEPRO's clients. These processors collect quinoa and process it into "quinoa pearl", which is mostly exported to European and North American markets. Tripartite agreements between farmers, processors and the MFI facilitated the production of quality organic quinoa and ensured the inclusion of small producers in the value chain by creating win-win situations. Issues remain on how to upscale such initiatives and how to apply them to other value chains.

3rd EUROPEAN MICROFINANCE AWARD CEREMONY

Moderator	**Steve KARIER**
Speakers[4]	Welcoming remarks by **Philippe MAYSTADT** (President of the European Investment Bank)
	Video address by **Andris PIEBALGS** (European Commissioner for Development)
	Address by **HER ROYAL HIGHNESS THE GRAND DUCHESS OF LUXEMBOURG**

ADDRESSES

Philippe MAYSTADT, the President of the European Investment Bank (EIB), expressed his gratitude for the presence of Her Royal Highness the Grand Duchess and her ongoing support to microfinance. As a founding member, the EIB has been involved in the development of the European Microfinance Platform from the start and he expressed his belief that it is an excellent platform for sharing experiences. He reflected on the 2nd European Microfinance Award, whose ceremony was also hosted at EIB, which highlighted initiatives in social responsibility in a timely manner for the industry. Indeed, the recent financial crisis and its repercussions in different parts of the world have underscored the need for additional considerable work in the area of responsible finance, client protection and effective regulation. In this area, the Client Protection Principles promoted by The Smart Campaign can play an important role in making the sector fair.

In 2010 the award focused on innovative and effective value chain finance and sustainable rural development. Mr. Maystadt explained how the EIB also supports innovative microfinance funds, such as Rural Impulse Fund I and II or FEFISOL, with a strong focus on financially sustainable microfinance institutions operating in rural areas. He expressed his belief that microfinance can be a vital tool to achieve social inclusion and viable rural economic development in a socially responsible way. The selected finalists have demonstrated remarkable innovation in the delivery of high impact financial products to farmers and agro-businesses.

A short documentary on the 2008 European Microfinance Award winner, Buusaa Gonofaa, shed light on the meaning of poverty and the importance and different uses of microfinance. Microfinance should meet the specific needs of diverse clients. Buusaa Gonofaa's social performance management system, which is implemented in the entire loan cycle, provides the necessary information to meet client needs better and facilitates a realistic view of what microfinance can and cannot be expected to achieve.

In his video address, Andris PIEBALGS, the European Commissioner for Development explained that microfinance can be an important tool for development. He stated that he is proud of the development of the sector in the past years, with strengthened institutions, better links with private actors, greater outreach, new products and increased efforts for social performance and impact evaluation. Microfinance is one of the building blocks for the development of SMEs and communities, both for increasing incomes

4. Due to unscheduled important meetings, Luc FRIEDEN, Minister of Finance, Luxembourg had to be excused

and for increasing resilience to external shocks. To bring out its full potential, further product development, strengthened local support systems and institutions are needed. The European Commission supports this development, in building leverage with the private sector, in supporting innovative projects that target the poor, by working with development oriented actors and by building the necessary institutional structures. This is done through several projects, such as the EU/ACP Microfinance Programme and by supporting microfinance programmes in fragile states.

Value chain interventions show the importance of a multi-stakeholder approach to sustainable development at a local level. However, Mr. Piebalgs believes that value chain interventions remain at a pilot level and further insights into best practices are necessary. For that reason, he thanked the finalists for their valuable projects.

In her address to the audience, HER ROYAL HIGHNESS THE GRAND DUCHESS OF LUXEMBOURG explained that the sector has to show to critical voices that microfinance is a useful tool in economic development. Microfinance is one of the tools the poor need to break their vicious circle of poverty. She herself witnessed the difference that access to finance can have during visits to rural Bangladesh with Dr. Muhammed Yunus. She explained how between two visits to the same village, she saw how lives had been transformed by the products and services that Grameen bank offered. This experience made her increasingly interested in practical tools for poverty eradication. Her Royal Highness The Grand Duchess of Luxembourg expressed her belief that this award can contribute to showing the important contribution microfinance can make. She took the occasion to thank the organisers, the jury and all the applicants.

The moderator then introduced Roshaneh ZAFAR, of Kashf Foundation in Pakistan, President of the 3rd European Microfinance Award Jury. Ms. Zafar explained how difficult it had been to make a decision between all the interesting and innovative projects. In her view, poverty is not necessary in our world and she believes value chain finance can help to achieve sustainable development benefiting the poor. Vertical and horizontal linkages and innovative products, services and approaches are needed to allow MFIs to become active at this microfinance frontier. After briefly introducing the three contestants to the audience; Selma Jahić of Partner Microcredit Foundation, Tesfaye Befekadu of Harbu Microfinance Institution and Roberto Casanovas of IDEPRO (further information on the projects is given on page 25), the winner was then announced - Harbu MFI.

WEDNESDAY 1ST DECEMBER 2010

PLENARY: CHALLENGES OF INNOVATIVE FINANCIAL INCLUSION

Moderator	**Pierre van HEDEL** (Managing Director Rabobank Foundation)
Speakers	**Kimanthi MUTUA** (Founder K-Rep Group)
	Bernd BALKENHOL (Director Social Finance, ILO)
	Edvardas BUMSTEINAS (ACP Department, EIB)

PRESENTATIONS

Pierre van HEDEL welcomed and introduced the speakers and invited the audience to come forward with creative and direct questions in order to have useful outcomes from the session.

Kimanthi MUTUA introduced the K-Rep Group as a development organisation, of which the K-Rep Bank is one of the main operating arms. He presented developments regarding financial inclusion, as well as recommendations for progressing forwards. Among the innovations is the transformation of MFIs into regulated financial institutions as well as many new products, such as value addition to community-based enterprises. In addition, the increasing prominence of investment clubs, the reduction in cost structures and interest rates and increasing efficiency of institutions are revolutionising microfinance in Kenya. Mobile banking systems such as M-Pesa have triggered a range of new ICT developments that are linking banking and payment systems for goods, services and utilities and opening access to many more customers. Ihub was mentioned as a forum for entrepreneurs wishing to leverage mobile technology. For the future, this implies a need for appropriate policies and regulations and support for innovative initiatives and a need to further deepen outreach.

Edvardas BUMSTEINAS posed the question "Why Innovate?" His presentation highlighted that Sub-Saharan Africa is only receiving 7% of the MIV investments; that a CGAP study pointed to the enormous gap in number of branches of financial services between Sub-Sahara African and the rest of the world; that this region is underserved by insurance services and that it is most impoverished. Among the challenges and opportunities with which Mr. Bumsteinas concluded are:

- Reputational issues for funders (both public and private), requiring longer-term solutions and smart regulation; the e-MFP can play an important role in this respect
- Capacity building assistance is key; developing qualified local staff, management and IT systems
- M-Pesa as an example of a good mix of innovation, capacity building and development of regulations; what started as a pilot proved to work and is now endorsed by commercial banks.

Bernd BALKENHOL challenged the title put forward by the organisers, saying that innovation raises expectations rather high, putting in the shade the numerous, maybe more modest changes that people and organisations are achieving day by day. He referred to examples such as funeral insurances in Africa and education in using remittances of domestic workers in Indonesia. Mr. Balkenhol sees the following challenges in innovation; what are the benefits for the clients, how to measure social performance and how MFIs can pursue social objectives in a competitive environment that requires profit-orientation. It must not be about either financial or social performance, but about a range and diversity of services, supported by appropriate policies and regulation. Smart subsidies are required for institutions that can lead innovation and performance, based on incentives and which are not market-distorting. He concluded by saying that our expectations with respect to self-financing of the sector can lead to over-simplification of the access of MFIs to finance for innovations to increase outreach. We now have to become more realistic, learn our lessons and differentiate between different segments in the industry.

DISCUSSION AND CONCLUSIONS

The floor discussion first turned to the statement of Mr. Balkenhol that small MFIs are likely to have problems in the future and whether MFIs need to be big to be sustainable? He did not agree that sustainability only relates to size of a particular MFI and commented that we should be able to build systems or groups of smaller MFIs to reach economies of scale to engage in innovation. The second point of discussion was the impact on the microfinance sector of commercial banks entering the sector in Kenya. Mr. Mutua responded that there are many new customers and that the participation of banks has also created much new access.

Mr. van Hedel challenged ILO about its apparently new stance in the debate, siding more with enterprises rather than employees and clients. Mr. Balkenhol replied that in the social performance debate, ILO aims at opening up more job prospects and improving job-security, as well as good labour conditions.

Based on a remark from the floor, the discussion next focussed on a possible negative backlash in countries like India and Mexico. This could lead to the public losing trust in microfinance and a reduction of funds from the North. Mr. Mutua agreed that there will certainly be a change; a number of smaller players will disappear and bigger ones will become more dominant. At the same time there will be a significant increase in local funds becoming available, while funds from the North are likely to stabilise. Compared to the growing monoculture of MFIs, there is certainly a challenge in diversification and in the debate on social versus financial performance. Mr. Bumsteinas added that the microfinance industry should continue placing a strong emphasis on outreach to rural areas. In well regulated environments, smaller players should be able to apply different financial and technological models facilitating access to finance on a sustainable and responsible basis.

RESPONSIBLE MICROFINANCE: HOW NETWORKS CAN DEFINE AND IMPLEMENT THEIR STRATEGY

Moderator	**Piotr KORYNSKI** (MFC)
Panelists	**Cécile LAPENU** (Cerise)
	Frances SINHA (EDA Rural Systems, India, and member of Imp-Act Consortium/SPM Network)
	Francisco de HOYOS (Prodesarrollo)

Piotr KORYNSKI explained the objective of this session; to discuss the role of networks in responsible microfinance. He considers that networks are by nature involved in information exchange, setting standards and communicating on good practices and should play a strong role in responsible microfinance.

Cécile LAPENU began her presentation by advocating for a more coherent social performance strategy framework for networks, based on the needs of the end-clients, MFIs, members and local context (and not just tool-driven). Actors should work more with networks, as they are key players in the sector and are needed to scale up. She sees three key roles for networks in advancing social performance; awareness/advocacy, transparency and capacity building. In order to support these roles, Cerise, in partnership with MFC and the Imp-Act Consortium, developed the Decision tree, a tool to empower networks in defining their own SPM strategies. She explained how, in 2010, it has been tested with MCPI (Philippines), AEMFI (Ethiopia) and RFR (Ecuador). These pilots showed how different players can be drivers for SPM and how networks come to different solutions based on this approach. Further tests are planned in East and West Africa in 2011. The final distribution will take place at the Social Performance Taskforce meeting in 2011.

Frances SINHA discussed how important it is to integrate SPM into mainstream microfinance capacity building. The current crisis in Andhra Pradesh, South India, demonstrates the critical relevance of MFIs not only managing their growth and financial performance, but also putting mission and social values into practice, in other words social performance management. Mainstream training in microfinance covers core elements of governance and management. Imp-Act's strategy in training for SPM is to work with technical agencies to integrate social performance issues into mainstream training and to adapt materials and examples to include best practice for responsible, inclusive and sustainable microfinance. In cooperation with technical agencies around the world, Imp-Act has developed a series of technical guidance notes that guide users on integrating social performance as part of risk management, staff incentives and internal control. Further technical notes, including social performance as part of balanced governance and strategic planning, will be available during 2011. These guidance sheets are particularly relevant for networks concerned with promoting capacity for responsible microfinance, as well as for technical service providers, donors and consultants.

Francisco de HOYOS, provided the audience with feedback from the workshop organised on the 29th November with different networks (national, regional and global). This workshop aimed to express the views and concerns on responsible microfinance from a networks point of view; what is it, how to promote it and to create a collaboration framework. No formal definition of responsible microfinance

exists in the sector. Networks need to take access, MFIs, clients and products into consideration for a context-specific definition. Defining irresponsible behaviour proved much easier. Examples mentioned were providing credit without consulting credit bureaus, lack of concern about client over-indebtedness, non-transparent pricing, harsh collection practices, lack of staff training on responsible microfinance and not measuring impact. Networks need to push for best practices, define basic principles and monitor member compliance, also sanctioning when needed. Furthermore, networks need to focus on dissemination and promotion of social performance and assist their members to professionalize, if required through capacity building. Some key areas that networks should focus on are transparency, codes of ethics and promoting the use of credit bureaus, social performance ratings and financial education.

DISCUSSION

The floor discussion first revolved around the objectivity of social ratings compared to other tools such as social audits. According to Ms. Lapenu, we should not see one as excluding the other - networks can use social audits to assess their members. The discussion then turned to the effectiveness of working through networks to build awareness and capacity of social performance among MFIs. Mr. de Hoyos responded that this has been shown to be effective in practice. Ms. Lapenu added that a human resource issue exists at the network level, due to insufficient financial resources. Moreover, the effectiveness of working with networks also depends on whether it has proactive staff. Mr. Korynski added that networks are not donor projects and also need to serve the needs of their members. As such, donors should not overload networks with additional programmes.

On the issue of sanctioning, Ms. Lapenu argued that self-regulation offers better prospects than sanctions, which will be more difficult to enforce. Based on a question from the floor, the discussion then turned to the role of networks vis-à-vis regulation and regulators. Mr. de Hoyos considered this to be country dependent. Closing questions for further consideration were whether capacity building for social performance should be done by the networks or outsourced and how capacity building can be financed.

FAIR VALUE REMITTANCES: LINKING MIGRANT REMITTANCES WITH MFIs - ADDING REMITTANCES TO AN MFI's PRODUCT RANGE

Moderator	**Gera VOORRIPS** (PHB Development)
Speakers	**Jean POUIT** (Oxfam Novib/e-MFP)
	David QUIEN (ADA)
	Antony APPIAH (Sinapi Aba Trust)
	Sophia MICHUD (MFIC/Arias)
	Barry PENNILL (Coinstar)

The speakers in this session represented the different actors in the remittances value chain; an MFI working with remittances, two Money Transfer Organisations (MTO) and NGOs linking migrant organisations with MFIs to increase the development impact of remittances. In an interactive format with the audience, panel members discussed how MFIs can work with remittances, how they can cooperate with migrant organisations and MTOs and how such cooperation can lead to fair remittances.

Ms. VOORRIPS first explained the remittances flow from the sender, through a bank or agent network, to an MTO, to an agent in the receiving country and finally to the recipient. She explained that North-South remittance flows are much larger than development aid flows and how South-South remittances flows are becoming increasingly important.

KEY SUCCESS FACTORS FOR MFIs TO OFFER REMITTANCES

Antony APPIAH explained the key success factors for MFIs to offer remittances products according to his experiences at Sinapi Aba Trust, an MFI from Ghana working with remittances for two years. He indicated that many MFIs are active as remittances agent, but that Africa lags behind in this respect, leading to high prices of remittances between the USA and Africa, Europe and Africa. As Ghana is an exception to this, a first key success factor is meeting client demands. As remittances are often emergency payments, on-time delivery is vital to compete. Secondly, a MFIs governance structure and financial systems need to allow the handling of remittances. Quick and uninterrupted communication between the main and branch offices and sufficient staff training at these levels are also needed. Furthermore, especially cash to cash remittances require adequate cash and liquidity management at the branches. Thirdly, regulation on remittances needs to be specific, so that a clear playing field is created for all remittances actors. Cash management is also a challenge for Sinapi Aba as they are not permitted to take savings, while MTOs reimbursements are not always timely. Operational risks, such as fraud and difficulties with identifying recipients are also significant.

Sophia MICHUD of MFIC, a for-profit remittance system and technology provider linking key sending and receiving countries, discussed three success factors. Firstly regarding quality, MFIs need to offer speedy, real-time transfers and services to the receiver. Reliability and security are vital and this requires face-to-face contact with clients. Secondly, MFIs need to position themselves well in the market, both as regards their price and their outreach. If an MFI is active in rural areas, with specific clients, or with cost-effective technologies, it can be an interesting agent for MTOs. Thirdly, it needs to be innovative. Integrating systems such as POS, mobile payments, account transfers or prepaid cards are increasingly important to compete, but MFIs need to consider carefully which system fits them best. The cross-selling of products to remittance clients in innovative ways is vital, for example by providing loans leveraged by remittances, by leveraging remittances for local development, or trans-national loans.

The discussion focused on why MFIs would not offer cash-to-account transfers, related to savings products. According to Mr. Appiah, in addition to regulatory constraints to taking savings, many receivers want to see the money remitted and need it for emergencies. The importance of price relative to outreach in selecting a particular MFI was also discussed. Price is important but an MFIs network and client base are also important considerations to work with a specific MFI, said Mr. Pennill. On their part, MFIs should also shop around to get the best offer from MTOs. Ms. Voorrips added that although remittances can bring MFIs new income streams, new links with clients and banks and new clients, an MFI needs to consider whether remittances are feasible for them to offer, based on the above considerations.

BEST PRACTICES FOR MIGRANT ORGANISATIONS AND MFIs TO OFFER REMITTANCE PRODUCTS

David QUIEN of ADA discussed best practices based on experiences of the ADA-GRET-PAMECAS project on development-oriented remittances along the Italy-Senegal corridor. The project links migrants with an MFI in Senegal offering them one account for consumption and another for savings. The latter can serve as a security for business credit and housing loans offered to migrants or their relatives in Senegal. Based on its first successes it became apparent that financial tools for local investments are relevant to migrants, also in order to build a livelihood for their potential return. To counter the pressure on migrants to have funds used for consumption, remittances can be divided between an account which is disclosed to receivers and one which is not. Also, products need to be catered specifically to the needs and capacities of migrants, whose fluctuating incomes require flexible saving accounts. To build trust, project workers engaging with migrant communities are ideally belonging to the same community. Furthermore, establishing good relations with community leaders is vital. Access to savings account information can also build trust. Another lesson learned was the importance of selecting the right MTO. Lastly, the expansion of the programme to new branches of the MFI needs to be supported by adequate management systems and capacity building.

Jean POUIT of Oxfam Novib presented an Oxfam Novib/INAFI programme to mobilise the potential of migration for development by linking migrant organisations with MFIs. The project works in ten African countries, building capacities of MFIs to enable them to work with remittances and to facilitate cross-selling, so that it builds both the MFIs funding base and income. They also built an alliance between the participating MFIs, all of which are also part of the INAFI network. These MFIs are linked, through memoranda of understanding, to migrant organisations in ten European countries. These migrant organisations are supported to work more effectively with MTOs and MFIs. Best practices are that the products offered account for the fluctuating remittances of migrants and remittances are grouped together so that remittance services can be offered cheaply. Furthermore, it is vital that trust is build among migrant communities and individual migrants. Direct insight into account information through internet and mobile banking helps to establish trust between MFIs and migrants.

In the following discussion Mr. Quien indicated that the sustainability of these interventions is mostly related to whether a project can build sufficient demand for additional services of the MFI, in his case for business and housing credit based on remittance savings.

CHARACTERISTICS OF SUCCESSFUL COOPERATION BETWEEN AN MFI AND MTO

Barry PENNILL of Coinstar explained how the first step for successful cooperation between an MFI and MTO is a business relationship benefiting both parties, not on Corporate Social Responsibility (CSR) considerations of the MTO. The second is to establish clear understanding between parties about objectives and needs. Geographical compatibility is also vital; the MTO needs to be active in countries where the remittances originate. The MFI needs to know what are the contract terms and the costs of compliance with the MTOs requirements. For example, exclusive contracts will tie the MFI down and often not allow for making use of industry innovations. Delivery conditions, such as responsibilities for marketing, can also require investments by the MFI.

Furthermore, the MFI needs to consider what extra costs, for example hedging costs, the currency of operation will bring. The MTO needs to gain insight into the MFIs objectives for cross-selling other financial products with remittances. MTOs base their choice of agent on the density of the MFIs network and the quality of marketing and management.

DISCUSSION AND CONCLUSION

It was concluded that although these initiatives into fair remittances offer valuable lessons, further pilots need to show how remittance can be best linked to poverty reduction and economic development. Using remittances for development means using private money and the clear impact needs to be shown to justify interventions. Research needs to show who benefits and how benefits can be enlarged. Another conclusion is that financial inclusion of migrants is limited and needs to be improved to reach the full development potential of remittances. Ms. Voorrips added that remittances are a highly technical business and stronger partnerships between MFIs and MTOs are needed. An e-MFP Action Group on remittances could take up these challenges and distinguish critical success and failure factors, look further into ways to ensure sustainable interventions linking migrant organisations, MFI and MTOs.

PRESENTATION BY THE EC OF THE SECOND EU/ACP MICROFINANCE PROGRAM (2010-2014)

Moderator	**Alessandra LUSTRATI** (European Commission)
Panelists	**Emmanuel MOYART** (European Commission)
	Stefania ZANINELLO (European Commission)
	Edvardas BUMSTEINAS (European Investment Bank)
	David BAGUMA (AMFIU)

This session mainly provided an outline of the EC overall involvement in microfinance, reviewed the progress made in particular under the first EU-ACP Microfinance Programme and introduced the outline of the second EU/ACP programme.

Alessandra LUSTRATI (EC Microfinance Focal Point) introduced and facilitated the session. She explained the EC approach to microfinance and described its relationship with broader access to finance and support to MSME development (including the relationship with non-financial business development services). The trade-off between economic and social development in microfinance is not encouraged, as the two goals are seen as constituting a double bottom-line. The

entry point of the analysis for designing programmes in microfinance is what clients, including micro and small entrepreneurs, actually need. This allows then for the identification of needs at micro, meso and macro levels and is translated into a strong priority for capacity building and institution building of microfinance-related actors. Provision of capital is not usually included in EC microfinance programmes, except for some exceptional cases in underserved areas. In addition, performance reports are centred towards measuring results not only in financial terms but also in the area of social performance. The overall current portfolio of the EC in microfinance stands at EUR 200 million, distributed over approximately 200 ongoing projects in more than 80 developing countries (in ACP countries, Asia, Latin America and the Neighbourhood). Roughly 90% of the funds have been invested in micro level initiatives but more resources are progressively being invested at meso and macro level. The EU ACP Microfinance Programme (EUR 15 million) is only one of the many EC initiatives in microfinance, but it has clearly emerged as a flagship programme due to its integrated and innovative nature.

Stefania ZANINELLO introduced the second phase of the EU/ACP microfinance programme. This programme will run from 2010 to 2014 and has been allocated EUR 15 million. Its objective is to contribute to poverty alleviation through economic growth by the development of inclusive financial systems adapted to the needs of the poor in ACP countries. It will follow a financial systems approach which will foster equitable and efficient local markets, capacity building and consumer empowerment and pro-poor access to finance. Ms. Zaninello concluded by announcing the upcoming call for proposals for the programme will be published.

Emmanuel MOYART further explained the achievements of the first program in greater detail; a 150% increase in clients served by the financial institutions that were assisted, 40 MFIs strengthened,

2 new microfinance banks created, more than 500 MFI staff trained and 70 policy makers trained in Boulder. Particularly noteworthy are the achievements in the area of enhancing transparency such as Triodos' SMARTRAC sustainability reporting, AMFIU's transparency initiatives and SIDI's social performance trainings. David BAGUMA then further illustrated AMFIU's approach which is based on strengthening clients' bargaining position through education, information and training through a non-conventional multi-channel approach such as drama, music, dance, radio, posters, etc. This resulted in a Consumer Code of Practice now widely introduced in the Ugandan microfinance sector. This code also includes complaints handling procedures. Part of the Code is the prominent display of interest rates and fees in local languages.

Edvardas BUMSTEINAS of the European Investment Bank explained the role played by the bank in the EU-ACP programme, as well as in the broader microfinance context. In ACP states, the EIB has invested EUR 122 million in MIVs and EUR 33 million directly in MFIs. In addition it has allocated EUR 20 million in technical assistance funding. In the coming years the EIB will focus strongly on second tier MFIs and Greenfield banks by targeting local currency investments. It will promote principles of responsible finance in the process. Technical assistance will be increasingly allocated through public tenders.

YOUTH FINANCIAL INCLUSION: THE ROLE OF MICROFINANCE AND EDUCATION

Moderator	**Anne-Françoise LEFÈVRE** (WSBI/e-MFP)
Speakers	**Oumar SAVADOGO** (CIF/ADA)
	Adil SADOQ (MEDA)
	Maria PERDOMO (UNCDF)
	Jared PENNER (ChildFinance International)

PRESENTATIONS

Anne-Françoise LEFÈVRE began by reminding the audience that one third of the world's population is less than 19 years old and that most of them live in developing countries. Access to financial services can be a powerful tool to empower young people and help them make life's decisions. This can influence their education and health and can have a significant impact on their households and communities.

Oumar SAVADOGO presented Cred'Art, which provides financial and non-financial support to young artisans in West Africa. It aims to reduce poverty by addressing youth unemployment and by addressing social performance objectives of MFIs, questioning what is done for clients beyond providing finance. The experiences shared are derived from Burkina Faso and Senegal. Mr. Savadogo sees many challenges for the young to enter the job market, including few opportunities to gain experience during an apprenticeship and a lack of management skills, which are seldom included in school curriculums. This highlights the importance of non-financial services, such as training in the initiative which are deployed before, during and credit provision. The finance aspect is simplified and linked to the provision of work equipment to young artisans.

Adil SADOQ followed by introducing cases from Morocco and Egypt where MEDA developed projects linking youth employment and entrepreneurship. The project first analysed the needs of young people and adults, which revealed much similarity. Young people also want to have a job and start their own business. However the approach must be different because young people's requirements are different. Young people have higher mobility, less experience and lower assets. MEDA offers financial and non-financial services, including training, savings, internships and loans. Training is a required entry point to gain access to other services. The evaluation of the programme showed that savings proved to be more important for youth than loans, while training was essential in educating them on access to and management of finance.

Maria PERDOMO presented UNCDF's new initiative YouthStart, which aims to increase access of young people, between 12 and 14 years old, to financial (mostly savings) and non-financial services in Sub-Saharan Africa. Its objectives are to; i) financially support 8-10 Financial Service Providers (FSP) and partner organisations to develop and deliver youth inclusive financial services, ii) build their institutional capacity to develop and deliver these services and iii) expand access to and mobilize knowledge related to youth financial services. The programme is in its first phase which supports 19 FSPs to conduct youth inclusive market research. The second phase will be launched in February 2011 with a competitive RFA process that will result in the selection of 8-10 FSPs that participated in phase 1 to provide grants and capacity building to roll out the products identified throughout the market research. It is expected that YouthStart will lead to the access to financial and non-financial services for around 200,000 young people and to the dissemination of new products and knowledge on youth financial inclusion.

Jared PENNER introduced ChildFinance, an organization that seeks to empower all children, particularly those who are vulnerable and marginalized, by increasing their financial capability, enhancing their awareness of social and economic rights and improving their access to appropriate financial services. ChildFinance is an umbrella organization that aims to build a network of government representatives, financial service providers, youth educators, NGOs, academics and donors who believe that access to financial and life-skills education, combined with access to secure savings, contributes to sustainable livelihoods for children and young people. The organization works alongside governments and international institutions in order to create a policy environment more conducive to ChildFinance at the local, national and international level. ChildFinance is conducting a survey to map innovative products in existence worldwide which target children. ChildFinance invites all those interested to participate in the survey or join one of the working groups on the topics of Education, Financial Inclusion, Research, Media/Technology or Strategy.

DISCUSSION AND CONCLUSIONS

Paul Surreaux (ADA) called for engagement of the audience and panel in the creation of an e-MFP Action Group. He highlighted the importance of identifying efforts regarding youth finance, learning from them and the need for creating synergies. The action group would also need to identify how financial and non-financial services can be made specific to defined age groups.

The floor discussion was firstly on gender bias in interventions for youth. The panellists explained that this was not specifically planned in most projects and the gender ratio depended on the product offered. Ms. Perdomo explained that in the case of UNCDF, the gender issue is mostly addressed during product design and YouthStart focuses on using the right delivery channels and incentives to ensure participation of young girls at higher or at least equal rates as boys. The discussion then turned to the organisations' experience with rural youth. Mr. Sadoq explained that all services are provided to young people in urban and rural areas, except internships, given the high costs incurred in rural areas. In the case of UNCDF's project, rural clients may be reached via youth specific VSLAs. Also discussed were the capacities of MFIs to engage in youth finance. The costs and risks of such interventions can be too high for an MFI to bear and several mature MFIs do not work with youth. Mr. Sadoq explained that in the case of MEDA, they are engaging with youth together with other organisations. By working with existing initiatives already targeting youth they can share risks and costs and increase efficiency and effectiveness.

Linked to the issue of risks, the presenters were also asked about repayment levels. It was admitted that in some cases, follow-up services and repayment have been difficult to track. Mr. Savadogo made it clear, however, that the only type of credit provided in Cred'Art was to finance equipment to young artisans which reduced risks.

Ms. Lefèvre concluded that the session showed the vital role played by savings as a gateway to the formal banking sector for young people and the need to combine financial and non-financial services such as training, internships and entrepreneurial guidance, to efficiently support their access to employment and productive activities. The importance of starting to socially and financially empower people at a young age was also underlined, through financial education and the provision of adapted and accessible banking products to children. A number of initiatives have now been developed, mostly in Africa. e-MFP has a role to play in developing synergies and exchanging experiences and lessons learned.

VALUE CHAINS AND MICROFINANCE: WHAT IS THE LINK?

Moderator	**Calvin MILLER** (FAO)
Speakers	**Hugo COUDERÉ** (Alterfin)
	Michaël de GROOT (Rabobank Foundation)
	Tom RAUSCH (Pride Africa/DrumNet)
	Miriam CHEROGONY (IFADAFRICA/KMP Kenya)

PRESENTATIONS

After introducing the panel, Calvin MILLER posed the question whether Value Chain had become a "fad" word. His presentation "Using the value chain in financing agriculture" therefore started with summarising a number of trends and a definition on value chain financing (VCF). According to Mr. Miller, VCF is the next wave of cost improvement for organisations, even more so with the current economic and financial crisis. He distinguished four value chain business models; producer-driven, buyer-driven, facilitator-driven and integrated. Mr. Miller subsequently presented five types of VCF products; product financing, receivable financing, physical asset collateralisation, risk mitigation products and financial enhancements. In conclusion, Mr. Miller summarised key lessons learned with respect to understanding, assessing and structuring VCF and referred to a range of policies required to support VCF.

Hugo COUDERÉ explained that Alterfin, having 40% invested in smallholder agriculture value chains, looks at the issue of VCF from the perspective of smallholder organisations. Mr. Couderé expressed the belief that smallholders have a future, but they lack a link with microfinance. Value chain approaches are mostly geared to commodities. Smallholder producers may obtain access to microfinance through cooperatives and SACCOs, although they face several challenges. Smallholders often operate in adverse and volatile markets, repayment capacities are vulnerable and they lack collateral. Problems at chain level relate to fragmentation and a lack of price and market information, but also to distortive government and policy support and a low number of financial intermediaries working in rural areas. These chain issues cannot be solved at the level of MFIs, but rather by other development actors and programmes. Partnerships are required to solve development issues, such as horizontal and vertical integration, when linking smallholders to MFIs, financial intermediation and innovative financial products.

Michaël de GROOT introduced Rabobank's VCF approach. With the challenges that the world is facing regarding food and environment, Rabobank offers three different types of institutions serving supply chains worldwide; Rabobank Foundation, Rabobank Development and Rabobank International. Mr. de Groot continued explaining Rabobank's approach with two practical examples; one in which the Rabobank Foundation actively partnered to partake in a guarantee structure to give producer organisations and SACCO's more credibility, the other focused more on the vertical integration of the supply chain and financing structure, applying innovative tools to cover particular risks.

Tom RAUSCH presented the Drumnet Project, launched in 2003/4 as a platform to innovate agriculture financing by integrating ICT, for example by using texting-services to support transaction. The platform facilitates and incentivises cooperation between supply chain partners to make financing feasible. Members pay a fee, which gives them access to a range of inputs and services, such as fixed purchase price contracts. Mr. Raush shared three main challenges:

- Technical difficulties of having farmers work with their technology and with modifying IT systems to accommodate changes in the DrumNet model
- Partnerships problems with stakeholders staying within agreements and donors allowing them to pursue their model, rather than donor agendas
- Investment issues with getting private investment to put appropriate IT and management structures in place. This was difficult as nothing like DrumNet existed and due to high risks inherent to the agricultural sector.

In the initial phase of the programme it was apparent that there was a gap between the technical people and the agricultural people. The programme also incurred extra costs as certain "grey areas" remained where responsibilities/ tasks had not been clearly defined. Another constraint with the programme was that it is highly innovative nature at times made it time-consuming to align all the actors involved. Mr. Rausch offered the following lessons learned:

- Think five years ahead and be careful who you work with
- Make sure to get information about the ground-level
- Be true to your model
- The use of ICT is crucial when working with poor and dispersed communities, but try and build a modular system that will not break down if one part fails.

Miriam CHEROGONY's presentation focused on the role of knowledge management in VCF, in order to "improve the way we do business to improve and impact on rural livelihoods". The Rural Finance Knowledge Management Partnership's aims are to deepen learning, build capacities and improve work in VCF. Based on lessons learned, Ms. Cherogony advocates for:

- Building partnerships comprising both strategic partners and programme-based partners
- Promoting public-private partnerships and also engaging civic stakeholders
- New investment mechanisms to increase access of the rural poor to financial services and more tailored products, methodologies and continuous education
- Design new and appropriate incentives and guarantee mechanisms to leverage bank credits and de-risk the sector. Technical assistance, knowledge management and communication and innovation through partnerships are crucial in this respect.

DISCUSSION AND CONCLUSIONS

The moderator asked how Rabobank's examples can be used to strengthen the link between microfinance and value de chains. Mr. de Groot replied that bringing actors together in the value chain reduces risks, making it easier to qualify for financing (i.e. interdependency instead of stand-alone). The moderator continued that having many actors and roles this implies many different ways of working and with different tools. An additional question referred to the earlier mentioned "grey areas" - who should cover these? Ms. Cherogony responded that information brokering and packaging is crucial for effective linkages and Mr. de Groot added that in each situation you will need to analyse and design the right set-up of the chain and financing mechanisms to make sure they are not grey.

On the question regarding how prices are set in the value chain - by chain partners or the market, the panel agreed that this depends on the country, the product and the setting, such as who drives the intervention and the power relations. Chain governance is therefore a crucial issue. When asked who should provide technical assistance, Mr. de Groot stressed that as a value chain is an integrated system with different actors at different stages, the respective partnership designs the programme according to need and divides the work and technical assistance accordingly. Mr. Miller mentioned a one-stop-shop example from India and added that technical assistance is always an issue. Someone from the floor remarked that in this respect the following aspects must be considered for producer organisations; governance and loyalty, management skills, production and innovation, harvesting management and more funding to make groups stronger to access finance.

The moderator concluded that IFAD and FAO offer good knowledge databases and platforms to share experiences, as well as links to useful partners.

UNIVERSITY MEETS MICROFINANCE: PRESENTATIONS OF AWARD WINNING MICROFINANCE RESEARCH THESIS

The session introduced the work of three young researchers on the topics "Mission Drift in Microfinance" and "Non-financial services". The researchers were supported by the European Commission to carry out their research in the frame of the "University Meets Microfinance" programme. The session was introduced by Dr Célestin MURENGEZI, of the European Commission, and moderated by Francois DUROLLET, PlaNet Finance.

Mission Drift in Microfinance: The influence of institutional and country risk indicators on the trade-off between the financial and social performance of microfinance institutions

Speaker **Pim ENGELS** (Tilburg University)

Pim ENGELS provided empirical insights on "Mission drift in microfinance" by analyzing 600 MFIs, operating in 84 countries. Mr. Engels explained that, based on his findings, investors could recognize and prevent mission drift taking place amongst the MFIs in their portfolio. First, Mr. Engels concentrated on the role of institutional and country risk indicators in predicting the financial and social performance of MFIs. His findings suggest for instance that regulation, network membership and institution size do not affect financial performance of MFIs. Country risk rating is negatively associated with the financial performance of MFIs. Alternatively, regulation, size and country risk rating negatively affect the social performance of MFIs. Network membership positively affects the social performance of MFIs. Then, Mr. Engels explored how variations of these indicators influence the trade-off between the financial and social performance of MFIs. Strong evidence for the existence of such a trade-off is found. Nevertheless, by balancing the profitability, cost efficiency and productivity of the institution, MFIs can prevent the occurrence of mission drift. The regulation and size of institutions make MFIs more susceptible, while network membership makes MFIs less susceptible to the occurrence of mission drift. Young MFIs are more susceptible to mission drift. No evidence is found to suggest that MFIs operating in countries associated with a high country risk rating are more susceptible to the occurrence of mission drift. Mr. Engels concluded that investors can prioritize institutional and country risk rating indicators in order to assess the balance between the financial and social performance of MFIs.

In the discussion, Mr. Engels explained one of the limitations of his research, which consists of the available data on social performance indicators. He used "average loan size", which is a fervently discussed indicator for social performance.

Mr. Engels wrote "Mission Drift in Microfinance" under the supervision of Prof. Thorsten Beck and in cooperation with ING Microfinance. A printed version of the thesis can be ordered at www.universitymeetsmicrofinance.eu.

Microfinance non-financial services: a key for poverty alleviation? Lessons from Mexico

Speaker **Olga BIOSCA** (University of Sheffield)

Olga BIOSCA introduced the current debate on "Microfinance non-financial services" and highlighted that these services have been recently reformulated as high quality demand-led programmes. She explained that in the Mexican context, these are now voluntary, can have a cost for the borrower and are frequently supplied in partnership with specialized public or private agencies. Ms. Biosca's research focused on two specific programs; Business Development Services and Preventive Health Services. Ms. Biosca examined and compared the participation determinants and added impact of the training sessions on the poverty outcomes of the borrowers, using primary data from a survey of clients of two credit-plus

programs in Chiapas. Her results suggest that the decision to participate in non financial services mainly depends on the borrowers' characteristics. High quality voluntary non-financial services increase income levels and the likelihood of being above the poverty line. The main policy message is that "credit-plus" services, either focused on business development or health issues, do add value to the impact of microfinance amongst better-off clients (both influencing skills and social capital), but that more needs to be done if they are to reach people at the bottom end of the pyramid.

Why India's urban poor choose to go private: health policy simulations in slums of Hyderabad

Speaker **Thilo KLEIN** (University of Cambridge)

Thilo KLEIN conducted discrete choice experiments with Indian microfinance institution Spandana with 1,227 slum dwellers in Hyderabad. He researched the question why a large proportion of those living below the poverty line choose to pay for maternity care services in private hospitals. This is so, even though public services are essentially free of charge and the private health sector is more expensive and generally employs less-qualified professionals.

Mr. Klein presented his experimental findings which suggest that an effective pro-poor policy should provide fairly priced "insurance cover" for medication related expenses. This "insurance cover" is implicitly contained in contracts offered by some private providers, who sell delivery packages to the poor which are "all-inclusive", including necessary medicines at a fixed rate, payable up front. The situation in public hospitals is different - the cost for external medication makes up for a considerable proportion of total expenses. These out-of-pocket expenses are uncertain and a source of some risk. The "insurance cover" of these uncertain expenses is shown to be the predominant hospital attribute for those living below $2.5 USD per day. Their predilection for private hospitals is in part explained by their demand for insurance in order to smooth their incomes and to obtain access to otherwise unaffordable medicines.

In his presentation, Thilo Klein positioned these findings in the academic debate - new theories of insurance demand suggest that lower income people should demand more health insurance than higher income people. His results show that low income respondents indeed have a higher willingness to pay for the insured provision of the uncertain component of medication compared to higher income people. A printed version of the thesis can be ordered at www.universitymeetsmicrofinance.eu.

About University Meets Microfinance

The programme "University Meets Microfinance" is co-financed by the European Union and was initiated in 2009 by PlaNet Finance and the Freie Universität Berlin. By organizing seminars and workshops at European universities, offering scholarships and promoting publications, the programme aims to support students researching on microfinance; to foster the exchange and collaboration between academics and practitioners and to raise public awareness on current microfinance related issues. So far more than 1,300 students, practitioners and professors from 26 universities in 12 countries have participated in the programme. In 2010 an Action Group "University Meets Microfinance" has been set up by the e-MFP.

RESPONSIBLE PRICING IN MICROFINANCE: WHAT IS TO BE CONSIDERED FAIR AND WHAT DOES FAIRNESS ENTAIL?

Moderator	**Bonnie BRUSKY** (Independent microfinance consultant)
Speakers	**Marek HUDON** (CERMi)
	Herman ABELS (Blue Rhino Consult)
	Isabelle BARRÈS (The Smart Campaign)
	Alexandria FIORILLO (MFTransparency)

PRESENTATIONS

Marek HUDON began with a brief historical perspective of predominant industry thinking about the level of interest rates. Quoting a few papers from the mid to late 2000s it becomes clear that at the supply side few were worried about excessive pricing. During this period, sustainability, growth and profit motives took precedence. Lately this has changed, inspired by impact studies, growing concern over massive over-indebtedness and a general discomfort among more and more industry stakeholders about financial sector performance due to the credit crisis. He explained that pricing can be tackled at two levels: first as a bargaining between clients and institution which requires transparency and compliance and second, as a moral debate with potential implications of injustice and fairness. He presented three concepts of fairness in pricing; by capping interest rates, by focusing on the demand, or by a combination of both. He concluded by maintaining that pricing debates are gradually putting the whole sector at risk.

Herman ABELS followed up on this need for responsible pricing and stated that the sector at large has not impressively progressed on the application of both market and social objectives. Subsidy injection into the sector is legitimized from a social perspective but tends to favour supply side players and does not translate into client benefits in pricing. A drastic solution is to apply rigorous regulation at the commercially viable part of the industry, including capping of interest rates such as is done in mature markets and the withdrawal of development subsidies from that segment. These could be put to better use through risk reduction instruments benefitting the segments of the market focussing on the poorest-of-the-poor and other populations and which are not commercially viable. This is to be achieved through public-private partnerships where the public sector defines policy priorities and invites and supports the private sector to develop these markets.

Isabelle BARRÈS, representing The Smart Campaign, called for both transparent and responsible pricing that covers the full range of financial products offered by the microfinance sector. There are various methods to introduce responsible pricing, all with their respective pros and cons; capping interest rates, capping of margins, addressing the returns on equity expectations, "comparative transparency", that is the standardization of pricing mechanisms and lastly the promotion of competition. The Smart Campaign endorsed the comparative transparency approach. Beyond that, it is critical to require pricing disclosure, to educate stakeholders, to promote client education, to learn more about returns on investment and to promote competition.

Alexandra FIORILLLO advocated for a combination of self-regulation, transparent pricing and supportive government regulation. If it comes to actually determining effective rates MFTransparency has found that the practice of calculating average portfolio yield masks the true price of credit and hides substantial price variations. The combined approach advocated also allows taking into account variations in national regulation in the area of truth in lending. Transparency ultimately will affect pricing of products due to full disclosure of pricing in a competitive setting. MFIs charging above average prices will be pushed to lower their rates. In that sense, transparency in pricing leads to a sense of acting responsibly.

DISCUSSION

The forum discussion revealed general discomfort with current pricing practices. Most MFIs, as one participant noted, have "social" written all over them but fail to act responsibly. These players are still demanding high flat rates and large mandatory savings contributions. Another participant called for applying the transparency concept not only to practitioners but also to investors. Some suggested that local governments should play a more active role in demanding transparency.

HOW TO MEASURE IMPACT ON POVERTY ALLEVIATION: WHAT DOES AVAILABLE EVIDENCE TELL US?

Moderator	**Erna KARRER-RÜEDI** (Credit Suisse/e-MFP)
Speakers	**Meritxell MARTINEZ** (CGAP)
	Teshome DAYESSO (Buusaa Gonofaa)
	Bernd BALKENHOL (ILO)

PRESENTATIONS

Meritxell MARTINEZ began by stating that there is general confusion in the microfinance industry between monitoring social performance and evaluating impact, the latter being the focus of this presentation. Ms. Martinez observed that quantitative and experimental forms of evaluating impact have increased in popularity, but still present difficulties. Impact studies are expensive to donors, require a long time span to be significant and can be complex in terms of their political and ethical context. At the same time, such studies, when well done, avoid selection bias, thus providing strong evidence to MFIs, funders and policy-makers. Randomized Control Trials (RCTs) provide insight into when does access to financial services improve welfare measurably and for whom.

Ms. Martinez further disseminated lessons learnt based on recent evidence presented at the Microfinance Impact and Innovation Conference in New York, which extensively dealt with the measurement of impact of microfinance through RCTs of credit, savings, insurance, financial education and product testing.

Teshome DAYESSO continued by presenting Buusaa Gonofaa's method of assessing the impact of microfinance on poverty alleviation. Buusaa Gonofaa needed to move beyond success stories, to systematically measure how its services improve client livelihoods. The solution

was to ask directly clients in the field. In order to make their indicators tangible, clients were asked what being poor means to them. Mr. Dayesso referred to the results of this diagnosis as the "lack" indicators, considering elements such as food security, clothing, income, etc. Clients were also asked how Buusaa Gonofaa's products helped them to improve their livelihood or reach their aspirations, such as by expanding their businesses or improving their home. In this way, the approach took into account both the context of clients ("lack" indicators) and their perspectives ("improvement" indicators). Data has been recorded for 2,000 clients who were (based on their scores) classified as very poor, poor and not so poor. Their movement along these categories was also tracked on every loan cycle. Mr. Dayesso acknowledged that the indicators of success are essentially asset-focused, but do offer clear insight into impact ("improvement") compared to other indicators. For instance, loan repayments do not necessary mean success, since loans might be repaid by liquidating assets.

Bernd BALKENHOL presented ILO's action research called "Microfinance for Decent Work", which is an attempt to apply RCTs to track social impact on MFI clients. ILO approaches social performance and impact from the perspective of labour. From this perspective, MFI clients cope with serious and measurable labour challenges, such as child labour, bad working conditions and over-indebtedness. ILO has engaged 16 MFI partners around the world which identified their respective work-related problem areas to select key research variables. Each MFI conducted a baseline survey before introducing innovative products to clients and repeated it every six months. Working with control groups who were not offered the new products, allowed them to control for external factors. Mr. Balkenhol concluded that providing evidence of impact is essential for the microfinance industry - particularly in view of the present controversies about the scope and limitations of microfinance as an anti-poverty strategy.

DISCUSSION AND CONCLUSIONS

The discussion first revolved around the methodology of impact evaluation. The audience questioned the combined impact of different financial products upon the control group in RCTs; also as residual clients tracked over the years provide a bias towards good results. The panel agreed that all methodologies have problems. For instance, results can be affected when clients also have access to informal services. Nonetheless, incorporating RCTs ensures that we compare "apples to apples". As for "residual clients", Ms. Martinez acknowledged that a positive bias exists as it is mainly the successful clients that stay with the MFI, but explained how CGAP sees this as an opportunity to study why clients leave microfinance programmes. Mr. Balkenhol added that the implications of client drop-outs are usually addressed in the research methodology, by starting with a wide sample basis. He considers honesty to be the best protection against research bias and recognising (public) misconceptions on microfinance. The promise of microfinance has provided, from its beginning, a need to measure impact, but only recently has this been recognised by the industry.

The floor discussion then turned to the definition of poverty. Mr. Dayesso stressed that there is no universal indicator available to measure poverty alleviation as the meaning of poverty is diverse. In this sense, should MFIs spend resources measuring impact or for instance, invest in client feedback mechanisms? On this note, the applicability of impact studies was questioned - do they influence product design and delivery methods? The presenters explained that available tools need to be simplified to facilitate decision making. This can be done through training and needs to be

developed gradually to fit the MFI's context. Still, the panel agreed that existing tools have already allowed MFIs to make educated decisions on, for example, revising their loan policies.

In a concluding note, Erna KARRER-RÜEDI emphasized that the demand for impact evidence in the industry calls for humility and transparency in results. This will allow for better alignment of the industry to the needs of target groups, which is beneficial for the industry in the long-term.

INCREASING ACCESS TO FINANCE USING MOBILE BANKING SERVICES: WHAT ARE THE FACTORS MFIs SHOULD CONSIDER BEFORE ENGAGING IN M-BANKING SOLUTIONS?

Moderator	**Carol CARUSO** (Triple Jump Advisory Services)
Speakers	**Malith GUNASEKARA** (Shorebank)
	Oscar BERNAL (Banco de Bogotá)
	Benoit DESTOUCHES (Aga Khan Foundation)

PRESENTATIONS

Carol CARUSO began by presenting Triple Jump Advisory Service's work in m-Banking projects, the relationships between different actors and services, such as through agents' networks and the importance of regulation. She also elaborated on the importance of conducting a detailed market analysis to determine the needs and feasibility of services and the mapping of customers and the agents' network in relation to existing MFI infrastructure before jumping into m-Banking projects. For MFIs, the important questions for considering m-Banking methodology are; why, when and how? An especially vital element mentioned is a proper management information system, without which, Ms. Caruso explained, the success of an m-Banking channel can be jeopardised.

According to Ms. Caruso, it is easier to read and learn about potential benefits than to reap those benefits in practice; much is hyped and internal and external challenges can exasperate MFIs if not well prepared. Ms. Caruso provided examples of Triple Jump Advisory Services' projects, including challenges, lessons learned and benefits, from Rwanda and Kenya.

Oscar BERNAL presented a case of m-Banking with coffee growers in Colombia. Banco de Bogotá was faced with several challenges in 2005. Cash substitution was needed to lower transaction costs and cope with security issues, while the bank wanted to improve financial access for unbanked and dispersed populations and increase financial inclusion. Its solution, introducing a Smart Card, proved more difficult than expected, evolving to an m-Banking solution. Much effort was needed to make customers aware of the merits of such a tool for cash-substitution, such as its efficiency, ease of use and that it does not require intermediaries. As lessons learned, he mentioned that in order to make financial access to poor people possible it is necessary to be innovative and dare to take risks, keeping in mind that, sustainability does not always have to be based on transactional fees. It is important however to start the project with a clear business plan. Partnering with organisations and government helps and cultural and social aspects must be taken into account. He concluded by stating that microcredit is an effective way to achieve financial inclusion and m-Banking is the tool that can bring it to the unbanked.

Malith GUNASEKARA explained that it had been difficult for many financial institutions to get into m-Banking and worldwide there have been more failures than successes. Most think it is a technology-lead initiative but in fact, the technology component is only around 15% of the overall project activity. It is vital to carry out a detailed feasibility study and review business models available before embarking on m-Banking in order to minimize risks and make it a success. Although reading case-studies can offer valuable insights, you cannot duplicate best practices from elsewhere, as every situation is different. It is important to do a thorough market research to identify products and services, identify start-up needs, transaction costs, delivery channels, agent network options, internal capacity building requirements etc. and make a 5-year financial plan identifying initial, operational and recurring costs before embarking on m-Banking.

The mobile banking programme that Benoit DESTOUCHES described in the case of Afghanistan was less based on a well-defined feasibility analysis, as the circumstances made such studies quite difficult. Decision-making was rather based on four main criteria; poor infrastructure, security issues, a large unbanked population and popularity of mobile phones. Such a technological jump was made possible due to the opening up of mobile networks, but also thanks to the population's familiarity with Hawala, a traditional Islamic money transfer system. The First MicroFinance-Bank started with pilots in 2007 to test the registration process and systems and to determine possible bottlenecks in loan repayments and IT systems. The mobile network systems (Roshan, Vodafone) also initially posed some challenges. As important lessons learned, Mr. Destouches underlined the importance of going back to basics, even in Afghanistan; understanding the market, creating trust within your own organisation, understanding your partners (mobile banking is only part of the work) and managing the agents' network.

DISCUSSION AND CONCLUSIONS

When asked to what extent mobile banking changed the social ties of MFIs with their clientele, Mr. Destouches responded that saving time through mobile banking technology enabled staff to spend more time understanding and relating to the client. Next, the discussion turned to fraud and control. Ms. Caruso explained that you can build in tracking systems in m-Banking i.e. operations to detect malpractice. Mr. Gunasekara added that money-trails are a must, for all transactions you need a strong back-up system, also for customer relations and transparency purposes.

Mr. Destouches mentioned that agent incentives are needed, mostly percentages on transactions, to which Ms. Caruso added that this also offers a good opportunity for networking with partners and agents. This brought the discussion also to the issue of regulations, which were found to be more easily resolved by banks and needed early engagement with Mobile Network Operators, added Mr. Bernal.

In conclusion, many new innovations were reported, but careful business development is required as there are still more challenges than successes. Different situations require different technologies, partnering and methodologies - copycatting is not possible and not advised. Nevertheless, m-Banking is a very effective technology for quick and effective transfers and reduces transaction costs considerably

BUILDING LOCAL DEPOSIT DRIVEN FINANCIAL MARKETS: WHAT ROLE FOR FUNDERS AND MICROFINANCE ACTORS?

Moderators	**Mayada EL-ZOGHBI** (CGAP) and **Alessandra LUSTRATI** (European Commission)
Speakers	**Jasmina GLISOVIC** (CGAP)
	Klaus MAURER (Finance in Motion)
	Karen LOSSE (GTZ)

During this session Mayada EL-ZOGHBI and Alessandra LUSTRATI provided statements for discussion at the client, the financial institution, the regulatory and the funder level. Ms. El-Zoghbi first announced the CGAP Resource Guide for Funders on Advancing Savings Services which is available on the CGAP website for public commentary. Jasmina GLISOVIC then underlined the importance of savings to the poor as a tool to manage income, as a safety net and to build assets. For MFIs savings are a source of funding and offer opportunities for cross-selling. The main providers remain savings and postal banks, accounting for about 75% of the 1.4 billion accounts worldwide, although their share heavily depends on the country context. Although the number of savings accounts increases by 5% annually, 2.7 billion adults still do not have access due to various challenges, including limited awareness among clients, limited incentives and insight into client needs among financial institutions, inadequate physical infrastructure and regulatory impediments.

The first statement was that informal saving services are sufficient for the poor. Both Mr. MAURER and Ms. LOSSE agreed that informal savings services have an important function, but they are unregulated, unsafe, are prone to group instability and fraud and savings groups often lack capacity. Informal systems are competitive and effective in some cases, but not when there is need for increased liquidity and access. Based on the statement that credit cooperatives are already savings-led institutions and could be the main savings service provider to the poor, Ms. Glisovic related this to whether they are regulated. If they are not, they lack the potential to meet growing market demands.

Countering the statement that NGOs should always be allowed to take savings, Mr. Maurer highlighted that when serving as agents for regulated institutions, NGOs could take on this role, but without explicit regulation NGOs should not. NGOs lack strong owners to provide the financial backing needed to be responsible for savings. To the statement that grant support is the most important tool for savings mobilisation, Ms. Losse responded that grants can help to build necessary infrastructure and capacity. Mr. Maurer added that using grants for refinancing undermines savings mobilisation.

A comment from the audience questioned the strong focus on regulation and instead raised the point that adequate financial literacy at the savings group level should often suffice. Others argued that all institutions that mobilize savings need to be regulated to ensure trust. Although supervisory institutions in many countries might lack the capacity to supervise all saving institutions, innovations such as off-site supervision can aid them. Mr. Maurer underscored that regulation is a must. Saving based systems have reputational risks that credit-only institutions do not have. The sector can integrate intermediate solutions such as tiered supervision, financial audits and rating agencies.

The next statement focused on financial capability and its influence on savings behaviour, which returned the discussion to the client level. Ms. Losse responded that awareness of the importance of saving needs to be developed from an early state. Financial literacy is more effective when combined with saving practice, but according to Ms. Glisovic evidence on the impact of financial literacy has been mixed. On the statement that it is too costly for MFIs to transform to offer savings services, Mr. Maurer responded that savings can be a powerful tool as a source of MFI funding. MFIs need to consider transformation to mobilize savings as a

long-term investment. Donor assistance for transformation is limited as investment needs are high and there remains easy access to debt finance. Ms. Losse added that MFIs also need to promote a change in attitude among their staff.

The following statement focused on regulators; they should emphasise financial stability, not access to finance. The panellists agreed that both are important, but that stability builds trust and this eventually leads to sustainable access and savings mobilisation. On the level of funders, the moderators made the statement that investors cannot play a major role in savings mobilisation as their main instrument is debt financing. Mr. Maurer agreed that they can undermine savings mobilisation by providing easy access to debt finance, but indicated that they can play a role in building systems that close the gap between short-term savings and long-term credit provision and as such, provide an incentive for institutions to offer savings.

The discussion among the participants then returned towards the consequences and the reasons for MFIs to transform. One comment from the floor stated that transformation can require a large shift in lending methodologies, for example away from group-lending.

Alternatively, transformation may influence the profile of potential borrowers as savings bring in different clients than credit. One reason to transform is when debt finance becomes too expensive or unavailable. However, Ms. Glisovic indicated that often the decision to take on savings is not based on thorough feasibility studies. Mr. Maurer added that MFIs are also compelled to take on savings as clients demand savings or move away to institutions that do offer them. MFIs need to become aware of the information on client credit worthiness that savings offer, compared to the close monitoring credit provision requires. As regards a comment on foreign ownership in relation to institutional stability, he added that for an institution taking in savings, it is important that owners are financially strong. As such, although local ownership might be preferable, foreign owners can bring financial stability and reputational benefits.

The next statement was that it is simply too costly to offer low-balance savings accounts. The panel disagreed as the poor do not expect high returns. To counter high administration costs, MFIs need to apply context-specific models and innovations and consider increased incomes through cross-selling. Based on the statement that community-based institutions should be regulated and supervised as other financial institutions, Ms. Losse stressed the need for risk assessments to determine prudential risks, the costs of supervision and the internal checks and balances of community-based systems. Codes of conduct are not sufficient for savings-based systems as in credit-based systems. As to the statement that all funders should focus on saving mobilisation, the panel disagreed. This should be based on a funder's internal capacity.

CLOSING PLENARY: LOOKING BEYOND MICROFINANCE

Moderator	**Emmanuel de LUTZEL** (Head of Microfinance BNP Paribas)
Speakers	**Tilman EHRBECK** (CEO GGAP)
	Damian VON STAUFFENBERG (Chairman and Founder Microrate)
	Marc BICHLER (Director of Development Cooperation, Ministry of Foreign Affairs Luxembourg/Chairman e-MFP)

ADDRESSES

Emmanuel de LUTZEL stressed e-MFP's collective strength to address the public backlash based on the Andhra Pradesh crisis. He explained e-MFP was using the opportunity of European Microfinance Week to issue a press release on the Indian crisis and offered participants the opportunity to comment on the prepared draft. He added that we need to make sure microfinance actors, governments and the public do not "throw out the baby with the bathwater". Microfinance is not a poverty reduction miracle, but access to financial services does play a critical role in enabling businesses and communities to develop. In this session, he invited government, private sector and donor representatives to look beyond microfinance and he asked his panel members about their hopes and fears for future microfinance development.

Tilman EHRBECK, stated that he is mainly hopeful, but is afraid that important stakeholders in the microfinance industry might lose their faith in its potential to reach the 2.7 billion people still lacking access to finance. He is hopeful that the right lessons will be drawn concerning the need for better information on microfinance's impact and from the crisis in Andhra Pradesh. On the issue of impact, CGAP is supporting ongoing research; emerging evidence suggests that the question is not whether microcredit helps poor people but when does it help whom, and why? As to the crisis, it is important that we learn from the failures and over-lending. The second hope he shared was that the sector reaffirms a broader vision of financial inclusion, based on demand, supply and an enabling environment. We need to better understand the different needs of microfinance's diverse clients, build financial systems to work with more people at the bottom-of-the-pyramid at lower costs and we need an enabling environment with the right checks and balances.

Damian VON STAUFFENBERG emphasized that microcredit has attracted so much attention, because it promised to alleviate poverty. But not all small loans to poor people fulfil this promise. Today, many so-called "microfinance institutions" lend for consumption. Common sense suggests that loans that are not used to create wealth leave borrowers poorer, not richer. Events in India and in other countries bear this out. He called on the audience to remember, that alleviating poverty lies at the heart of microfinance.

Marc BICHLER expressed two wishes. Firstly, he hopes for continued cooperation and progress at the European level in the European Microfinance Platform and thanked Axel de Ville, the outgoing Chairman of the e-MFP for all his efforts in the last years. His second wish was that microfinance retains an important role in financing for development and that poverty alleviation remains our prime objective. Also, official development aid needs to be used more efficiently and effectively in closer coordination with other actors. He expressed the fear that while the absorption capacity of microfinance institutions is not keeping up with the developments in the availability of funding, there exists a danger of investor fatigue and the credibility of microfinance as a viable investment opportunity could be jeopardized. In this respect, Mr. Bichler also stressed the importance of smart, balanced regulation for microfinance.

DISCUSSION

Mr. Ehrbeck commented that there is a need to look beyond credit, to savings and insurance. Smart regulation is important, but needs to take into account large differences between these products. We should not compromise especially on the issue of savings. Mr. Bichler added that for smart regulation, there is also the need for smart political will. He sees that this will exists among political leaders in developed countries to come to more homogenous enabling legislation.

A comment from the audience returned the discussion to the public image of microfinance as a silver bullet for development. Mr. von Stauffenberg agreed that microfinance and especially microcredit need to be seen in broader perspective of development tools. Mr. Ehrbeck explained that such realism about the potential of microfinance and the broader drive for financial inclusion does exist among policy makers. A second comment from the audience called for improved measurement and evaluation of impact to demonstrate what we achieve and how we can achieve more. The importance of research on microfinance for a better understanding of the sector was emphasised. The floor discussion then turned to communicating about the impact of microfinance. There is a need for expectation management and for addressing public disappointment.

The microfinance sector should learn from mistakes and clearly communicate about what went wrong and how it should be improved. Mr. Ehrbeck responded that in addition to being honest, we also need to broaden our perspective. Credit has shown that the poor are bankable, but credit is not suitable for everyone. According to Mr. von Stauffenberg there is a need for differentiation and segmentation. Microfinance practitioners need to be clear about what they do and what they do not.

LIST OF PARTICIPANTS

FIRST NAME	LAST NAME	COMPANY/INSTITUTION	COUNTRY
Nader	ACKALL	Academy for Educational Development / ESAF TA Program	West Bank
Martin	STROBEL	Academy of German Cooperatives (ADG)	Germany
Rüdiger	MEISTER	Academy of German Cooperatives (ADG)	Germany
Paul	SURREAUX	ADA	Luxembourg
Benjamin	MACKAY	ADA	Luxembourg
Marilène	OBERLIN	ADA	Luxembourg
David	QUIEN	ADA	Luxembourg
Matthew	GENAZZINI	ADA	Luxembourg
Coralie	ZACCHINO	ADA	Luxembourg
Sophie	WIESNER	ADA	Luxembourg
Francesca	RANDAZZO	ADA	Luxembourg
Luc	VANDEWEERD	ADA	Luxembourg
Wendy	MEDRANO-LAZO	ADA	Luxembourg
Magali	PAULUS	ADA	Luxembourg
Quentin	LEQUYER	ADA	Luxembourg
Patrick	LOSCH	ADA	Luxembourg
Emma-Jayne	PAUL	ADA	Luxembourg
Corinne	FEYPEL-MOLITOR	ADA	Luxembourg
Axel	DE VILLE	ADA / e-MFP	Luxembourg
Justin	BOMDA	ADAF / MC2 Microbank Network	Cameroon
Benoit	DESTOUCHES	Aga Khan Agency for Microfinance	Switzerland
Trushna	PATEL	Aga Khan Agency for Microfinance	Switzerland
Caroline	ROZIERES	Agence Française de Développement	France
Philippe	SERRES	Agence Française de Développement	France
Aude	FLOGNY-CATRISSE	Agence Française de Développement	France
Marcus	FEDDER	Agora Microfinance Partners LLP	United Kingdom
Ines	GRAMEGNA	Agora Microfinance Partners LLP	United Kingdom
Guus	ROZENDAAL	Agri-Finance Africa	Netherlands
Wim	GORIS	Agri-ProFocus	Netherlands
Igor	NIKEZIC	AgroInvest	Montenegro
Florent	TROUILLER	Allen & Overy Luxembourg	Luxembourg
Nixon	BUGO	Alliance for a Green Revolution in Africa (AGRA)	Kenya
Youssef	FAWAZ	Al-Majmoua	Lebanon
Bernard	ORNILLA	Alterfin	Belgium
Sofie	DESMET	Alterfin	Belgium
Hugo	COUDERÉ	Alterfin	Belgium
Diana	BANURO	Alterfin	Belgium
David T.	BAGUMA	AMFIU	Uganda
Anne	CONTRERAS	Arendt & Medernach	Luxembourg
Edouard	D'ANTERROCHES	Arendt & Medernach	Luxembourg
Matthieu	TAILLANDIER	Arendt & Medernach	Luxembourg
Koenraad	VERHAGEN	Argidius Foundation	Netherlands
Barry	WOLDE YOHANNES	ASA International NV	Netherlands
Patrick	WALLERAND	ATTF	Luxembourg
Yves	MATHIEU	ATTF	Luxembourg
Josée	THYES	ATTF	Luxembourg
Samuel	GRAND	ATTF	Luxembourg
Yves	DECEUNINCK	ATTF	Luxembourg
Michael	MAY	ATTF	Luxembourg
Karia	BROM	ATTF	Luxembourg
Tisiana	BAGUET	ATTF	Luxembourg
Oscar	BERNAL	Banco de Bogotá	Colombia
Petra	SEGHERS	Belgian Bankers Academy / Participation Fund	Belgium
Robert	LUKAJ	Besa Fund	Albania
Grégory	BEHIN	BGL BNP Paribas	Luxembourg

FIRST NAME	LAST NAME	COMPANY/INSTITUTION	COUNTRY
Karin	SCHINTGEN	BGL BNP Paribas	Luxembourg
Emmanuelle	HUMANN	BGL BNP Paribas	Luxembourg
Arturo	SARABIA	Bio S.A.	Belgium
Nicolas	BLONDEAU	Bio S.A.	Belgium
Quentin	ANTOINE	Bio S.A.	Belgium
Gustavo	FERRO	Blue Rhino Consult BV	Netherlands
Bert-Jan	OTTENS	Blue Rhino Consult BV	Netherlands
Herman	ABELS	Blue Rhino Consult BV	Netherlands
Robbie	HOGERVORST	Blue Rhino Consult BV	Netherlands
Sarah	LESHNER	BlueOrchard Finance S.A.	USA
Marie-Anne	DE VILLEPIN	BNP Paribas	France
Samuel	LEFEVRE	BNP Paribas	France
Emmanuel	DE LUTZEL	BNP Paribas / e-MFP	France
Bert	OPDEBEECK	BRS - Belgian Raiffeisen Foundation	Belgium
Kurt	MOORS	BRS - Belgian Raiffeisen Foundation	Belgium
Alain	LAIGNEAUX	BTC - Belgian Technical Cooperation	Belgium
Artur	VACARCIUC	Business & Finance Consulting (BFC)	Switzerland
Andreas	RAITHELHUBER	Business & Finance Consulting (BFC)	Switzerland
Teshome	DAYESSO	Buusaa Gonofaa MFI	Ethiopia
Eta	BATE	Cameroon Franchise Association	Cameroon
Laura	LONTZEK	Center for Microfinance; University of Zurich	Switzerland
Cécile	LAPENU	Cerise / e-MFP	France
Betty	WAMPFLER	Cerise / Montpellier SupAgro	France
Jessica	SCHICKS	CERMI	Belgium
Ludovic	URGEGHE	CERMI - UMONS	Belgium
Marion	ALLET	CERMI - UMR201 - PlaNet Finance	France
Isabelle	BARRES	CFI / The Smart Campaign	USA
Antonique	KONING	CGAP	Belgium
Jasmina	GLISOVIC	CGAP	France
Mayada	EL-ZOGHBI	CGAP	France
Eric	DUFLOS	CGAP	France
Meritxell	MARTINEZ	CGAP	France
Tilman	EHRBECK	CGAP	USA
Xavier	REILLE	CGAP	France
Jared	PENNER	ChildFinance	Netherlands
Bram	VAN EIJK	ChildFinance	Netherlands
Francis	PEDRINI	Citi Luxembourg	Luxembourg
Charles	DENOTTE	Citi Luxembourg	Luxembourg
Safiye	OZUYGUN	Citi Microfinance	United Kingdom
Marjolaine	CHAINTREAU	Citi Microfinance	United Kingdom
Erol	ÖZBILEN	Citibank International plc	Luxembourg
Barry	PENNILL	Coinstar Money Transfer Limited	United Kingdom
Irina	IGNATIEVA	Concern Worldwide	Ireland
Omar	SAVADOGO	Confédération des Institutions Financières de l'Afrique de l'Ouest	Burkina Faso
Comlan Ignace	DOVI	Consortium ALAFIA	Bénin
Chiara	MENEGHETTI	Consorzio Etimos	Italy
Maren	RICHTER	Consultant	Germany
Eric	EKUE	Consultant	Senegal
Pim	ENGELS	Consultant	Netherlands
Frans	GOOSSENS	CORDAID	Netherlands
Sascha	NOE	CORDAID	Netherlands
Erna	KARRER-RUEDI	Credit Suisse / e-MFP	Switzerland
Peter	BLUM SAMUELSEN	Danish Forum for Microfinance	Denmark
Jes	COLDING	Danish Forum for Microfinance	Denmark

FIRST NAME	LAST NAME	COMPANY/INSTITUTION	COUNTRY
Jean-Luc	NEYENS	Degroof Gestion Institutionnelle - Luxembourg	Luxembourg
Céline	CARON-DAGIONI	Département des Relation Exterieures - Monaco	Monaco
Andreas	WOITZIK	Deutsche Derivate Vermögensverwaltung GmbH	Switzerland
Angus	KIRK	DFID	United Kingdom
Nina	HILDEBRANDT	DGRV - Deutscher Genossenschafts- und Raiffeisenverband e.V.	Germany
Paul	ARMBRUSTER	DGRV - Deutscher Genossenschafts- und Raiffeisenverband e.V.	Germany
Jérôme	FROISSART	Direction de la Coopération Internationale	Monaco
Yordi	PASQUIER	Direction de la Coopération Internationale	Monaco
Nina	EGELHOF	DZ Privatbank S.A.	Luxembourg
Charles	RUYS	Each B.V.	Netherlands
Johann	WILL	EFSE/ Sal. Oppenheim	Luxembourg
Holger	CHRIST	EFSE/ Sal. Oppenheim	Luxembourg
Claudia	PLOß-DAMBAX	EFSE/ Sal. Oppenheim	Luxembourg
Melania	DINESCU	EFSE/ Sal. Oppenheim	Luxembourg
Nawal	KERDOUGLI	Elseware	France
Sandra	MESTRUDE	Elseware	France
Sami	BEN ACHOUR	Enda	Tunisia
Camille	MOUREAUX	Entrepreneurs du Monde	France
Franck	RENAUDIN	Entrepreneurs du Monde	France
Carmen	VON NELL-BREUNING	Ernst & Young Services S.A.	Luxembourg
Guillermo	BAQUERO	ESMT	Germany
Emmanuel	MOYART	EU / ACP Microfinance Programme	Belgium
Alessandra	LUSTRATI	European Commission	Belgium
Stefania	ZANINELLO	European Commission	Belgium
Stefaan	PAUWELS	European Commission	Belgium
Célestin	MURENGEZI	European Commission / DG EuropeAid Co-operation Office	Belgium
Christine	GREGOIRE	European Fund Administration	Luxembourg
Maria Chiara	AMADORI	European Investment Bank	Luxembourg
Marie	JACQUESSON	European Investment Bank	Luxembourg
Isabelle	CABOS	European Investment Bank	Luxembourg
Perrine	POUGET	European Investment Bank / e-MFP	Luxembourg
Edvardas	BUMSTEINAS	European Investment Bank / e-MFP	Luxembourg
Eva	SANZ	European Master in Microfinance - Solvay University	Belgium
Niamh	WATTERS	European Microfinance Platform	Luxembourg
Juana	RAMIREZ	European Microfinance Platform	Luxembourg
Christoph	PAUSCH	European Microfinance Platform	Luxembourg
Antonia	TELEPINA	European Microfinance Programme	Belgium
Yann	GELISTER	European Microfinance Programme	Belgium
Enrique	HENNINGS	Fairtrade Labeling Organizations - FLO International	Germany
Klaus	MAURER	Finance in Motion	Germany
Bonnie	BRUSKY	Focus Conseil et Traduction	France
Maria Cristina	NEGRO	Fondazione Giordano Dell'Amore	Italy
Diego	Dagradi	Fondazione Giordano Dell'Amore	Italy
Carmen Gloria	LOPEZ MEZA	Fondo Esperanza	Chile
Calvin	MILLER	Food and Agriculture Organization of the UN	Italy
Jaime	TER LINDEN	ForeFinance	Netherlands
Barbara	KLEINJOHANN	Frankfurt School of Finance & Management	Germany
Rene	ROMERO ARRECHAVALA	Fundeser	Nicaragua
Renata	GARCIA	GFA Consulting Group	Germany
Diana	CORDES	GFA Consulting Group	Germany
Beth	RICHARDSON	GIIRS	USA
Jean-Luc	PERRON	Grameen Credit Agricole Microfinance Foundation	Luxembourg
Philippe	GUICHANDUT	Grameen Credit Agricole Microfinance Foundation	Luxembourg
Pauline	ANGOSO	Grameen Credit Agricole Microfinance Foundation	Luxembourg
Guillaume	LEPOUTRE	GRET	France

FIRST NAME	LAST NAME	COMPANY/INSTITUTION	COUNTRY
Franklin	ODOEMENAM	Grooming Microfinance Centre / University of Bielefeld	Germany
Karen	LOSSE	GTZ	Germany
Wolfgang	BUECKER	GTZ	Germany
Anne	LEYMAT	Handicap International	France
Grégory	DOUCET	Handicap International	France
Tesfaye	BEFEKADU	HARBU Microfinance Institution	Ethiopia
Lina	TOUCH	Hattha Kaksekar Limited	Cambodia
Fabrice	ALIZADEH	HEC	France
Harry	CLEMENS	HIVOS	Netherlands
André	OERTEL	Horus Development Finance	France
Aimery	DE DINECHIN	ICAR - Association Internationale de Crédit Agricole et Rural	France
Ben	NIJKAMP	ICCO	Netherlands
Johannes	SOLF	ICCO	Netherlands
Saskia	MEYNHARDT	ICON-INSTITUT Private Sector	Germany
Christin	DÖRING-MAZRAANI	ICON-INSTITUT Private Sector	Germany
Roberto	CASANOVAS	IDEPRO	Bolivia
Michael	HAMP	IFAD	Italy
Miriam	CHEROGONY	IFAD Kenya Country Office	Kenya
Joe	RAKOTONIRINA	IFRA - Institution Financière de la Région de l'ANOSY	Madagascar
Soukeyna	NDIAYE BA	Inafi International	Senegal
Leila	RISPENS-NOEL	Inafi International	Senegal
David	DEWEZ	Incofin Investment Management	Colombia
Luce	PEREZ	Incofin Investment Management	Belgium
Martin	HERMANNS-COUTURIER	INNPACT S.à r.l.	Luxembourg
Jami	HUBBARD	International Development Law Organisation	Italy
Arthur	GOUJON	International Development Law Organisation	Italy
Birgit	GALEMANN	International Finance Development	Germany
Bernd	BALKENHOL	International Labour Organization	Switzerland
Craig	CHURCHILL	International Labour Organization	Switzerland
Levan	LEBANIDZE	JSC Bank Constanta	Georgia
Roshaneh	ZAFAR	Kashf Foundation	Pakistan
Matthias	ADLER	KfW	Germany
Joaquim	ULISSES CATINDA	KixiCrédito	Angola
Kimanthi	MUTUA	K-Rep Bank	Kenya
Cesar	LOPEZ	LEDC	USA
Judith	HOFFMANN	London School of Economics	Luxembourg
Kaspar	WANSLEBEN	Luxembourg Microfinance and Development Fund	Luxembourg
Marc	ELVINGER	Luxembourg Microfinance and Development Fund	Luxembourg
Laetitia	POLIS	Luxembourg Round Table on Microfinance (LRTM)	Luxembourg
Riccardo	PETROCCA	Luxembourg School of Finance - University of Luxembourg	Italy
Malika	HAMADI	Luxembourg School of Finance - University of Luxembourg	Luxembourg
Sachin S.	VANKALAS	Luxembourg School of Finance - University of Luxembourg	Luxembourg
Laetitia	HAMON	LuxFLAG	Luxembourg
Daniel	DAX	LuxFLAG	Luxembourg
Titus	HORSCH	MEDA - Mennonite Economic Development Associates	Germany
Adil	SADOQ	MEDA - Mennonite Economic Development Associates	Morocco
Laura	DE VERE	Microcredit Enterprises	France
Sead	MUCIC	Microcredit Foundation EKI	Bosnia-Herzegovina
Frances	SINHA	Micro-Credit Ratings International Limited	India
Daniel	PHILIPP	Microenergy	Germany
Piotr	KORYNSKI	Microfinance Centre	Poland
Pius	FRICK	Microfinance Initiative Liechtenstein	Liechtenstein
Sophia	MICHUD	Microfinance International Corporation	USA
Benoit	MONSAINGEON	Microfinance Sans Frontières	France
Alexandra	FIORILLO	MicroFinance Transparency	USA

FIRST NAME	LAST NAME	COMPANY/INSTITUTION	COUNTRY
Aldo	MOAURO	MicroFinanza Rating srl	Italy
Micol	GUARNERI	MicroFinanza Rating srl	Italy
Florence	LEFEBVRE	MICROFIS	France
Cyrille	PARANT	MICROFIS	France
Lama	ZAWATI	Microfund for Women	Jordan
Véronique	FABER	Microinsurance Network / ADA	Luxembourg
Maarten	VAN SCHOTEN	MicroNed	Netherlands
Josien	SLUIJS	MicroNed	Netherlands
Damian	VON STAUFFENBERG	MicroRate	USA
Luis	VIADA	MicroRate	USA
Jorma	PAUKKU	Ministry for Foreign Affairs	Finland
Scammacca	FILIPPO	Ministry of Foreign Affairs	Italy
Marc	BICHLER	Ministry of Foreign Affairs - Development Coorperation	Luxembourg
Daniel	FEYPEL	Ministry of Foreign Affairs - Development Coorperation	Luxembourg
Nicole	TAGHER	Monaco Social Business Association	Monaco
Christophe	HORLAIT	Moneytrans	Belgium
Kanini	MUTOONI	myAzimia.org	Germany
Jean	POUIT	MyTransfer / e-MFP	Luxembourg
Yerom	CASTRO	National Banking and Securities Commission	Mexico
Sameh	AL-MAHARIQ	National Microfinance Bank	Jordan
Joost	DE LA RIVE BOX	NEDWORC / Terrafina	Netherlands
Ab	ENGELSMAN	Netherland Platform for Microfinance	Netherlands
Hans	VAN DER VEEN	Netherlands Ministry of Foreign Affairs	Netherlands
Judith	PAURITSCH	Oesterreichische Entwicklungsbank AG	Austria
Ging	LEDESMA	OIKOCREDIT	Netherlands
Robert	BRAGAR	OIKOCREDIT	Netherlands
Fanny	RUIGHAVER	OIKOCREDIT	Netherlands
Alejandro	SILVA	OMTRIX	Costa Rica
Anke	LUCKJA	Opportunity International	Germany
Bruno	MOLIJN	Oxfam Novib	Netherlands
Daniela	RUSSO	Oxfam Novib	Netherlands
Michaël	KNAUTE	OXUS Development Network	France
Alexis	SURUN	OXUS Development Network	France
Marie - Annick	SINOU	PAMIGA	France
Antoinette	GUHL	PAMIGA	France
Selma	JAHIĆ	Partner Microcredit Foundation	Bosnia-Herzegovina
Dragisa	LUKIC	Partner Microcredit Foundation	Bosnia-Herzegovina
Gera	VOORRIPS	PHB Development	Netherlands
Philippe	BREUL	PHB Development	Belgium
François	COUPIENNE	PHB Development	Belgium
Bram	PETERS	PhB Development / De Timp Consulting	Belgium
Pascale	GESLAIN VANDENBERG	PlaNet Finance	France
François	DUROLLET	PlaNet Finance / e-MFP	France
Delphine	BAZALGETTE	PlaNet Finance Deutschland	Germany
François	DORLAND	Planet Finance Luxembourg	Luxembourg
Justino	ALARCON	Planet Finance Luxembourg	Luxembourg
Mathieu	DUBREUIL	PlaNet Guarantee	France
Emanuelle	JAVOY	Planet Rating	France
Otto	WORMGOOR	Planet Rating	France
Vanessa	MENDEZ	PlaNIS	France
Ryan	KLINGHOFFER	PMD Capital Management, LLC	Mexico
Tanir	HELAYEL	PMD Capital Management, LLC	Mexico
Thomas	RAUSCH	Pride Africa	Kenya
Francisco	DE HOYOS PARRA	Prodesarrollo Finanzas Y Microempresa A.C.	Mexico
Bernard	PONS	Pure Capital	Luxembourg

FIRST NAME	LAST NAME	COMPANY/INSTITUTION	COUNTRY
Claire	CHERPION	PwC	Luxembourg
Valérie	ARNOLD	PwC	Luxembourg
Andreas	DROSSEL	PwC	Luxembourg
Judit	MARTINEZ PASAMAR	PwC	Luxembourg
Marie-Christine	JETIL	PwC	France
Nathalie	CLOSE	PwC	Luxembourg
Michael	DE GROOT	Rabobank Foundation	Netherlands
Gerard	VAN DER HEIDEN	Rabobank Foundation	Netherlands
Pierre	VAN HEDEL	Rabobank Foundation / e-MFP	Netherlands
Julia	REINICKE	responsAbility Social Investments AG	Switzerland
Verónica Paola	TRUJILLO TEJADA	Salamanca University	Spain
Snezana	ANDOVA	Savings House Mozhnosti	Macedonia
Hans	RAMM	Swiss Agency for Development and Cooperation	Switzerland
Emmanuel	PONDARD	SEE Consultancy	Luxembourg
William	TUCKER	SEEP Network	USA
Malith	GUNASEKARA	Shorebank International	USA
Ebba	AURELL	Sida, Swedish International Development Cooperation Agency	Sweden
Catherine	BELLIN SCHULZ	SIDI	France
Anne-Sophie	BOUGOUIN	SIDI	France
Silvia	CORNACCHIA	SIDI	France
Camille	FRAZZETTA	SIDI	France
Selwambala	JULIUS CEASAR	Silver Upholders Limited (Microfinance)	Uganda
Anthony	APPIAH	Sinapi Aba Trust	Ghana
Marieke	DE LEEDE	SNS Asset Management	Netherlands
Rosemarie	JONGENELEN	Social Microfinance Foundation	Netherlands
Gérard	BRASQUET	Société Générale	France
Marc	MEES	SOS Faim Belgium	Belgium
Laurent	BIOT	SOS Faim Belgium	Belgium
François	LEGAC	SOS Faim Luxembourg A.s.b.l.	Luxembourg
Thierry	DEFENSE	SOS Faim Luxembourg A.s.b.l.	Luxembourg
Ilonka	RUEHLE	Sparkassenstiftung für internationale Kooperation	Germany
Niclaus	BERGMANN	Sparkassenstiftung für internationale Kooperation	Germany
Roland	DOMINICÉ	Symbiotics	Switzerland
Vincent	DUFRESNE	Symbiotics	Switzerland
Mariel	MENSINK	Terrafina Microfinance	Netherlands
Cor	WATTEL	Terrafina Microfinance	Netherlands
Fedde	POTJER	Terrafina Microfinance	Netherlands
Benoît	MOULIN	the treehub	Luxembourg
Andreas	HEINEN	THEMA, Université Cergy - Pontoise	France
John	BLIEK	Trias	Belgium
Geert	VAN ISTERDAEL	Trias	Belgium
Adriaan	LOEFF	Triodos Facet BV	Netherlands
Alberic	PATER	Triodos Facet BV	Netherlands
Dana	ROELOFS	Triodos Investment Management	Netherlands
Clemens	GERTEISER	Triple Jump	Netherlands
Jessie	GREENE	Triple Jump	Netherlands
Sascha	HUIJSMAN	Triple Jump	Netherlands
Carol	CARUSO	Triple Jump Advisory Services	Netherlands
Ruben	DE CASTRO DE LARA	TSPI Development Corporation	The Philippines
Marek	HUDON	ULB / CERMi	Belgium
Maria	PERDOMO	United Nations Capital Development Fund	Senegal
Hanadi	TUTUNJI	United Nations Capital Development Fund	USA
David	MORRISON	United Nations Capital Development Fund	USA
Jane	GIACAMAN	United Nations Relief and Works Agency	Palestine

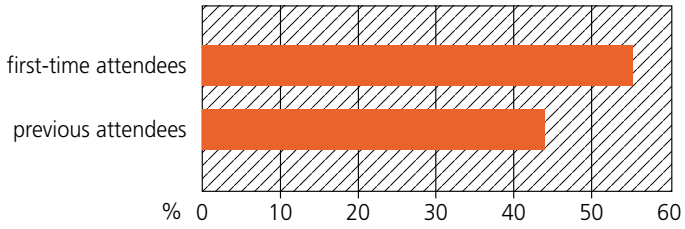
FIRST NAME	LAST NAME	COMPANY/INSTITUTION	COUNTRY
Davide	CASTELLANI	University of Bergamo	Italy
Simonetta	CHIODI	University of Bergamo	Italy
Thilo	KLEIN	University of Cambridge	United Kingdom
Sebastien	GROH	University of Göttingen	Germany
Armonia	PIERANTOZZI	University of Rome Tor Vergata	Luxembourg
Javier	SIERRA PIERNA	University of Salamanca	Spain
Olga	BIOSCA	University of Sheffield	United Kingdom
David John	RICHARDS	Veecus	France
Matthieu	CHAMBON	Virlet Avocats	Luxembourg
Anar	SHAHBAZOV	Vision Fund Azer Credit LLC	Azerbaijan
Savoeung	CHANN	Vision Fund Cambodia	Cambodia
Carola	SABA	Women's World Banking	USA
Mary Ellen	ISKENDERIAN	Women's World Banking	USA
Eno	OFORI-ATTA	Women's World Banking Ghana	Ghana
Renate	KLOEPPINGER-TODD	World Bank	USA
Stephanie	GEAKE	World Microfinance Forum Geneva	Switzerland
Anne-Françoise	LEFÈVRE	World Savings Banks Institute / e-MFP	Belgium
Paola	D'ANGELO		Luxembourg
Karel	JANSEN		Netherlands
Anne	DEPAULIS		France
Ana	MILITAO		Portugal
Ellen	BIRCH		Spain
Judy	BORNEBUSCH		Germany

FEEDBACK AND STATISTICS

Following European Microfinance Week 2010, all participants were invited to take part in a satisfaction survey and e-MFP would like to share the positive feedback received from the 111 respondents.

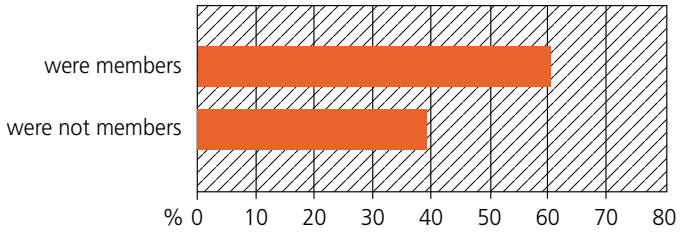
First time attendees

55.85 percent of respondents were first-time attendees
44.14 percent of respondents were previous attendees



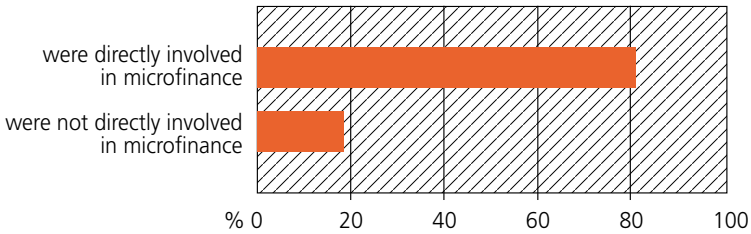
Members attending

60.36 percent of respondents were members
39.63 percent of respondents were non-members



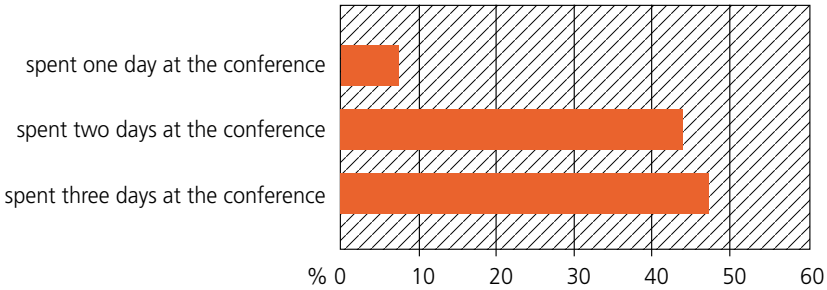
Participants directly involved in microfinance

81.10 percent of respondents were directly involved in microfinance
18.90 percent were not directly involved in microfinance



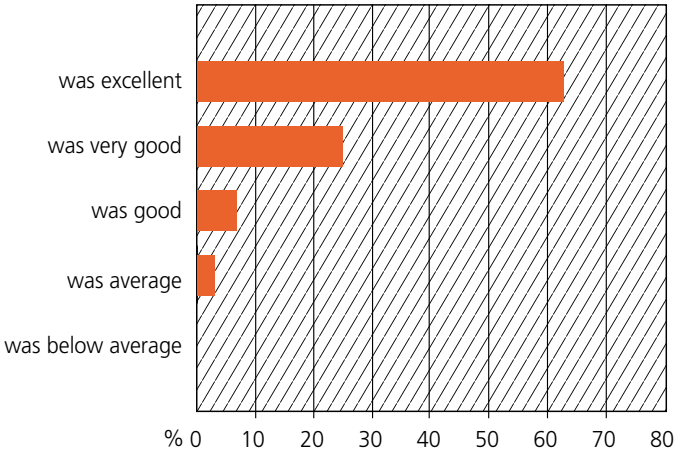
Days spent at the conference

8.11 percent of survey respondents spent one day at the conference
44.14 percent of survey respondents spent two days at the conference
47.74 percent of survey respondents spent three days at the conference



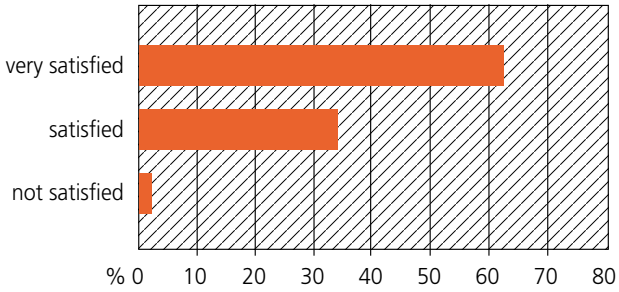
Quality of the conference organisation

62.16 percent of survey respondents
thought the conference organisation was excellent
27.02 percent of survey respondents
thought the conference organisation was very good
7.21 percent of survey respondents
thought the conference organisation was good
3.61 percent of survey respondents
thought the conference organisation was average
0 percent of survey respondents
thought the conference organisation was below average



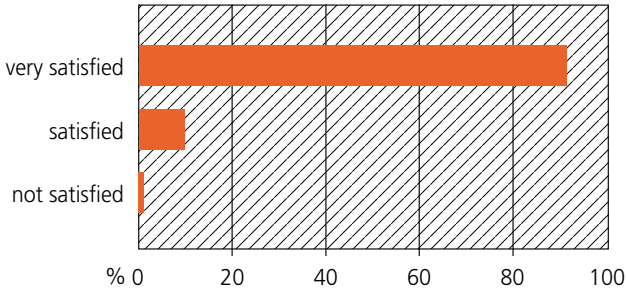
Satisfaction with conference materials

63.06 percent of survey respondents
were very satisfied with the conference materials
34.23 percent of survey respondents
were satisfied with the conference materials
2.70 percent of survey respondents
were not satisfied with the conference materials



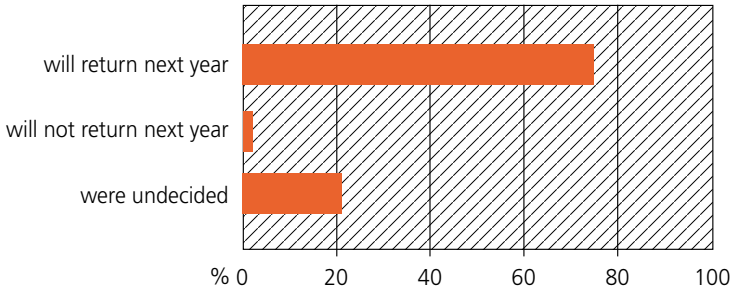
Satisfaction with conference facilities

85.58 percent of survey respondents were very satisfied with the conference facilities
11.71 percent of survey respondents were satisfied with the conference facilities
2.70 percent of survey respondents were not satisfied with the conference facilities



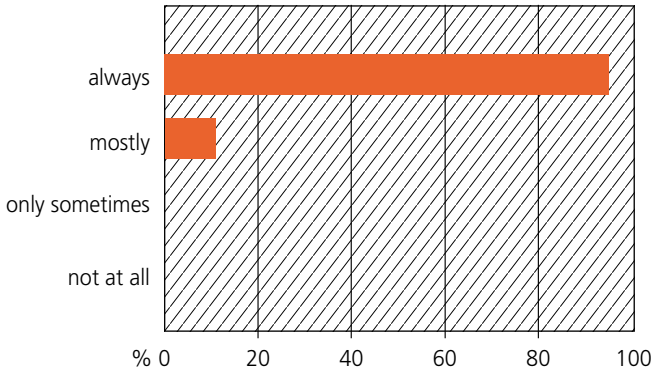
Participation next year

75.67 percent of respondents will return next year
2.70 percent of respondents will not return next year
21.62 percent of respondents were undecided



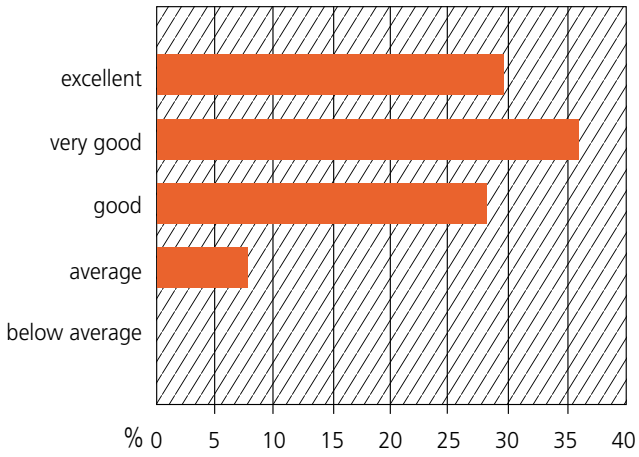
Were the conference staff helpful and courteous?

87.38 percent of survey respondents said the conference staff were ALWAYS helpful and courteous
12.61 percent of survey respondents said the conference staff were MOSTLY helpful and courteous
0 percent of survey respondents said the conference staff were ONLY SOMETIMES helpful and courteous
0 percent of survey respondents said the conference staff were NOT AT ALL helpful and courteous



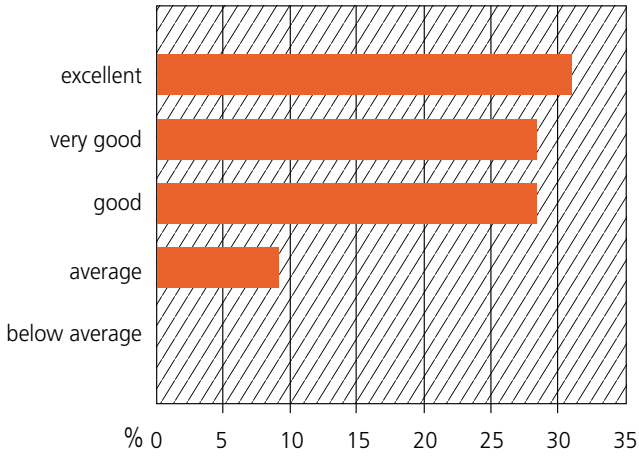
Satisfaction with the speakers

29.72 percent of survey respondents thought the speakers were excellent
36.03 percent of survey respondents thought the speakers were very good
27.02 percent of survey respondents thought the speakers were good
7.20 percent of survey respondents thought the speakers were average
0 percent of survey respondents thought the speakers were below average



Satisfaction with the moderation

32.43 percent of respondents thought the moderation was excellent
28.82 percent of respondents thought the moderation was very good
28.82 percent of respondents thought the moderation was good
9.01 percent of respondents thought the moderation was average
0 percent of respondents thought the moderation was below average



Below are some comments on what participants appreciated about European Microfinance Week 2010

"The conference organization was excellent and the staff were exceptionally helpful"

"Perfect organisation (especially compared to commercial organisers)"

"Sessions allowed great Q&A and interactions with audience"

"Plaza was a useful opportunity to network"

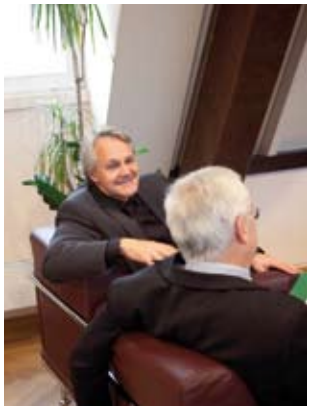
"Excellent quality of presentations"

"Good balance between interactive sessions and plenary sessions"

"Networking opportunities were fantastic"

"e-MFP does well in picking up topical issues"

"Great opportunity to meet many people with whom we might collaborate in future."



"The topics were very good, the sessions were very interesting and challenging."

"I got to meet many relevant people"

"Congratulations to the organisers for their great work!"

"Very stimulating topics, very motivating"

"Very interesting sessions and a good opportunity to network"

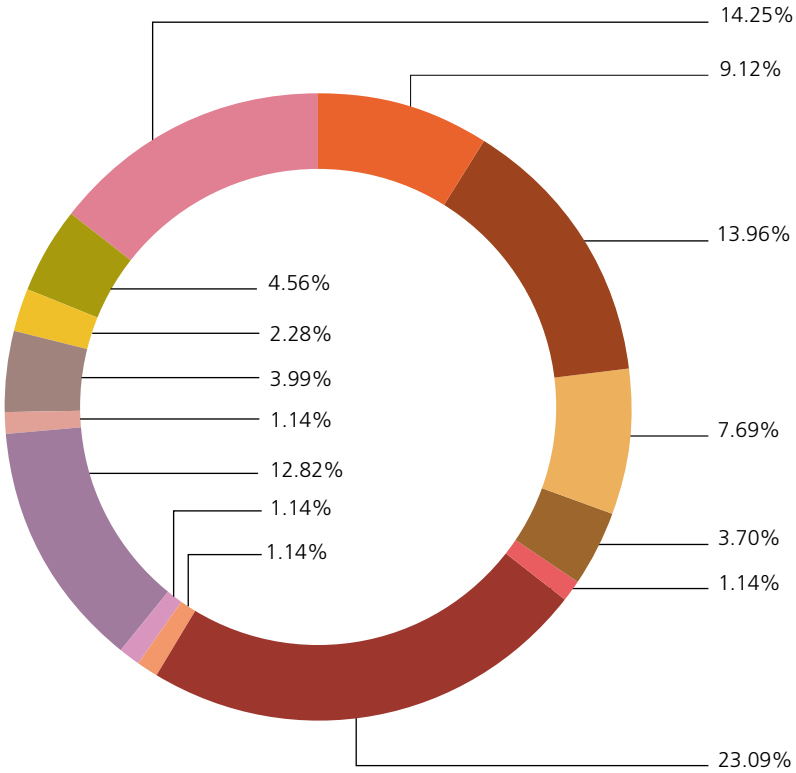
(Thank you to Martin Kinsella & Associates for sponsoring the survey)

COUNTRIES

Number of checked in participants 351
Number of countries represented 51

- Belgium
- France
- Germany
- Italy
- Kenya
- Luxembourg
- Mexico
- Monaco
- Netherlands
- Senegal
- Switzerland
- Other
- United Kingdom
- United States

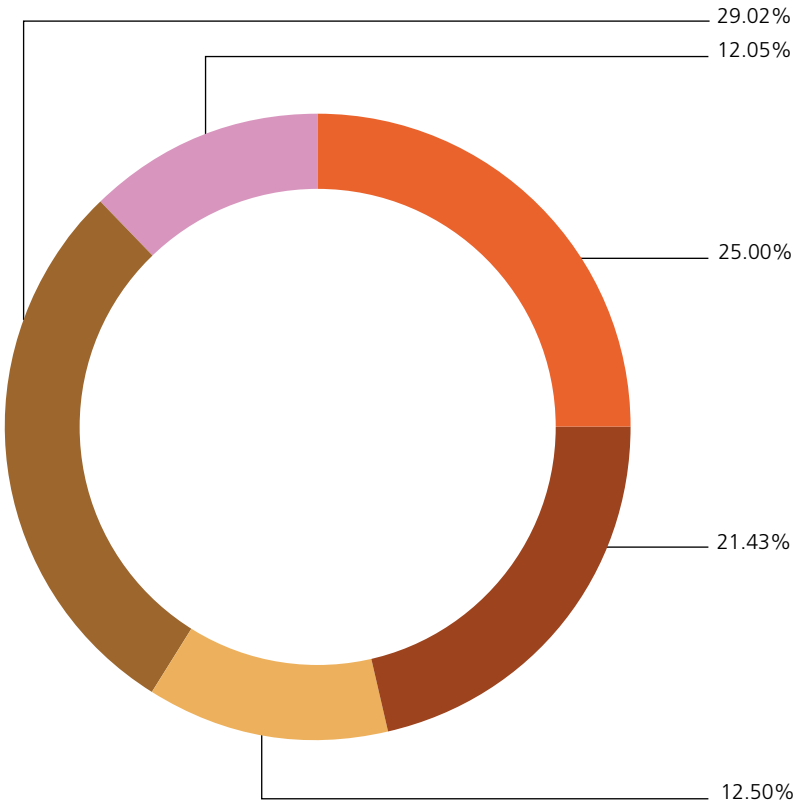
Albania
Angola
Austria
Azerbaijan
Benin
Bolivia
Bosnia and Herzegovina
Burkina Faso
Cambodia
Cameroon
Chile
Colombia
Costa Rica
Denmark
Ethiopia
Finland
Georgia
India
Ireland
Jordan
Lebanon
Liechtenstein
Macedonia
Madagascar
Montenegro
Morocco
Nicaragua
Pakistan
Palestine
Philippines
Poland
Portugal
Monaco
Spain
Sweden
Tunisia
Uganda
West Bank



ORGANISATIONS

Number of organisations represented 224
Categories of participants

- Bank or financial institution
- Consulting or support services
- Government agency
- NGO
- Research institution or university



EUROPEAN MICROFINANCE PLATFORM

The European Microfinance Platform [e-MFP] was founded formally in 2006. e-MFP is a growing network of over 130 organisations and individuals active in the area of microfinance. Its principal objective is to promote co-operation amongst European microfinance bodies working in developing countries, by facilitating communication and the exchange of information. It is a multi-stakeholder organisation representative of the European microfinance community. e-MFP members include banks, financial institutions, government agencies, NGOs, consultancy firms, researchers and universities.

e-MFP's vision is to become the microfinance focal point in Europe linking with the South through its members.

Executive Secretariat

Christoph Pausch, Executive Secretary
Niamh Watters, Information Officer
Juana Ramírez, Microfinance Expert

European Microfinance Platform (e-MFP)
2 rue Sainte Zithe
L-2763 Luxembourg
contact@e-mfp.eu
www.e-mfp.eu

NEXT EUROPEAN MICROFINANCE WEEK

2 - 4 NOVEMBER 2011

If you are interested in sponsoring this year's event and positioning your organization at the forefront of the microfinance sector, please contact the Secretariat at contact@e-mfp.eu

e-MFP would like to thank Blue Rhino Consult BV for their assistance in preparing this report.

European Microfinance Platform (e-MFP)
2 rue Sainte Zithe, L-2763 Luxembourg
Tel: +352 26 27 13 55, Fax: +352 45 68 68 68
contact@e-mfp.eu

www.e-mfp.eu