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New Members / Announcements



Photo by Gro Anita Homme

Participants at the 3rd European Research Conference on Microfinance

EDITORIAL

Dear Members and Friends,

The first half of 2013 has been particularly busy for e-MFP; with 10 new publications, participation in several of the sector's top events and co-organization of the fantastic 3rd European Research Conference on Microfinance in Norway. More than 180 papers presented and around 270 participants made the event the world's most important meeting place of academics involved in microfinance research.

This newsletter includes some first photo impressions of the conference (a conference report will follow after the

summer) and on page 2, I invite you to discover a particularly interesting article presenting the main findings from our brand-new Who's Who 2013 - Directory of European Microfinance Actors Working in Developing Countries.

In addition to updating on our activities and those of our Action Groups, we outline on page 4, the preparation of the "not to-be-missed" European Microfinance Week 2013. On page 14, the NpM – Netherlands' Platform for Inclusive Finance gives an overview of its activities. Other highlights are an article by Marc Bichler, UNCDF Executive Secretary and e-MFP Board member, on the post-2015 development framework and the latest activities on this issue at UN level and an

article by Anne Contreras on social entrepreneurship investment funds.

Finally, I would like to introduce and give a warm welcome to two new staff members: Daniel Rozas joined e-MFP on 1st June as Senior Microfinance Expert (and you can find an interesting article from him on rating agencies on page 10) and Marja Väisänen joined our team in May as Administrative Assistant. The arrival of Daniel and Marja will further strengthen our e-MFP Secretariat and will allow us to serve you, our members, even better than before.

With this good news I thank you for your active support, wish you good reading and a great summer.

Christoph Pausch, Executive Secretary



New Who's Who 2013 - Directory of European Microfinance Actors Working in Developing Countries

ROBBIE HOGERVORST and EVGENIA PAPOULA, Blue Rhino Consult BV



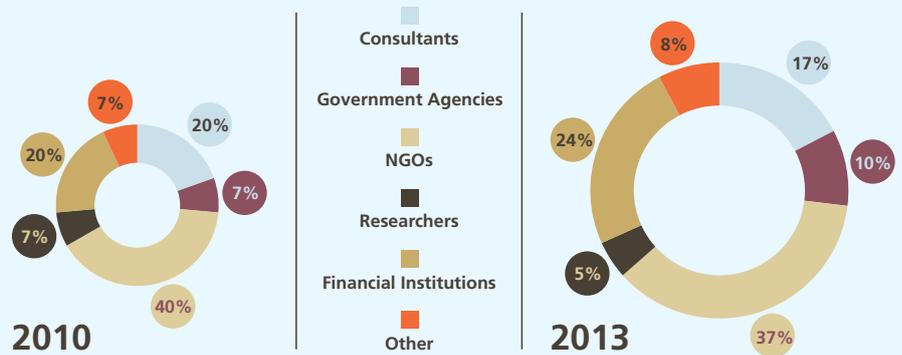
The upcoming fourth edition of the "Directory of European Actors Working in Microfinance in Developing Countries", aims to provide a "Who's Who" for microfinance. It is a tool providing information on who is doing what in the microfinance sector, where, and through what means. With it, e-MFP aims to enhance cooperation and coordination among European actors in the microfinance sector. The analysis is based on data compiled from a questionnaire which was returned by 104 out of e-MFP's 114 member organisations (e-MFP also includes 26 individual members). This provides a sound basis for analysis. Below, you can already find some of the key outcomes!

Institutional typology of the e-MFP members

The Directory categorises the respondents into six types of institutions: consultants and support services, government agencies, NGOs, financial institutions, researchers, and "other". The graphs compare the percentage of each institu-

tional type between the 2013 and 2010 Directory. Although their share in total membership has altered, NGOs remain the largest group of e-MFP members, followed by financial institutions and consultants

assisting in the development of the sector both in depth and in breadth. Interesting to note; despite their commercial character (80% are for-profit), they show an increased focus on achieving social impacts.



and support services. Membership has diversified since the 2010 Directory, with a particular rise in the number of financial institutions. The activities, interventions and expertise of financial institutions are increasingly diverse,

Countries of activity

Many e-MFP members are active in more than one region. Most respondents are active in Africa (70%), followed by Asia, Latin America, and Europe (45%). Many members have programmes that





are open to all regions. Africa and Asia remain the continents with the highest share of members active, although their importance has decreased since 2010. Going to the country level, we are happy to inform that members are now active in many countries which were still “white spots” (with little or no microfinance activity) in 2010: Bhutan and Myanmar in Asia, Trinidad and Tobago in Latin America and lastly, Liberia, the Central African Republic, Sao Tome and Principe, Mauritius, Botswana, and Reunion in Africa. For now, these countries are covered mostly by non-profit organisations.

Particularly interesting is that several e-MFP members now support microfinance in Europe, especially in countries heavily affected by the economic and financial crisis, such as Italy or Spain.

Main areas of interventions

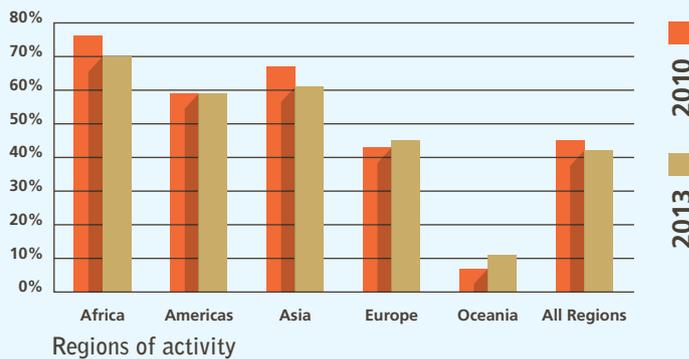
Interventions of e-MFP members are focused on different levels. The figure below shows the main changes in focus when compared to the 2010 Directory. At the macro level, members focus strongly on supporting national microfinance sectors, networks and associations, client protection, and the microfinance support

sector. There is a particular increase in the focus on client protection, interest rates and rate caps, and strengthening the microfinance support sector.

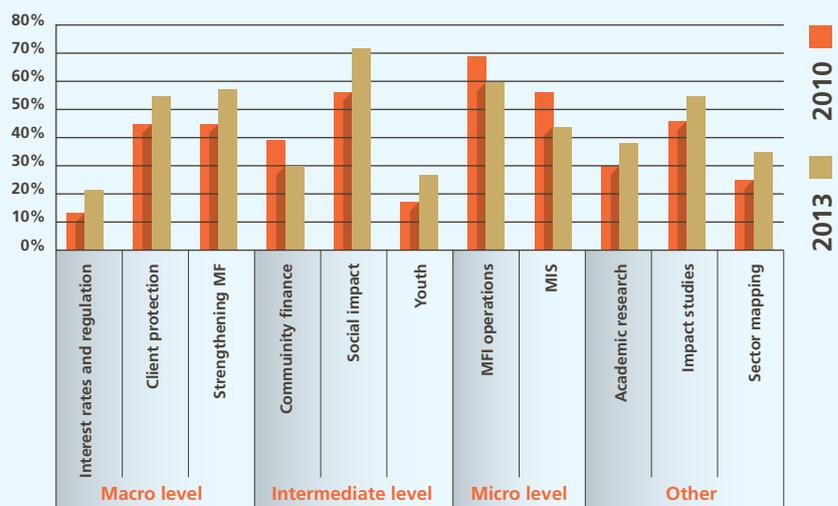
Going to the intermediate level, attention to social impact and youth has greatly increased since 2010, while less attention is given to community finance. Rural finance continues to be a key intervention area for many e-MFP members. Looking at the micro level, members mostly focus on financial product development, MFI operations, performance, and, strategic planning. Here, MFI operations and MIS decreased compared to 2010. Moreover, the directory shows increased attention in research; both in terms of impact and evaluation studies, as well as academic research.

A shift towards social impact

The Directory shows that more and more e-MFP members seek social impacts. While non-commercial members were already strongly focused on social objectives, this shift is especially strong for financial institutions. This firstly becomes apparent in terms of expected



Some countries continue to be strongly targeted by e-MFP members, when compared to their population. Examples include Benin, Comoros, Cape Verde in Africa; El Salvador and Nicaragua in Latin America; and Mongolia and Timor-Leste in Asia. In contrast, countries such as Chad, the Central African Republic, Eritrea and Mauritania are served only by a few e-MFP members. Also, many Middle Eastern countries and several large Asian countries such as Myanmar, Bangladesh, Pakistan and Indonesia appear to be under-targeted.



Areas of intervention





returns on investment. Members expect different returns from their investments. Financial returns include returns on equity and loans, while in terms of social returns members focus on sector deepening, with a specific focus on farmers and women; and social embedding, where education and community work were frequently mentioned. At the same time, there is continued low attention for the ultra-poor and on health related issues.

Secondly, areas that were traditionally supported by NGOs and government

agencies, such as client protection, interest rates, social impact and youth, receive more and more attention from financial organisations. There are also increased efforts to collect and analyse information on impact. Both commercial and non-profit members state the importance of such information to improve the effectiveness of microfinance, and to communicate about the achievements of the sector.

Thirdly, the Directory also shows insight into the efforts to link microfinance with broader development programmes

or initiatives. For example, members are linking microfinance with environmental sustainability, social housing and entrepreneurial and financial literacy.

These and many other issues are discussed more in-depth in the new 2013 Directory which will be published soon. We hope it will assist in achieving synergies and improving learning opportunities between e-MFP member organisations as well as the wider microfinance sector.

EUROPEAN MICROFINANCE WEEK



e-MFP is busy with the preparations for European Microfinance Week which will be held **12th – 14th November 2013** in Luxembourg. Focusing on the theme of **“The Future of Microfinance: Investing in Inclusive Growth”**, we would like to thank all members who submitted proposals for sessions during our three day annual event. The proposals are currently being assessed and the Secretariat will follow up and keep you informed regarding your contribution.

Topics:

- Conducive local policy framework & market infrastructure (e.g. legal and regulatory framework, supervision, market oversight, networks and associations, national think tanks, service providers, apex funds, credit bureaus)
- Reporting and oversight of investment funds (e.g. transparency and social metrics, reporting aggregators, regulatory reporting requirements for private vs. public investment funds, oversight/reporting for DFI investments)
- Sustainable institutions (e.g. ownership (member, community, public, private ownership), governance, capacity building, financial self-reliance, financial products, risk management, liquidity management, sources of funding)
- Focus on clients (e.g. capacity building (financial literacy), participatory management, meeting client needs, client protection, impact)

- Emerging/developing market segments (e.g. environment, energy, youth, new geographical regions of intervention, microinsurance, new technologies)
- Role of subsidy (e.g. technical assistance, financial assistance, research)
- Lessons from the past for future inclusive growth (e.g. experience of savings, postal, cooperative, and commercial microbanking. Role of government in promoting inclusive finance)

European Microfinance Week is unique as the content is decided by you, the members and reflects your current interests, activities and concerns regarding the microfinance sector. 12th November will be the Action Group and Training day, with plenary, workshop and roundtable sessions taking place 13th – 14th November.

We look forward to seeing all e-MFP members and friends once again in Luxembourg!

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

e-MFP would like to thank the sponsors of European Microfinance Week 2013 for their generous support:



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DU GRAND-DUCHÉ DE LUXEMBOURG
Ministère des Finances

NEWS FROM THE SECRETARIAT

Welcome Daniel and Marja to the e-MFP Team!



e-MFP is delighted that **Daniel Rozas** joins the team as Senior Microfinance Expert. Daniel is a microfinance consultant with broad-ranging expertise, including risk and crisis management, business strategy, market analysis, investing, and client protection. Daniel carries out practical research in many of these areas and advises clients across all levels of the sector, including MFIs, regulators, investors, and support organizations. In the past three years, he has worked with many of the leading organizations in the sector, including Accion, CGAP, Habitat

for Humanity, M-CRIL, MicroRate, Planet Rating, the Smart Campaign, Women's World Banking, and many others. He is also a research fellow at the Financial Access Initiative.

Daniel is an active blogger and widely-read industry analyst. Among his most notable contributions was a public warning of a developing microcredit bubble in Andhra Pradesh, published in Nov 2009 (one year prior to the AP crisis). Building on that experience, Daniel recently collaborated with Planet Rating to produce MIMOSA, an index for measuring microfinance market capacity that has seen extensive adoption across the industry.

Prior to his microfinance career, Daniel worked for the US mortgage investment company Fannie Mae during 2001-08. This first-hand experience with the

extraordinary boom-and-bust cycle that took place in the US mortgage market during this period has been instrumental in shaping his approach to microfinance. Daniel resides in Brussels and holds an MBA from the University of Maryland and an undergraduate degree in music from the Peabody Conservatory.

Marja Väisänen joins e-MFP as the new Administrative Assistant. Marja who comes from Finland has relevant experience from working for an international company in Luxembourg where she provided secretarial support, produced presentations, responded to client queries, project management, organization, etc.

e-MFP would like to give a warm welcome to both Daniel and Marja!



New e-MFP Publication

e-MFP is pleased to announce European Dialogue No.6; “4th European Microfinance Award – Microfinance For Food Security”. The publication shares experiences of institutions from the South that designed successful initiatives to foster food security. All the initiatives were included in the second round of the 4th European Microfinance Award.

To view the publication visit www.e-mfp.eu/resources/european-dialogue or request a copy from the Secretariat, contact@e-mfp.eu

e-MFP Participation



Niamh Watters participated in a meeting of European platforms active in microfinance/inclusive finance on 16th May, 2013 in Utrecht. Platforms from Germany, Luxembourg, Denmark, the Netherlands and Spain, who are all e-MFP members shared views on their activities and experiences. Many areas of common interest were found and we look forward to continuing this collaboration and knowledge sharing in the future with meetings in July and November.

On 27th May Erik Solheim, Chairman of OECD's Development Assistance Committee (DAC) and former Norwegian Minister of the Environment and International Development, visited the House of Microfinance, Luxembourg, to get to know the work of e-MFP, ADA and the MicroInsurance Network. The DAC is a unique international forum of many of the largest funders of aid, including 26 DAC members. The World Bank, IMF and UNDP participate as observers. DAC's mandate is to

promote development co-operation and other policies in order to contribute to sustainable development, including pro-poor economic growth, poverty reduction, improvement of living standards in developing countries, and a future in which no country will depend on aid. DAC members agree to submit to a regular peer review of their development co-operation, undertaken by the DAC and the OECD/DCD, and to serve as examiners in reviewing other member's programmes.



On 10th June Christoph Pausch spoke at the opening of the 3rd European Research Conference on Microfinance at the University of Agder in Kristiansand.

On 20th June the e-MFP Secretariat had a meeting with the Luxembourg Roundtable on Microfinance to discuss future collaborations between the two organisations.

On 27th June the e-MFP Secretariat participated in the 25th Midi de la Microfinance organized by ADA. Dr Prega Ramsamy, CEO of FinMark Trust, spoke on the topic "Left out from financial services in Africa: How to reach the unbanked?"

On 3rd July Christoph Pausch visited the Danish Forum for Microfinance in Copenhagen.

On 4th and 5th July the Executive Secretary participated in the UMM workshop at the Frankfurt School of Finance & Management covering the topic "New Challenges in Microfinance – Mobile Banking, Remittances & Green Microfinance".

NEWS FROM THE BOARD



The second meeting of the e-MFP Board in 2013 was held on 16th May in Bonn, Germany, kindly hosted by the Savings Banks Foundation for International Cooperation (SBFIC). Main points on the agenda were the preparation of the next European Microfinance Week, human resources, communication and discussions on strategic issues. During lunch the e-MFP Board and Secretariat had the occasion to exchange with representatives of the German Microfinance Platform. The next Board meetings will be held on 20th September in Paris.

FORUM

Preparing the Future of Development: Microfinance in the emerging post-2015 development framework

MARC BICHLER
UNCDF Executive Secretary



The poor of the planet - and indeed, it owes it to itself - to define a new international development framework for the post-2015 period.

Ever since the Rio+20 Summit of June 2012 the collective awareness about the need to act has found multiple strands of expression in the spheres of international public life, as

The implementation period of the Millennium Development Goals (MDG) is drawing to an end. By January 1st, 2016 the international community

well as in the international civil society. The exceptionally broad consultation processes that have been launched worldwide bear witness to the declared intention to work in a genuinely participatory approach.

The recently published Report of the High-Level Panel of Eminent Persons on the Post-2015 Development Agenda has attracted much international attention and will help, before the intergovernmental negotiations start, to focus the discussions that were so far mainly characterized by their broad scope. In July 2012 the panel members were appointed by UN Secretary General Ban Ki-moon. Following the lead of their three co-chairs - the Presidents of Indonesia and Liberia and the Prime Minister of the UK - they chose to title the report "A New Global Partner- ▶



ship: Eradicate Poverty and Transform Economies through Sustainable Development". In doing so, the panel is conveying the message to stay the course of the MDGs and to build on the Rio+20 process, while digging deeper by fighting remaining inequalities and promoting sustainable and - above all - inclusive growth.

Eminently readable, the report of the High-Level Panel provides a pertinent outline of the topics that need to be addressed in order to define the next internationally agreed development framework. The panel members have identified "five big transformative shifts":

1. Leave no one behind
2. Put sustainable development at the core
3. Transform economies for jobs and inclusive growth
4. Build peace and effective, open and accountable institutions for all
5. Forge a new global partnership.

Also, a new set of 12 universal goals, each with three to five targets to be set and met at the national level, are being proposed in the report.

For the members of the European Microfinance Platform the references to "financial services" in the report will be of interest in view of the ongoing discussion and the general positioning of microfinance and financial inclusion in the fight against poverty. Throughout the text of the report and its important annexes, the need of better access to financial services is prominently stressed in the contexts of fighting gender inequality and promoting job creation.

Goal number 2 on empowering women and girls and achieving gender equal-

ity is based on the observation that "far too many women continue to face oppression and deeply embedded discrimination. This affects everything from access to health and education to the right to own land and earn a living, to equal pay and access to financial services, to participation in decision-

making, to financial services, to make the most of their own resources".

Clearly, the High Level Panel has recognized the transformative power of access by poor populations, especially girls and women, to financial services adapted to their needs, as well as the need for a wide range of different financial instruments to meet these needs as they occur at differ-



Presentation of Report from High-Level Panel on Post-2015 Development Agenda

ing at local and national levels, to freedom from violence". Consequently one of the targets to achieve insists, among other requirements, on the right of women "to own and inherit property, sign a contract, register a business and open a bank account".

Furthermore, one of the targets under goal number 8 on creating jobs, sustainable livelihoods and equitable growth, aims at "strengthening productive capacity by providing universal access to financial services and infrastructure such as transportation and ICT". The underlying analysis further claims that "financial services are critical to the growth of business, but also raise the income of individuals. When people have the means to save and invest or get insurance, they can raise their incomes by at least 20 per cent. ... We need to ensure that more people have access

ent moments in time and in different economic, social and cultural environments.

In the ongoing discussions on the post-2015 development framework, UNCDF, as the lead agency for inclusive finance in the UN system and in support of Her Majesty Queen Máxima's mandate as the United Nations Secretary General's Special Advocate for Financial Inclusion, will continue to plead and enact the case of microfinance and financial inclusion as powerful enablers and accelerators of development throughout sectors and development goals. We will do so, because we are convinced that there will be no sustainable development without sustainable financing for development, and that there will be no inclusive growth without inclusive finance.



New Regulation and Enhanced Distribution Channels for Social Entrepreneurship Investment Funds

ANNE CONTRERAS
Arendt & Medernach

July 22, 2013 will be a key date as far as the regulation of social impact investment funds ("SIIF") is concerned. Several regulations will come into force on that date which will on the one hand strengthen the regulatory requirements for SIIFs and their managers and on the other hand facilitate distribution at European level by granting a passport for cross-border marketing.

In addition to the entry into force of the Alternative Investment Funds Managers Directive ("AIFMD") which will have an effect on the largest SIIFs managing assets over 100 mio EUR and 500 mio EUR respectively, two new pieces of European regulations – the first relating to venture capital investment funds and the other relating to social entrepreneurship investment funds - which will be the focus of this article - will become directly applicable throughout Europe, without the need for any transposition via the adoption of a corresponding national law in each European member state.

Eusef: The regulation of the European Parliament and of the Council on European social entrepreneurship funds is aimed at creating a label for investment funds which are dedicated to investing in social enterprises ("Eusef"). This label, which can be applied for by Eusef manager funds which manage assets below the AIFMD thresholds referred to above, will permit the marketing of Eusefs throughout Europe, on the basis of a passport, to institutional and professional investors as well as to high net worth individuals investing at least EUR 100,000,-. This means in practice that once the Eusef and its manager have been duly authorized in their home

state, the Eusef shall be established in one EU member state and must have the intention to invest through equity, debt or guarantees at least 70% of their aggregate capital contributions and uncalled committed capital in social undertakings. These social undertakings are defined as undertakings which are not listed and the primary objective of which is the achievement of measurable, positive social impacts. They may be established in an EU member state or in a third country. However as far as third countries are concerned, a number of restrictions are likely to limit the opportunities open to Eusef to invest in social businesses outside the EU.

state, the Eusef may be distributed cross-border on the basis of a mere notification in the host member states.

The Eusef regulation entails provisions applicable to the Eusef itself and to its manager. In a nutshell, the key characteristics at both levels can be summarized as follows:

At Eusef level: In order to become eligible under the

At Eusef manager level: Eusef managers are required to conduct their business in accordance with specific rules laid down in the Eusef regulation. The managers shall carry out their business transparently, with adequate expertise, sufficient own funds and with adequate technical and human resources. They shall have policies in place relating to risk management and to the management of conflicts of interests and shall be able to effectively measure the social impact to be achieved.

The Eusef regulation is part of the European social business initiative established by the EU Commission in 2011 with a view to creating a favorable climate for social enterprises and key stakeholders in the social economy and innovation. This new regulatory environment and passport are certainly welcome as means to enhance investors' confidence in this asset class and thus the fund raising. Other initiatives, such as the European project of a harmonized legal framework for European foundations or the Luxembourg project of the Société d'impact sociétal, which aims to bring together under the roof of a commercial company having primarily social impact objectives both philanthropic donors and more commercial oriented investors, are also eagerly awaited in order to allow the social business sector to benefit from a full modernised range of financing structures needed for its development.



Conflicts of Interest: Why are Microfinance Rating Agencies Different?

DANIEL ROZAS
e-MFP

A recent discussion on a microfinance newsgroup raised a point I've been hearing from time to time: every leading rating agency failed spectacularly in the run-up to the global financial crisis, both in the US and in Europe. Given this history, why should microfinance sector give weight to rating opinions? After all, by earning their fees from the companies they rate, don't microfinance raters share the same conflict of interest as their larger cousins?

The question is becoming increasingly relevant today. Until now, the four leading raters in the sector – Planet Rating, Microfinanza Rating, MicroRate, and M-CRIL – have largely focused on evaluating the soundness and stability of the rated MFIs, which entailed focusing mainly on their financial and operational performance.

However, in the past couple of years, their focus has begun to expand, especially in the area of social ratings. With the recent introduction of Smart Campaign certification (which only these four raters are currently allowed to conduct), the demand for microfinance rating services is set to grow still more.

Each of these four raters face a key conflict of interest: a major portion of their fees come from the very institutions they rate. How do raters deal with this conflict? First, it's worth noting that most, if

not all four of the raters are aware and acknowledge this shortcoming. I have personally heard two heads of rating agencies acknowledge this conflict in two separate conferences that I happened to attend, and I'm quite convinced that similar acknowledgements have probably been made by others as well. Naturally, awareness does not eliminate the conflict, but then, not all conflicts of interest are the same.

One is the conflict of an author who has a horse in this race – I have collaborated with most of the above microfinance raters and certainly hope to continue those relationships in the future. But nobody has either asked me to author this piece, which is, for better or worse, the result of my own imagination. That's my full disclosure. Now, back to the raters. Consider the biggest scandal that traditional rating agencies have recently brought upon themselves – assigning AAA ratings to junk structured transactions masquerading as legitimate investments. In these deals, fees were paid by the sponsor, who could be easily bringing many dozens of deals to a rater. The risk of losing a client was thus far greater than the risk of losing a single deal. Moreover, these transactions were nothing but a bunch of spreadsheets – easy to shop around, which is exactly what the

sponsors did, choosing the rater willing to give the best grade. In such a market, the leverage was clearly with the security issuer and not with the rater.

Now consider the microfinance rating agency model. Any given MFI represents only a small part of a rater's total business, so the downside of losing a client is not especially great. Moreover, a rating is an intense process, involving not just the fees, but also intensive time commitment from the MFI's management and staff. Doing two ratings to then pick the higher grade is just not a realistic proposition. Plus, such an attempt – which is unlikely to remain secret – would be frowned upon by the very investors the MFI is seeking to impress.

Finally, there's the question of profit. The big rating agencies proved willing to trade their long-term credibility for hundreds of millions in profits, and for quite a few years, this trade was an excellent one indeed. Even with all the post-crisis consequences, this trade still paid off – all the major raters are still there, still rating, and still collecting fees.

Yet when it comes to profits, the microfinance raters have awfully little to brag about. They may feel day-to-day pressures to take shortcuts that may miss important problems and at times even to inflate the ratings themselves. These are important issues – and ones the raters themselves recognize. However, they have little financial reward to pursue the kind of wholesale perversion of credibility that the major raters displayed in the run-up to the financial crisis. Unlike their commercial finance counterparts, microfinance raters are a part of the sector that actually works.



NEWS FROM OUR ACTION GROUPS

Third European Research Conference on Microfinance, June 2013



Over 250 participants from 40 countries gathered at the University of Agder, Norway for the Third European Research Conference on Microfinance, 10th – 12th June. Organized by the University of Agder in cooperation with the European Microfinance Platform Research Action Group, CERMi and University of Groningen, it met its aim of being the world's most important meeting place of academics involved in microfinance research. Over 180 papers at the forefront of microfinance research were presented in addition to plenary sessions with many prominent names from the sector including David Roodman, Malcom Harper, Susan Johnson, Mark Rosenzweig, Robert Lensink, Isabelle Guérin and Marek Hudon.

Conference proceedings will be published shortly and videos of some keynote speeches can be viewed at www.e-mfp.eu/news/third_research_conference

9th University Meets Microfinance Workshop at Universidad de Salamanca, May 2013



The 9th UMM Workshop of the e-MFP University Meets Microfinance Action Group focused on "Financial inclusion and Microfinance in Latin America". This event was an interesting opportunity for students researching on this topic to present their research and results. Moreover, the 9th UMM Workshop increased the visibility of UMM among microfinance actors and universities in Spain.

Approximately 70 participants attended the Workshop at Universidad de Salamanca. Speakers from 8 European universities, the Spanish Cooperation Agency (AECID), the Inter-American Development Bank (IDB) and 8 organizations specialized in microfinance in Spain and across the World contributed to the event.

Carmen Velasco, co-founder of Pro Mujer in Bolivia, the keynote speaker, opened the two days workshop by giving a

thoughtful overview about the achievements, challenges and threats of financial and social inclusion in Latin America. In her perspective: "Financial inclusion should be a means for social inclusion, but not the only one".

During the round table "**Strategies about Financial Inclusion in Latin America**", speakers highlighted the difficulty of having access to accurate information in order to measure financial inclusion. ►



Different approaches of measurement are currently implemented, a practice which could lead to inappropriate strategic decision taking in a number of regards including regulative measures. Also the clients' lack of access to information was underlined during the discussion.

During the session **"What can Spanish actors learn from Latin America?"** experts from among others Cajamar Caja Rural and NODUS Consultores discussed about their experiences related to financial and social inclusion in Spain. They highlighted that even if there are major

differences between Spain and Latin America in regard to the general context and the penetration rates operational, project implementation challenges are very similar.

Practitioners from PlaNet Finance and ADA as well as specialized academics from the universities of Greenwich and Potsdam participated in the session **"Innovative Latin American experiences"**. Experiences from a mobile banking project in Mexico were shared and discussed. Another focus was on the conditions and stage of financial inclu-

sion in Peru and possible solutions to the challenge of reaching out to rural populations.

During the session **"Measuring financial inclusion in Latin America"** Fernando Rodríguez from the University of Salamanca presented some approaches of using and adapting the Global Findex in order to measure Financial Inclusion. Veronica López from the AFI Foundation presented her experience in her presentation **"Keys for measuring financial inclusion"**.

Carmen Velasco in the session **"Consumer protection and over-indebtedness in Latin America"** pointed out the different initiatives the sector has developed in order to protect its clients. She underlined the fact that ultimately clients should be enabled to take sound financial decisions for their households, which calls for more focus on financial capability training. Jaime Durán from the Autonomía University of Madrid completed the picture by giving a valuable overview of different experiences across the region.

A report on the workshop will be published by UMM/e-MFP shortly.

ABOUT UNIVERSITY MEETS MICROFINANCE:

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 such 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 INSTITUTIONAL AND FINANCIAL PARTNERS:

PlaNet Finance, European Microfinance Platform (e-MFP), European Commission, Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ), Freie Universität Berlin, Frankfurt School of Finance & Management and Capgemini Italia (country partner).

Today, more than 3.600 students, academics and practitioners have benefitted from UMM activities.

For more information visit www.universitymeetsmicrofinance.eu or contact umm@planetfinance.org

Youth Action Group Panel at the Child and Youth Finance International Annual Summit



Key findings of e-MFP's Youth Financial Inclusion Action Group were presented by Benjamin Mackay (ADA) during a panel at the CYFI Annual Summit in Turkey, 7th – 9th May 2013 attended by participants from various backgrounds (MFIs, financial institutions, foundations, donors, trainers and international organisations). Two crucial questions regarding youth financial inclusion were discussed during this session:

How much responsibility should be on the shoulders of the financial institution in ensuring that children and youth are using their financial resources in a ethical/responsible manner?

The institution is responsible for the products offered and promoted. These products must therefore be adapted to meet the needs of the children and youth the institution seeks to serve. Market research and product design are very important in that regard. As e-MFP recommends in its European Dialogue No. 5, "Youth Financial Inclusion: Promising Examples For Achieving Youth Economic Empowerment" (Oct. 2012), institutions should "ensure that youth products and services are ethical (do no

harm) and that basic universal standards for social performance management are taken into account". An institution has the responsibility of structuring and designing products aiming to do no harm to clients and to benefit users in the long term.

Furthermore, appropriate product design can incentivize positive youth behavior. In Colombia, market research commissioned by Banco Caja Social proved that youth wanted to save for the long term. Based on these findings, Banco Caja Social developed "cuenta amiga" – a programmed account that enables youth to set a savings goal.

What are some promising models for training FSP staff, teachers or NGO staff in the delivery of financial education to children and youth?

- RCPB in Burkina Faso recruited interns to deliver non-financial services with a view to them becoming full time staff of the RCPB. A similar system was implemented by RCPB with the Youth Start project. The advantages of such a system are, among others, to reduce the workload of loan officers and to strengthen trust between the institu-

tion and clients - as youth are being supported and monitored by peers.

- UFT in Uganda gradually transitioned from a linked model - partnership with local youth serving organisation (YSO) - to a unified model without sacrificing the advantages of the former. More specifically, UFT is not only working with the local YSOs to develop greater internal capacity but are also in the process of recruiting a few YSO staff as well as financial and social mentors to reinforce their own technical team.
- Al Amal in Yemen deliberately recruited younger staff (peer system) and gave them two types of training:
 - trainings in tailored marketing and customer service delivered by a local partner to better serve youth
 - trainings in entrepreneurship, simultaneously given to youth clients, which helps to build a stronger customer relationship

European Dialogue No. 5, "Youth Financial Inclusion: Promising Examples For Achieving Youth Economic Empowerment" can be viewed at www.e-mfp.eu/resources/european-dialogue

For more information on the Youth Financial Inclusion Action Group contact the e-MFP Secretariat, contact@e-mfp.eu.



Investors in Tier 2/3 MFIs Action Group



The publication of the e-MFP Action Group's discussion paper "Working towards a common consensus on the definition of Tiers in microfinance"¹ (see Spring 2013 newsletter page 5) received a lot of attention. Kaspar Wansleben, the co-head of the Action Group, was interviewed by Microfinance Focus². The topic was also covered by several other organisations/media in and outside the e-MFP membership (e.g. in the May newsletter of the Grameen Crédit Agricole Foundation or by MicroRate which published a document based on the e-MFP Action Group's paper).

¹ The publication can be viewed at <http://e-mfp.eu/resources/other>

² <http://europe.microfinancefocus.com/tier-definitions-interview-with-kaspar-wansleben-executive-director-lmdfl>

NATIONAL MICROFINANCE PLATFORMS



e-MFP is delighted to count among its members many of the European national microfinance platforms and following the recent meeting in Utrecht (see page 6) to explore further collaboration opportunities we would like to present NpM :



Her Majesty Queen Maxima, United Nations Secretary-General's Special Advocate for Inclusive Finance for Development

NpM – Netherlands' platform for inclusive finance

Inclusive finance is an important instrument in the contribution towards the complex and multidimensional problem of poverty. The members of NpM have committed \$2.1 billion to the inclusive finance sector as of December 2010. The Dutch support benefits almost 500 organisations around the world, reaching approximately 50 million clients. Her Majesty Queen Maxima, United Nations Secretary-General's Special Advocate for Inclusive Finance for Development at the CGAP meeting May 2013:

"Billions of people and hundreds of millions of enterprises are still excluded from the financial system. Too often when they do have access, the services don't meet their needs. How to change

this? How to make faster progress and real difference?

- First priority is getting to scale, which is needed to change the lives of millions. This requires much further engagement of the private sector.
- The second priority is creating impact for development. Focus on rural areas is especially important for development. 70% of global poverty is rural. Small-holder farmers are the largest group of working poor and mostly excluded from the financial system. Helping these people to produce and earn more is essential to their welfare and their food security. And it will help to meet the need for the global growing demand for food."

NpM



- Established in 2003
- 15 members active in over 90 countries
- Membership are all direct investors in microfinance in the South
- Funding is based on public private partnerships
- Cross activities between private and donors
- All members contribute and this amount is doubled by the Ministry of Foreign Affairs
- Legal form: membership organisation



What unique features does NpM have?

The Dutch are unique in the sector of financial inclusion. First, the Dutch contribution to the microfinance sector remains large, totalling \$2.1 billion, giving them a market share of 8.4 per cent. Among investors, the Dutch market share is an even more impressive 25 percent. NpM Members are active in over 90 countries. Second, the members of the NPM are found to focus more on low-income countries compared to other foreign investors. Third, the NPM members invest directly in microfinance institutions more

often than other foreign investors, allowing them to have more influence on their investments.³ The NPM members also support various global initiatives⁴ in order for the industry to grow in sustainable and responsible way.

The report "A Billion to Gain", 2012 identifies five global trends. These are growth in direct lending, an expansion of services, the convergence of the formal and informal banking sector, adaptation of new technologies and an increased need for transparency. With their unique

position of working closely with microfinance institutions (MFIs), the Dutch are currently in the driving seat while implementing initiatives to increase transparency and social performance. Considering these trends, the Dutch are now rethinking their future contributions to the sector by looking at opportunities for an increased focus on Africa, equity investments and SME financing. The next round of research will specifically focus on social impact, investigating as deep as the household level.

Unique member base

NpM has a unique member base: every important Dutch player (from donors to investors) in the field of micro-finance is a member of the Dutch platform NpM. The Ministry of Foreign Affairs is an observer. Each of the members is a direct investor in the South. The members of NpM differ in their fields of expertise as they offer a broad range of financial services⁵ at each development stage of an MFI.

**Ben Simmes,
Chairman of the Board,
presents the NpM
principles:**

- (A) maximum transparency, responsibility, relevance, effectiveness, efficiency;
- (B) poverty alleviation and self-determination of the poor as leading principle of all actions;
- (C) commitment towards a level playing field between northern and southern actors;
- (D) defining and abiding by clear norms; and
- (E) open and inviting towards other stakeholders in the inclusive finance sector.

Daily activities:

Josien Sluijs, Director NpM: "Our daily activities consist of:

- Facilitating and coordinating dialogue towards our members and their initiatives. These initiatives are reactions and anticipations to world events;
- Knowledge management – broaden the scope from micro-credit to inclusive finance;
- Scanning the market in terms of issues and stakeholders beyond our member base.

This is also why we have taken up the initiative to start a dialogue with the other national platforms of Denmark, Germany, Luxembourg and Spain".

On 12th September 2013 NpM will organise a conference on The Missing Middle.

For those who are interested please visit www.inclusivefinanceplatform.nl for details.

³ From: A Billion to gain 2012; The report provides insight into the unique contribution of Dutch funders in microfinance and came about in a partnership of ING, NPM and professor Lensink from the University of Groningen.

⁴ E.g. Interest rates (Microfinance Transparency), client focus (Smart Campaign, Client Protection Principles), social performance (Social Performance Task Force), responsible investors (Principles for Investors in Inclusive Finance), microfinance information (MIX), Rating Initiative

⁵ E.g. grants, guarantees, debt financing instruments, equity



NEW MEMBERS

CARE INTERNATIONAL (UK)



CARE has been working on microfinance for more than two decades and currently has 223 microfinance projects in 54 countries, helping

3.4 million poor people to increase their incomes and make their futures more secure.

The organisation works with local community groups around the world, helping them organise and finance their own Village Savings and Loans Associations (VSLAs). CARE has helped create and run many microfinance institutions (MFIs) across Latin America, Asia and Africa. CARE's goal is to improve the MFIs ability to provide effective, long term financial services for the poor.

CARE receives support from a number of financial institutions for its work in microfinance. In one initiative Barclays, CARE and Plan International have joined together to improve the quality of life for over 500,000 people across Africa, Asia and South America through microfinance. CARE also recently launched a new website called **lendwithcare** where you can make small loans to entrepreneurs around the world.

For more information visit <http://www.careinternational.org.uk/>

ANNOUNCEMENTS

"Partnership Brokers are those who support, either internally or externally, 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: Nov (UK), August (Aus) and October (The Netherlands).

www.partnershipbrokers.org

CARE International's report "Connecting the World's Poorest People to the Global Economy" looks at lessons from eight innovative projects to connect poor people to banks and financial institutions using mobile phones and other means.

To download the report visit <http://www.careinternational.org.uk/news-and-press/latest-news-features/2293-new-report-connecting-the-worlds-poorest-people-to-the-global-economy->

Triple Jump and **FMO** (Dutch Development Bank) will co-host a conference on financing Small and Medium Enterprises (SME): SME Finance, How to Reach out to the Missing Middle. This is the annual conference of the **NPM, Platform for Inclusive Finance**. The conference will be held on **12 September** in The Hague

and is open for NPM members and their invitees. The challenge to serve SMEs has reached the top of the priority list of policy makers and impact investors. During the conference practitioners and scientists will discuss the current challenges, opportunities and emerging best practices. Presentations and discussion will focus on practice, rather than on concepts and theory.

For more information visit <http://www.crackingthenutconference.com/call-for-proposals.html>

"Risk Management Excellence in Microfinance: Connecting Luxembourg to Leading MFIs", **November 14-19, 2013, Luxembourg**. 6th edition of an **ATTF** training specially designed for the CEOs and high level executives of leading MFIs which have already created or eventually are about to create their own Risk Management Department.

For more information, contact microfinance@atff.lu

Women's World Banking, in partnership with Sanabel, will be holding a "Middle East and North Africa Best Practices Conference" from **November 19 to 20, 2013**. This day and a half event, taking place in Amman, Jordan, will focus on topics salient to the region with the overarching goal of fostering innovation for women. Invitations and registration information is forthcoming.

For more information, please contact Allegra Palmer at apalmer@swwb.org or visit womensworldbanking.org

CALENDAR OF e-MFP EVENTS

20th September 2013

e-MFP Board meeting

12th – 14th November

European Microfinance Week

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