



## A WORD FROM OUR NEW CHAIRWOMAN

For this Spring Newsletter, I am happy to share a few words with you as the new Chairwoman of our European Microfinance Platform (e-MFP). I am following in the footsteps of Axel de Ville and Marc Bichler who I want to thank for their commitment in promoting and leading e-MFP during the last years.



As a “must” for European actors, the November gathering of the European Microfinance Week has become the forum where our community of practitioners, donors, investors and scholars, meets and exchanges, strengthening common bonds among diverse backgrounds and profiles. This year we will meet 12<sup>th</sup> - 14<sup>th</sup> November to discuss the future of micro-finance for inclusive growth.

We are also happy to see throughout the year, the activities of the Action Groups. They share ideas and experiences, publish lessons learned, shape the European Microfinance Week programme, and participate in the selection process for the European Award. From the promotion of academic input in our activities, or the strategic reflections around Responsible Investment in Microfinance, to the concrete activities on Youth Financial Inclusion, Rural Outreach & Innovation, or Microfinance and Environment, our Action Groups contribute to defining a coordinated agenda for the sector and strengthen our achievements through knowledge sharing and exchange of best practice.

Indeed e-MFP, as a network, counts on its members to collaborate, discuss innovative approaches, and link with the partners in the South to promote and strengthen a responsible and inclusive microfinance sector!

Do get involved, participate in our activities and let us know what you expect from e-MFP; I look forward to working with all of you!

With the continuous support from the Luxembourg government, a committed Secretariat, and an increasing and diversified membership, e-MFP has now, more than ever, the means to become the microfinance focal point in Europe. In 2013, we welcome new Board Members who will give fresh ideas to our strategy, and the Secretariat will also recruit new staff to strengthen its capacities.

Cécile Lapenu

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## NEWS FROM THE SECRETARIAT

### NEW e-MFP PUBLICATIONS

e-MFP is pleased to announce three new publications:

1. The e-MFP information leaflet has been updated to reflect changes in the Board and the growing e-MFP membership.
2. Discussion Paper No.1: The e-MFP Action Group of Investors in Tier 2 / 3 MFIs has published a discussion paper "Working towards a common consensus on the definition of Tiers in microfinance", see page 5 for details To view Discussion Paper No.1 visit <http://e-mfp.eu/resources/other>
3. European Microfinance Week 2012 conference report: The extensive report contains summaries of the engaging presentations and discussions which took place during this prestigious event. To view the conference report visit <http://www.e-mfp.eu/european-microfinance-week-2012/conference-report>



## EUROPEAN MICROFINANCE WEEK 2013



Join us in Luxembourg - see [www.e-mfp.eu](http://www.e-mfp.eu)

Following last year's success which gathered over 400 participants, e-MFP is pleased to announce that European Microfinance Week 2013 will take place in the Abbaye de Neumünster, Luxembourg, 12<sup>th</sup> – 14<sup>th</sup> November. The theme for this year's event is **"The Future of Microfinance: Investing in Inclusive Growth"**. As in previous years, a packed

programme will ensure you are kept up to date with the latest trends in the sector. 12<sup>th</sup> November will be the Action Group and Training day, with plenary, workshop and round-table sessions taking place 13<sup>th</sup> – 14<sup>th</sup> November.

A request for proposals was sent to all members and the deadline for submission is 14<sup>th</sup> May





2013. European Microfinance Week is a superb opportunity to network, be kept informed about important developments and make those vital new contacts. We look forward to receiving your proposals for the programme and to welcoming our members and friends back in November for more debate and lively discussion.

Further details on the event and how to register will be available on [www.e-mfp.eu](http://www.e-mfp.eu) in the coming months.

**Interested in sponsoring European Microfinance Week 2013 and positioning your organization at the forefront of the microfinance sector?**

The e-MFP Secretariat would be happy to discuss the opportunities available, [contact@e-mfp.eu](mailto:contact@e-mfp.eu)

## e-MFP PARTICIPATION

Further to a meeting of African networks at European Microfinance Week 2012, the e-MFP Secretariat met Sally Kelly of AMT (African Microfinance Transparency) on 26<sup>th</sup> February to discuss a possible collaboration between e-MFP and the organisers of the **African Microfinance Week** (see also article on page 9).

Christoph Pausch, the e-MFP Executive Secretary, participated on 28<sup>th</sup> February in the conference **"Micro Perspectives for Decentralized Energy Supply"** in Berlin at which the new e-MFP Action Group Microfinance and Environment was officially launched (see also article on page 6).

On 28<sup>th</sup> February the Executive Secretary visited **PlaNet Finance Germany** in Berlin to exchange on future possible joint activities.

On 5<sup>th</sup> March, e-MFP together with the head of the University Meets Microfinance Action Group, had a meeting with the **EIB-Institute** to discuss a further involvement of the EIB-Institute in the UMM activities.

On 6<sup>th</sup> March Christoph Pausch made a presentation in the framework of the annual general meeting of the **Red Katalysis Network**. This network is made up of 22 microfinance organizations located throughout Central America. Network members operate in Honduras, Guatemala, El Salvador, and Nicaragua and reach around 273,000 entrepreneurs. The Katalysis Network strengthens its member organizations through technical and informational support, as well as with capacity building programs.

On 18<sup>th</sup> March the e-MFP Secretariat met Véronique Faber, Executive Director of the **Microinsur-**

**ance Network** to discuss future collaborations between the two organisations.

On 20<sup>th</sup> March e-MFP had the pleasure of welcoming Mrs. Antonique Koning from **CGAP**. Main discussion points of the meeting were CGAP's next 5 year strategy and the organization of the European Microfinance Week 2013.

On 21<sup>st</sup> March Christoph Pausch was invited to speak at the opening plenary of the **9<sup>th</sup> Global Microfinance Forum 2013** in Vienna entitled "Onto the Road to Prosperity - Tailoring the Environment in which Microfinance Operates". Christoph's presentation focused on the changing reputation of microfinance.



Christoph Pausch with Raul Sanchez, Red Katalysis



9<sup>th</sup> Global Microfinance Forum 2013





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## NEWS FROM OUR ACTION GROUPS

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# THIRD EUROPEAN RESEARCH CONFERENCE ON MICROFINANCE

## 10<sup>th</sup> – 12<sup>th</sup> June 2013

After careful screening of papers and rejecting several, around 200 papers have been accepted to be presented at the Third European Research Conference on Microfinance. The authors of these papers come from 50 countries from all around the world. This year many researchers from Africa, Asia and Latin America have been included - more than a fourth of the accepted papers come from researchers from these continents.

A special emphasis was also given to include students and several of the accepted papers come from PhD scholars. However, to ensure a high quality prestigious conference, the majority of papers accepted are written by established researchers several of whom are affiliated with reputed universities such as University of New York, University of Michigan, Purdue University, University of Cambridge, University of Bath, University of Groningen, Yale University, University of Zürich, University of St. Gallen, University Libre de Brussels, Griffith University (Australia) etc. The participation of researchers from such prestigious universities demonstrates that the European Research Conference on Microfinance has now been established as the world's most important research conference on microfinance.

The conference will consist of a combination of plenary sessions and 6-8 parallel sessions, with 300 – 400 participants anticipated. There will be special sessions organized by the Microinsurance Network, The

European Microfinance Network, University Meets Microfinance and International Labor Organization. An innovation at this year's conference will be a stream of sessions particularly relevant for practitioners. *For more information about the conference, the venue, hotels, travel alternatives etc. visit [www.uia.no/microfinance](http://www.uia.no/microfinance).*



### PLENARY SPEAKERS

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**MANUELA ANGELUCCI,**  
*University of Michigan. "Randomized trial impact evaluation of Compartamos"*

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**DAVID ROODMAN,**  
*Center for Global Development, Washington USA. "The virtues and limits of RCTs: Lessons from a comprehensive investigation into microfinance"*

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**DALE ADAMS,**  
*Professor emeritus, Ohio State University, USA. "Microfinance at middle age"*

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**TIMOTHY GUINNANE,**  
*Yale University. "Historical institutions in today's microfinance landscape"*

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**MALCOLM HARPER,**  
*Professor emeritus, Cranfield school of management, UK. "Microfinance; where did I and it go wrong?"*

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**SUSAN JOHNSON,**  
*University of Bath. "Mobile money in Africa"*

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**MARCELLA CORSI,**  
*Sapienza University of Rome. "Microfinance in Europe: Where do we stand?"*

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**ROBERT LENSINK,**  
*University of Groningen, The Netherlands. "The usefulness of Randomized Control Trials in development research"*

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**MAREK HUDON,**  
*Solvay Brussels School ULB CERMI, Belgium. "Subsidies & microfinance: What do we know?"*

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**ISABELLE GUERIN,**  
*Institute of Research for Development, France. "Microfinance crisis: evidence from the field"*

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**KJETIL BJORVATN,**  
*Norwegian School of Economics (NHH), Norway. "Youth and Entrepreneurship in Tanzania"*

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**ROY MERSLAND,**  
*University of Agder, Norway. "The future of microfinance: Market opportunities and historical insights"*

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**VALENTINA HARTARSKA,**  
*Auburn University, USA, "Savings and sustainability of microfinance institutions"*

# e-MFP ACTION GROUP PROPOSES TIER DEFINITION IN MICROFINANCE



Action Group meeting during European Microfinance Week

The e-MFP Action Group of Investors in Tier 2/3 MFIs has published a discussion paper “Working towards a common consensus on the definition of Tiers in microfinance”.

One of the important indicators in the microfinance sector is the so called “tier” a microfinance institution (MFI) belongs to. People within the industry commonly refer to tier 1, tier 2, tier 3 and sometimes even tier 4 MFI to describe which kind of microfinance institution they are talking about.

In a previous position paper, the Action Group highlighted that there is no consensus of what these tiers actually mean. The current situation makes it particularly difficult for people outside the industry to analyze the role and positioning of different microfinance institutions, donors, NGOs, technical assistance providers and investors.

The proposed definition encompasses three dimensions to reflect the maturity of a microfinance institution: size, sustainability and transparency. To be considered in the respective tier, a microfinance institution has to meet all of the following criteria:

For more information, including a mapping of how the microfinance sector looks like in terms of tiers today, refer to the Discussion Paper published by the Action Group at [www.e-mfp.eu/resources/other](http://www.e-mfp.eu/resources/other).

The Action Group of Investors in Tier 2/3 MFIs is composed of NGOs, foundations, investment managers and vehicles focused on smaller microfinance institutions.

For more information on the Action Group contact the e-MFP Secretariat, [contact@e-mfp.eu](mailto:contact@e-mfp.eu).

	TIER 1	TIER 2	TIER 3
SIZE	> USD 50 million in assets	USD 5 – USD 50 million in assets	No requirement
SUSTAINABILITY	RoA > 0 during 2 out of 3 last years AND all RoA > -5%	Positive RoA in 1 out of last three years and other >-5% OR positive trend in RoA and all >-5%	No requirement
TRANSPARENCY	Regulated financial institution OR rated financial institution	Audited financial statements for at least 3 years	No requirement





## LAUNCH OF THE NEW e-MFP MICROFINANCE AND ENVIRONMENT ACTION GROUP



e-MFP is delighted to announce the launch of its latest Action Group 'Microfinance and Environment' during an international conference 'Micro Perspectives for Decentralized Energy Supply', held in Berlin 28<sup>th</sup> February 2013. This Action Group is the first of its kind and is unique in bringing together the most innovative actors at the intersection of microfinance and environmental issues. Its work will greatly contribute to enhance the visibility of current initiatives, to improve the exchange of information among practitioners and will provide new, practical tools to advance environmental microfinance.

The background to the new Action Group was a series of meetings organized by MicroEnergy International in November 2011 and November 2012 during European Microfinance Week which focused on environmental issues pertaining to microfinance. The meetings gathered interested organizations who discussed the potential creation of an e-MFP Action Group on Microfinance and Environment and the main topics of interest that such an Action Group should deal with.

The objective of the Action Group is to bring together microfinance practition-

ers to discuss and exchange experiences in dealing with environmental issues and to create new practical tools to advance environmental microfinance. The Action Group is also intended to act as a think tank that disseminates its results among e-MFP members and the microfinance sector at large with a view to increasing the awareness of and commitment to act on these issues. It is meant both as an internal knowledge-sharing and external awareness-raising platform that serves as a reference in the microfinance sector.

Effective climate change mitigation and adaptation do not only require restrictions on energy consumption in the developed world, but also a decoupling of economic development and green house gas (GHG) emissions in the South, in particular among people living in poverty and MSMEs. But can developing countries take a less carbon-intensive path, even though its outcome is highly uncertain? And if so, how can this be achieved? And how can the people in the South be protected from climate change impacts, considering that they are the most vulnerable and affected population group? The Action Group will discuss and take concrete actions regarding the contribution of microfinance in solving environmental issues.

Microfinance already plays and will increasingly play a major role in these issues, be it



through tackling energy poverty by offering clean energy credits, greening microfinance institutions or supporting MFI clients in adaptation measures through technology or micro-insurance schemes. Other issues of major importance should also be dealt with, such as the role microfinance can play in the affordability and credit delivery for essential goods. The example of water should be high on the agenda, given the increasing scarcity of water in the developing world, both for productive (irrigation) and consumptive (drinking) use.

The objectives of the Microfinance and Environment Action Group are to contribute to:

- Discuss current challenges related to microfinance and environment and ways to overcome them
- Improve knowledge and action of microfinance actors in environmental issues
- Enhance cooperation among environmental microfinance actors, share experiences, create synergies and develop partnerships where possible
- Increase international attention for, and (political and financial) dedication to environmental microfinance
- Publicize and disseminate its findings in writing to other e-MFP members and the microfinance sector at large
- Thereby enhancing the interest and concrete commitment of all actors (MFIs, investors...) in this field.



The outputs of the Action Group will include:

- Directory of organizations providing funding or technical assistance in environmental microfinance.
- Environmental product catalogue for MFIs: series of fact-sheets describing an environmental product that benefits the environment, the MFIs and their customers (EERE technologies, agricultural micro-insurance, etc.)
- Collection of case-studies (showing best practices and lessons learned)
- Catalogue of criteria to assess the environmental performance of MFIs, based on existing scientific literature and observations on the ground.

e-MFP members wishing to participate in the Action Group can contribute with

their experience primarily by helping to develop concrete tools, taking part in meetings, writing discussion or research papers, case-studies and position papers, and contribute to the dissemination of the results of the Action Group within the microfinance sector in general through their public engagement.

e-MFP is delighted to support this new Action Group which has identified such an important topic to be addressed and we look forward to sharing their concrete output with you.

*For further information on how to contribute to the Action Group, email the e-MFP Secretariat [contact@e-mfp.eu](mailto:contact@e-mfp.eu) and Samuel Dansette [MicroEnergy International, Samuel.dansette@microenergy-international.com](mailto:MicroEnergy International, Samuel.dansette@microenergy-international.com)*





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## NEWS FROM OUR MEMBERS

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# LEARNING CONFERENCE FROM THE DANISH FORUM FOR MICROFINANCE



e-MFP member Danish Forum for Microfinance held its 'Learning Conference' on 19<sup>th</sup> March in Copenhagen to review what has been learned over the past three years and what are the future directions. The guest speaker at the event was Josien Sluijs of the Netherlands Platform for Microfinance, another e-MFP member. The conference also saw the launch of the 'Catalogue of Microfinance Actors in Denmark'.

Since 2009, Danish microfinance actors have been working closely together through the network of the Danish Forum for Microfinance (DFM) to facilitate communication and capacity building of its members. The goal has been to facilitate broader understanding of microfinance in the public and amongst the Danish NGOs but first and foremost the goal has been to facilitate capacity building of the microfinance actors towards best practice and higher levels of quality in the work that is done in the South. Interventions have been all the way from courses on basic microfinance principles to technical and specialized discussions on focused net-

work groups where actors have been able to share experiences. DFM has conducted 12 conferences, 22 workshops, 26 network meetings, released 7 publications, and issued 21 newsletters to over 500 subscribers. Numerous advocacy initiatives have been carried out including dialogue with the Minister of Development. This way, DFM has facilitated networks, capacity building, advocacy and innovation among its current 58 member organizations. Progress is evident and members have been able to share materials and lessons learned between organizations. At the closure of the three year capacity building and information initiative a broader overview of who-does-what, and how and what has been learned is needed in order to create a platform for networking and joint sharing for further learning collaboration.

### Catalogue of Microfinance Actors in Denmark

30 out of 58 member DFM organisations are listed in the 'Catalogue of Microfinance Actors in Denmark'. The contributions are structured around the main

objective and reason behind the organizations' involvement in microfinance activities, the approach to microfinance that the organisations have applied, typical or most significant projects carried out, and finally the developments and lessons learned by the organisations.

Some of the main trends and conclusions made from the various contributions are as follows:

- Wish to support income generation and vulnerable groups
- Mainly the private sector is working with MFIs
- Growing number of NGOs working with MFIs
- NGOs have moved from using revolving loan funds to promoting SLAs
- Trend of professionalizing the SLA support
- Improved capacity of Northern organisations as well as partners in the South
- Initiatives and training to support SLAs with external financing
- Microfinance is part of integrated microenterprise development activities
- Growing focus on advocacy through microfinance and about microfinance
- Strengthening civil society through the capacity building of SLAs and MFIs
- The sector is moving towards a stronger focus on Africa and Asia

To download the 'Catalogue of Microfinance Actors in Denmark' visit [www.e-mfp.eu/news/catalogue\\_of\\_microfinance\\_actors\\_in\\_denmark](http://www.e-mfp.eu/news/catalogue_of_microfinance_actors_in_denmark)

*For more information about the Danish Forum for Microfinance please contact coordinator Peter Blum Samuelsen at [pbs@mikrofinans.dk](mailto:pbs@mikrofinans.dk)*



## AFRICAN MICROFINANCE WEEK – A NEW INITIATIVE



1<sup>st</sup> African  
Microfinance  
Week

Arusha, TANZANIA | 2-6.12.2013

In 2009, ADA launched the first dialogue between the main African Microfinance regional networks. A collaboration between AMT, AFMIN and MAIN was born and the first step of this initiative is to launch an annual microfinance conference in Africa that will become the pinnacle event of the industry's regional calendar. The latter half of the year is always busy in terms of events and conferences and organising a common event during which all networks can hold their General Assemblies (GA) and side events not only improves synergies but also avoids shared members travelling several times a year.

The first African Microfinance Week (AMW) will be held in Arusha, Tanzania from the 2<sup>nd</sup> – 6<sup>th</sup> December 2013. The

event will dedicate 2,5 days to a conference on "Regulation of the African microfinance sector: 20 years on" (from 2<sup>nd</sup> – 4<sup>th</sup> December) with a combination of plenary, workshops and round table sessions related to the theme as well as an Investor's Fair, followed by 2,5 days (4<sup>th</sup> – 6<sup>th</sup> December) for networks specific meetings (GAs, workshops, trainings, etc.).

The African Microfinance Week will gather MAIN, AFMIN and AMT members and all other interested African networks, MFIs and stakeholders (social investors active in microfinance, technological service providers, etc.), to debate, share experiences and opinions on current issues pertaining to microfinance regulation in Africa. The estimated

amount of attendees in 2013 will be 250 to 300 individuals coming from a range of sector organisations.

e-MFP looks forward to supporting this initiative which is also the result of a meeting of African microfinance networks which took place in Luxembourg November 2012 within the framework of European Microfinance Week.

*For more information on African Microfinance Week contact Ms Sally Kelly: [sally.ada@microfinance.lu](mailto:sally.ada@microfinance.lu)*

## NEWS FROM THE BOARD

The first meeting of the e-MFP Board in 2013 was held on 7<sup>th</sup> February in Luxembourg in the Maison de la Microfinance. Main points on the agenda were the new distribution of tasks within the Board, the follow-up of the European Microfinance Week 2012 and of the 4<sup>th</sup>

European Microfinance Award as well as discussions on strategic issues.

The newly elected Executive Committee of the e-MFP Board is as follows: Cécile Lapenu, Acting Chairwoman; Perrine Pouget, Deputy Chairwoman; Joël Pain,

Treasurer and Hans Dieter Seibel, Secretary of the Board.

The next Board meetings will be held on 16<sup>th</sup> May in Bonn and on 20<sup>th</sup> September in Paris.



## FORUM

## HOW TO RECONCILE FINANCIAL INCLUSION AND FINANCIAL INTEGRITY?

ANNE-FRANÇOISE LEFÈVRE, POLICY ANALYST AML/CFT, FATF



The promotion of well-regulated financial systems and services is central to any effective and comprehensive Anti-Money Laundering and Terrorist Financing (AML/CFT) regime. However, applying an overly cautious approach to AML/CFT safeguards can have the unintended consequence of excluding legitimate businesses and consumers from the financial system.

In June 2011, FATF – the Financial Action Task Force<sup>1</sup> - published a Guidance paper which provided support to countries and their financial institutions in designing AML/CFT measures that meet the national goal of financial inclusion, without compromising the measures that exist for the purpose of combating crime. Following the revision of its AML/CFT Recommendations in 2012<sup>2</sup>, FATF updated the Guidance in February 2013<sup>3</sup>. This project was conducted in partnership with the World Bank and the Asia/Pacific Group on Money Laundering (APG), and in consultation with the financial industry.

The Guidance paper focuses on ensuring that AML/CFT controls do not inhibit access to well regulated financial services for financially excluded and underserved groups, including low income, rural sector and undocumented groups. The document provides clarity and guidance on the

FATF Recommendations that are relevant when promoting financial inclusion and shows how the Recommendations can be read and interpreted to support access to financial services.

The revised Guidance seeks to reflect the changes brought to the FATF Recommendations in 2012. It focuses in particular on the reinforcement of the risk-based approach, as a general and underlying principle of all AML/CFT systems. Countries and financial institutions will be required to understand, identify and assess risks, and apply mitigation and management measures that are risk-sensitive. This will allow them to focus on higher risk areas, for a more effective implementation of AML/CFT measures and a more efficient allocation of their resources. As part of the risk-based approach, where there are higher risks, countries will require enhanced measures. Correspondingly, where the risks are



lower, simplified measures may be permitted. Exemptions can only be granted if there is proven low risk, amongst other conditions.

In a financial inclusion context, newly banked and vulnerable groups may present a lower money laundering and terrorist financing risk and this could appropriately be recognised as such by the risk assessment. However, it is important to keep in mind that underserved clients represent a very heterogeneous category with very different risk profiles in different jurisdictions. As a consequence, they cannot be classified as lower risk clients –and benefit from a simplified AML/CFT regime- solely on the basis that they are low income individuals, who

have recently been integrated into the formal financial system. Countries will need to clarify if and under what conditions and for which type of products and transactions low value clients can appropriately be subject to a simplified AML/CFT regime.

FATF believes that the development of risk-sensitive AML/CFT frameworks will be a key step for countries that wish to build a more inclusive formal financial system, and give access to appropriate financial services to a larger proportion of the population, including the most vulnerable and unserved groups. It will continue to work to ensure that financial inclusion and AML/CFT objectives mutually reinforce each other.

#### ABOUT THE FATF

The Financial Action Task Force (FATF) is an inter-governmental body whose main objective is to combat money laundering, terrorist financing and other threats to the integrity of the international financial system.

FATF sets standards and promotes the implementation of effective Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) regimes around the world.

*For more information visit [www.fatf-gafi.org](http://www.fatf-gafi.org)*

<sup>1</sup> More information in the box.

<sup>2</sup> [www.fatf-gafi.org/recommendations](http://www.fatf-gafi.org/recommendations)

<sup>3</sup> [www.fatf-gafi.org/topics/financialinclusion/documents/reviseguidanceonamlcftandfinancialinclusion.html](http://www.fatf-gafi.org/topics/financialinclusion/documents/reviseguidanceonamlcftandfinancialinclusion.html)



## OIKOCREDIT & ASKI : PARTNERSHIP BEYOND LOANS

MANOLITA GONZALES, OIKOCREDIT



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The winner of the 4<sup>th</sup> European Microfinance Award on Microfinance for Food Security, ASKI from the Philippines has worked with e-MFP member Oikocredit. Here Oikocredit briefly describes their collaboration with ASKI, highlighting North-South collaboration.

In 2012, ASKI won the 4<sup>th</sup> European Microfinance Award for its micro-credit initiatives to improve food security, strengthen food distribution networks, increase yields and empower farmer communities. One of ASKI's sources of funds is Oikocredit, one of the world's largest sources of private funding to the microfinance sector. Oikocredit has a double bottomline: social and financial. In addition to earning modest financial returns, Oikocredit guarantees its investors that their money is being used to fight poverty and to promote fair trade

and respect our planet's natural resources.

Alalay sa Kaunlaran Incorporated has been a partner of Oikocredit since December 2002, when it acquired its first loan of €187,908 for its group loans. ASKI then had a loan portfolio of about €91,363 and 13,729 clients, most of them women. As its micro-finance operations grew, ASKI took 5 other loans from Oikocredit and has recently submitted an application for its 7th loan of €2.255 million. ASKI's portfolio as of February 2013 is almost €27 million. Its client base has grown to more than 115,000 borrowers and savers.

But Oikocredit's and ASKI's relationship goes beyond loans. As a social investor, Oikocredit helps all its partners to improve their social performance and accountability to their clients. Oikocredit has intro-

duced to its partners the Poverty out of Progress Index, the Client Protection Principles/SMART campaign and other social performance management tools and audits. ASKI was a most responsive partner so beginning 2009, Oikocredit began providing ASKI with PPI technical assistance and SPM mentoring support. The partnership has been fruitful.

ASKI showed how serious it was in improving social performance by reviewing its vision and mission and including SPM as a core strategy. It created an SPM committee to monitor and review its social performance. It included social performance indicators in its regular reporting, instituted client satisfaction and exit surveys to improve products and services, and included social performance indicators in its staff incentive scheme.

ASKI piloted and rolled out PPI in all branches and in 2011, became the first MFI in Southeast Asia and the second in Asia to be certified by Grameen Foundation U.S.A. for its compliance in the basic, advanced, and tracking over time standards in its PPI use. According to the certification report, ASKI's strengths include its management's commitment to achieve ASKI's social goals, to embed the PPI data in its loan evaluation process and to put in place new processes and programs emerging from the use of the PPI, such as establishing satellite offices to make ASKI products more accessible to their clients.



Because of its consistency in pursuing SPM initiatives, Oikocredit Philippines named ASKI as the first over-all winner of its ESG award in June 2012, "for its exemplary practices in social performance, integrating key environmental, social and governance factors into its microfinance operations." ASKI has also earned the respect and recognition of its peers. A number of MFIs have gone on field visits to ASKI's base in Cabanatuan City, Philippines, to learn from its SPM practices and innovations.



## UNCITRAL INTERNATIONAL COLLOQUIUM ON MICROFINANCE

MONICA CANAFOGLIA, UNCITRAL

Last January (16-18 January), the United Nations Commission on International Trade Law (UNCITRAL) held a Colloquium in Vienna on the creation of an enabling legal environment for microfinance and microbusiness.

Experts from all over the world discussed the building blocks of such an environment. Flexible and affordable legal forms for those businesses that wish to "graduate" from a subsistence mode of doing business to a growth mode characteristic of a formal sector were said to be needed. The importance of alternative dispute resolution mechanisms, still rarely in place, was emphasized as a way to ensure fair and affordable access to justice to the 4 billion poor who lack it. Principles were identified to address

the legal challenges of the new models of delivering financial services to the unbanked, in particular through mobile banking. Further, it was outlined that microborrowers need a reliable and transparent lending process: they should be able to obtain loans secured not by adding to their personal liability, or that of their family or friends, but by pledging their own market valued assets. Finally, it was considered that the vulnerability of microbusiness to market shifts and the more frequent risk of bankruptcy call for special insolvency regimes that would allow microbusiness to recover and continue operating.

An enabling legal environment has a strong focus on the life cycle of a microbusiness, but it is clearly relevant

to microfinance since microfinance is related to developing entrepreneurship and expanding self-employment. An enabling environment also contributes to reinforcing the rule of law at country level, thus supporting fair, stable and predictable systems conducive to inclusive and sustainable development.

UNCITRAL, which has kept microfinance on its agenda since 2009, will discuss the findings of the Colloquium at its July session where the form of its future involvement in the topic will be considered as well.

*To view the presentations from the event visit <http://www.uncitral.org/uncitral/en/commission/colloquia/micro-finance-2013-papers.html>*



# UPDATE FROM THE CLIENT PROTECTION CERTIFICATION PROGRAM

ALEXANDRA RIZZI, THE SMART CAMPAIGN



In January of 2013 the Smart Campaign launched its long-awaited Client Protection Certification Program. The program, created for and by the industry and managed by the Smart Campaign, represents an important milestone in the growth of microfinance as a uniquely client-focused portion of the global financial sector. Through incentivizing good client protection practices and lowering the risk to clients, certification will contribute to a more responsible and stable industry.

Certification allows financial providers to be evaluated by a third-party certifier against a set of 30 standards of care. The 30 standards reflect the operation-

alization of the 7 Client Protection Principles into most aspects of business operations. These standards set the bar at the basic, good practices that poor clients should expect when doing business with the financial institutions that serve them. They are

meant to be achievable for most financial institutions with the desire to meet them. The standards and the certification methodology were developed and piloted over the course of two years through a Task Force of over 30 experts.

Financial institutions (FI) that wish to become certified must contact one of the licensed certifiers and apply. The four specialized microfinance rating agencies are the licensed certifiers which includes MicroRate, MicroFinanza Rating, Planet Rating and M-CRIL. A FI will be evaluated through a **streamlined desk review** and **on-site due diligence process** that will include staff and client interviews and

feedback. To be certified, a FI needs to comply with all 30 adequate standards of care for client protection. Each standard has one or more indicator by which to measure compliance, as well as guidance to the certifier on measurement & context. Only organizations that pass certification will be made public. Certification is valid for two years, and only during that time will an organization be able to hold itself out publicly as 'Client Protection Certified' after which a new certification should be obtained by the financial institution.

The Smart Campaign recommends that any institution interested in certification conduct an internal review of their practices against the client protection standards. The Getting Started Questionnaire tool is a good starting point for this purpose. If an institution needs to upgrade its practices, it may wish to obtain an assessment from one of the trained assessors, participate in trainings, or apply one of the Smart Campaign tools. In a few cases, MFIs may wish to seek technical assistance for specific upgrading projects. The Smart Campaign recommends the steps illustrated in the figure below to determine the best course of action for an institution. ▶





The exact cost of certification will vary by location and is a matter of negotiation between the licensed certifier and the requesting organization. While we acknowledge that price is always a concern, we anticipate that certification will be affordable and of positive value to financial institutions. Certifications can be carried out as stand-alone visits, or in

conjunction with microfinance institutional rating or a social rating. The Campaign encourages combining certification with ratings: it will be more cost effective than seeking a rating and certification separately. Because most of the groundwork required to assess a financial institution's client protection practices is done during a rating, it will be substantially

less expensive to obtain certification as an add-on module rather than as a stand-alone.

We congratulate the first set of organizations, among them two e-MFP members MCF EKI and Partner MFC, that have become client protection certified in 2013 and encourage you to help celebrate their achievements!



The Smart Campaign has been encouraged by support from across the industry in response to the launch of certification. The Microfinance CEOs Working Group, Oikocredit, VisionFund, Women's World Banking, Accion International and other global organizations have all voiced their support and pledged to help their

partners and networks work towards becoming 'certification-ready.' The Smart Campaign is ready and willing to engage with all actors interested in becoming certified or in supporting their partners in the path towards certification. The Campaign realizes that certification is a brand new feature of the microfinance sector,

and we ask for your help in building this market. As institutions make the effort to meet the standards, their client protection practices improve, and the certificate allows them to stand as public examples, influencing others. This will be good for microfinance institutions, good for investors and especially good for clients.

*For upcoming webinars, trainings and opportunities to become better versed in the CPPs and the Client Protection Certification Program visit <http://smartcampaign.org/news-a-highlights/campaign-events>.*





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## UNIVERSITY MEETS MICROFINANCE

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### FINANCIAL INCLUSION AND MICROFINANCE IN LATIN AMERICA: 9<sup>th</sup> WORKSHOP OF THE e-MFP UMM ACTION GROUP TO BE HELD ON 30<sup>th</sup> – 31<sup>st</sup> MAY IN SALAMANCA

The region of Latin America has been highly relevant for stakeholders of microfinance from the start. A number of different lending techniques and other products were developed here and successively exported to other regions in the world. Latin American MFIs were among the first to adopt the commercial approach of microfinance and raise funds from local capital markets. In the important context of social performance, the MFIs in the Latin American region lead

when it comes to reporting on respective indicators. The speakers of the 9<sup>th</sup> UMM workshop will spotlight some of the most interesting aspects of the sector in the region, while at the same time looking at its role and relevance within the broader concept of financial inclusion. Different approaches of measuring financial inclusion in the region and according results will be discussed. The workshop will also try to build a bridge between the lessons learned in Latin

America and their possible relevance and applicability to the Spanish case.

Speakers from Agencia Española de Cooperación Internacional para el Desarrollo, Fundación CajaMar, Inter-American Development Bank, NODUS Consultores, Pro Mujer, PlaNet Finance as well as students and professors from University of Almería, University of Greenwich, University of Salamanca and University of Zaragoza will present and discuss their findings.

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## OTHER UMM IMPORTANT DATES

### UMM SCHOLARSHIPS – APPLICATION DEADLINES 2013

- June 15<sup>th</sup> Deadline - 3<sup>rd</sup> Call (Bachelor and Master)
- November 15<sup>th</sup> Deadline - 4<sup>rd</sup> Call for Scholarships (PhD)

### UMM AWARDS – APPLICATION DEADLINES 2013

- September 20<sup>th</sup> Deadline - Call for Awards for Master Thesis
- September 20<sup>th</sup> Deadline - Call for Awards for PhD Articles

### UMM WORKSHOPS 2013

- 9<sup>th</sup> Workshop of the e-MFP UMM Action Group at the University Salamanca, 30-31 May 2013, “Financial Inclusion and Microfinance in Latin America”
- 10<sup>th</sup> Workshop of the e-MFP UMM Action Group Workshop at the Frankfurt School of Finance & Management, 4<sup>th</sup> – 5<sup>th</sup> July 2013, “New challenges for microfinance – Mobile banking, remittances and green finance.”





## ABOUT UMM



University Meets Microfinance (UMM) is a European initiative which fosters the cooperation between universities, students in Europe and microfinance practitioners to contribute to microfinance innovation and education for development. UMM is mainly active in domains as microfinance education, microfinance research, information capitalization, professional exchange & dissemination of information. All UMM activities are carried out under the umbrella of

the European Microfinance Platform (e-MFP) in the frame of the e-MFP UMM Action Group.

UMM has been initiated in 2009 by PlaNet Finance and Freie Universität Berlin with the support of the European Union, the PlaNet Finance Foundation and other partners. Since 2012, UMM is co-financed by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH on behalf of the German Federal Ministry for Economic

Cooperation and Development (BMZ) and receives further support from the European Union, the Agence Française de Développement (AFD), the European Investment Bank Institute, the Freie Universität Berlin and the Frankfurt School of Finance and Management for the period 2013-2015. Until now, more than 3.100 students, academics and practitioners have benefitted from UMM activities.

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## NEW MEMBERS

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### AECID



The Spanish Agency for International Development Cooperation (AECID, in Spanish) is a public entity within the Ministry of Foreign Affairs and Cooperation, responsible to the Secretary of State for International Cooperation and for Latin America. Under the International Development Cooperation Act 23/1998, of 7 July 1998, AECID is the governing body for Spanish policy on international development cooperation, and its fundamental aim, according to the AECID statutes, is to promote, manage and implement public policies for international development cooperation, with particular emphasis on reducing poverty and achieving sustainable human development in developing

countries, as defined in each four-yearly AECID Master Plan. Combating poverty is the ultimate goal of Spanish policy for international development cooperation, as part of Spain's overall foreign policy, and AECID's actions are based on the belief that interdependence and solidarity are essential elements of international society.

*For more information  
visit <http://www.aecid.es/en/index.html>*





## INTERNATIONAL LABOUR ORGANIZATION (ILO)'S SOCIAL FINANCE PROGRAMME



The mission of the ILO is to promote Decent Work. In that context, its Social Finance Programme, launched in 1991, supports efforts to extend financial services to excluded persons by addressing two main goals: a) the promotion of better employment; and b) a reduction in the vulnerability of the working poor.

The pursuit of better employment means creating jobs and improving the quality of employment through innovative financial services and conducive policies. The reduction of vulnerability can be achieved by improving access to appropriate risk managing financial services, including microinsurance. To pursue these two goals, the Social Finance Programme conducts research, shares knowledge and provides technical advice to facilitate access to relevant finance services through a variety of institutional models.

It is also actively involved in capacity building activities through its acclaimed Making Microfinance Work training programme for middle managers of financial institutions, in collaboration with the ILO's International Training Centre in Turin (see <http://mmw.itcilo.org>).

The ILO's Social Finance Programme is a member of several networks, including CGAP, Microinsurance Network, the Social Performance Task Force and the Micro Credit Summit.

*For more information visit [www.ilo.org/socialfinance](http://www.ilo.org/socialfinance) or contact [sfp@ilo.org](mailto:sfp@ilo.org)*

## PWC LUXEMBOURG

PwC Luxembourg ([www.pwc.lu](http://www.pwc.lu)) is the largest professional services firm in Luxembourg with 2,200 people employed from 57 different countries. It provides audit, tax and advisory services including management consulting, transaction, financing and regulatory advice to a wide variety of clients from local and middle market entrepreneurs to large multinational companies operating from Luxembourg and the Greater Region. It helps its clients create value they are looking for by giving comfort to the capital markets and providing advice

through an industry focused approach.

The global PwC network is the largest provider of professional services in audit, tax and advisory. We're a network of independent firms in 158 countries and employ more than 180,000 people.

Impact investing at a broad level, and microfinance in specific, is a hot topic for our firm both in Luxembourg and globally. We have a large, multi-disciplinary team working on topics ranging from risk management to portfolio valuations



to due diligence. Our clients include microfinance institutions, impact investing funds, and international donors.

In Luxembourg, we are active participants in the impact investing platforms, including the e-MFP, EIL and ALFI's SRI working group. We engage with stakeholders to help shape and grow the sector.

*For more information visit [www.responsibleinvesting.lu](http://www.responsibleinvesting.lu)*



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## ANNOUNCEMENTS

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**Child and Youth Finance International (CYFI)** is holding an international summit **7<sup>th</sup> – 9<sup>th</sup> May** in Istanbul, Turkey. This summit will be held under the patronage of the Capital Markets Board of Turkey in collaboration with the Borsa Istanbul and the Central Bank of Turkey. A special acknowledgement is due to International Child Support (ICS), The MasterCard Foundation and Visa for their support to the event. The Summit will focus on the relevance and significance of Economic Citizenship Education and financial access for children and youth, as well as innovations in the field of child and youth finance across the world.

For more information visit <http://www.childfinanceinternational.org/index.php/summit> or contact [summit@childfinance.org](mailto:summit@childfinance.org)

Partnership Brokers are those who support multi-stakeholder collaboration for sustainable and inclusive development by skilled management of the partnering process. Cross-sector collaboration is hard to build, manage and scale up and, without expert help, usually falls far short of impact. **Partnership Brokers Training:** this 4-day skills training is for those operating in the brokering (ie. inter-mediating) role. Run by the Partnership Brokers Association, the course runs in various locations: May (NL), June & Nov (UK), August (Aus).

For more information visit [www.partnershipbrokers.org](http://www.partnershipbrokers.org)

The International Training Centre of the **ILO**, EMLD Programme, is pleased to announce the upcoming training on **Making Microfinance Work: managing product diversification**, ITCILO Turin, Italy,

**13<sup>th</sup> – 17<sup>th</sup> May 2013.** It is designed for middle and senior managers in microfinance institutions. It is relevant for institutions that have already diversified and are looking for ways to manage their diversification more effectively, as well as institutions that have not diversified and are looking for guidance on where and how to begin. This course is also useful to finding agencies and technical assistance providers that are trying to support MFI diversification efforts.

For more information visit <http://intranetp.itcilo.org/STFIA906005/en> or contact Margarita Lalayan - +39 011 693 6530 - [m.lalayan@itcilo.org](mailto:m.lalayan@itcilo.org)

**The Azerbaijan Micro-finance Association (AMFA)** is planning the following events for 2013: Workshop on Islamic Banking & Finance, **20<sup>th</sup> – 21<sup>st</sup> May 2013**, Baku, Azerbaijan. Training to evaluate financial and institutional performance in microfinance (Smart GIRAFE methodology), **20<sup>th</sup> – 21<sup>st</sup> June 2013**, Baku, Azerbaijan.

For more information visit [www.amfa.az](http://www.amfa.az)

**Cracking the Nut: Sustainable Sourcing for Agricultural Supply Chains, 25<sup>th</sup> - 26<sup>th</sup> June 2013**, Dresden, Germany. Cracking the Nut 2013 is a first-class global conference for multinational companies, investors, and development practitioners, bringing together private and public institutions to increase collaboration and investment in sustainable rural and agricultural markets. Sessions will focus on food safety, sustainability, traceability, certification, innovative financing and more...

For more information visit <http://www.crackingthenutconference.com>

**World Forum Convergences 2015, 17<sup>th</sup> – 19<sup>th</sup> September 2013** at the Palais Brongniart and at Paris City Hall. The World Forum program is rich and diversified, built on shared experiences with the active contribution of Convergences 2015 Working Groups, that is 200 experts representing institutional bodies, corporate organizations, civil society, media and international partners. The World Forum is a unique meeting place for the public sector, the business world, civil society actors but also the media and students. It is a major international event bringing together iconic personalities and international experts.

Registration will be open from April on the website *Convergences 2015* : <http://www.convergences2015.org/en>. For any further information, to contact us [contact@convergences2015.org](mailto:contact@convergences2015.org)

The **PlaNet Finance** Group launched in 2012, the first edition of the **LH Forum**, the sole international conference dedicated to the positive economy that matters. The LH Forum aims at promoting the development of an economic activity that is meaningful to every man and woman and this is respectful of the planet. In 2013, the LH Forum will be held once again in Le Havre city **24<sup>th</sup> – 27<sup>th</sup> September**. More than 150 renowned experts, business leaders, heads of NGOs, academic and political leaders as well as representatives of trade unions will gather for a three day meeting in order to present their vision and elaborate recommendations in order to build up the foundations of a new economy

Register now online [www.lhforum.com/register](http://www.lhforum.com/register) in order to share pioneering visions, thinking modes and economic business models."





## CALENDAR OF e-MFP EVENTS

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16 <sup>th</sup> May 2013			
e-MFP Board meeting			
10 <sup>th</sup> – 12 <sup>th</sup> June 2013			
Third European Research Conference on Microfinance			
20 <sup>th</sup> September 2013			
e-MFP Board meeting			
12 <sup>th</sup> – 14 <sup>th</sup> November 2013			
European Microfinance Week			

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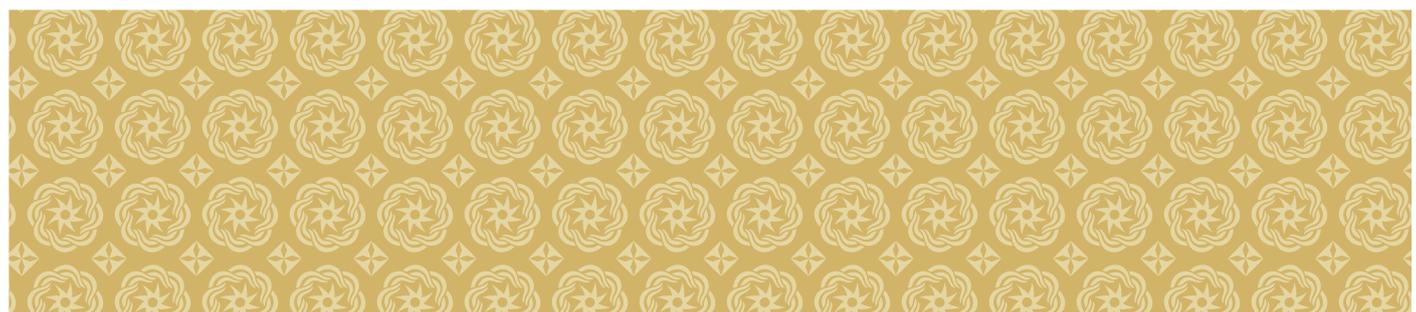
## e-MFP IN THE PRESS



The French language service 'Le Portail Microfinance' posted a summary in French of some of the highlights of European Microfinance Week 2012. e-MFP welcomes this opportunity to further

reach out to the French speaking micro-finance community.

To view the French summary visit [www.lamicrofinance.org/content/article/detail/34142](http://www.lamicrofinance.org/content/article/detail/34142)



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 Ministère des Finances