



The e-MFP Board and Secretariat
would like to wish all members and friends
a happy & prosperous 2012

INCLUSIVE FINANCE FOR EXCLUDED PEOPLE European Microfinance Week 2011

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European Microfinance
Week 2011

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Announcements



Her Royal Highness the Grand Duchess of Luxembourg with
Minister Marie-Josée Jacobs, Marc Bichler and Christoph Pausch

e-MFP's annual event, European Microfinance Week took place 2nd – 4th November 2011 and gathered 373 microfinance professionals from 59 countries. Acknowledging the shake-up which the microfinance sector has experienced in the recent past, the theme was 'Inclusive finance for excluded people: microfinance refocusing on the underserved, unserved and vulnerable', re-affirming the social mission of microfinance.

A packed programme with 30 quality sessions and 130 speakers brought participants up to date on microfinance's hot issues and latest research (presentations are available on our website, www.e-mfp.eu).

European Microfinance Week is also a unique opportunity to network with leading professionals and contribute to the development of the sector.

Feedback from attendees regarding the event has been extremely

positive and we are now happy to share some of the highlights with those that missed out.

THE OPENING PLENARY AND THE PARIS APPEAL

How are perceptions of microfinance changing and how can we accelerate access to finance for all? The European Microfinance Week opened with this question, launching the rich exchange of ideas and experiences that took place over the following days.

The event got off to a prestigious start as e-MFP welcomed Her Royal Highness the Grand Duchess of Luxembourg who was

present to show her support for responsible microfinance and sign the Paris Appeal. HRH was introduced by Marie-Josée Jacobs, Minister for Development Cooperation and Humanitarian Affairs, who welcomed the participants on behalf of the Government of Luxembourg. Mrs. Jacobs congratulated e-MFP on its 5th anniversary and its successful efforts which contribute to the widely accepted consensus that microfinance is geared towards economic sustainability and social impact.

The Paris Appeal campaign was set up in 2011 in response to the irresponsible behaviour of some microfinance actors which brought about the Andhra Pradesh crisis of 2010. It denounces the practice of mere profit maximization in the industry in favour of quality indicators such as the role of microfinance as a development tool, the economic and social advancement of women, the introduction of codes of conduct and quality labels, and focus on impact, innovation and diversification.





INCLUSIVE FINANCE FOR EXCLUDED PEOPLE



Emna Kallel

EXPERIENCES FROM TUNISIA AND MALI

The Opening Session was also joined by Emna Kallel of the Tunisian Ministry of Finance who flew in to share the prospects for microfinance in the North African state following the Arab Spring. The interim Tunisian government has determined microfinance as a priority tool that provides entrepreneurial citizens, particularly the poor, with opportunities to reinvigorate the country's SME based economy. New regulation aims to facilitate and encourage investment (rather than control it) and is set to reverse decades of under-achievement in the sector. Mr. Sidibe of Kafo Jiginew also shared his views based on his experience in rural Mali.

MEMBERS SHOWCASE THEIR SOCIAL INNOVATION

A wide range of topics were discussed over the course of the three day event, with members and friends of e-MFP sharing research findings and their experiences in the field.

Participants were particularly keen to showcase how their work and the microfinance sector as a whole are moving towards a more inclusive approach. In this respect, notable presentations included: The Smart Campaign which demonstrated how MFIs that have integrated principles of client protection into their operations, are already recording notable improvements with respect to protection from over-indebtedness, transparency, responsible pricing (i.e. for interest rates), ethical staff behaviour, privacy of client data and mechanisms for complaint resolution.

Other presentations also covered how inclusion, in its most comprehensive terms, can incorporate underserved communities such as the disabled, the marginalised (e.g. HIV/AIDS affected people) and youth. Roy Mersland of the University of Agder explained how disabled clients appear to be particularly reliable in repaying their loans, but that they are too often excluded from microfinance operations.

WEATHERING THE STORM

In amidst the focus on inclusion and socially orientated projects, presentations also explored how MFIs can ensure their own robustness in the face of market adversity. For example, Zhanna Zakupova, Executive Director, Asian Credit Fund (ACF) shared how ACF adapted its strategy in Kazakhstan in response to the 2008 crisis, to re-focus on group lending. It also improved client communications and education and set up a debt collection unit with an individual client focus. Such measures enabled ACF to remain solvent and attract new investment.

Finally, the event also explored new research in microfinance, changes and progress in microfinance regulation and law, and new tools of outreach and innovation, including technological solutions, amongst other topics.

CLOSING REMARKS

The Closing Plenary offered panellists' musings as to the most important future developments or directions for microfinance. A central message was the importance of the global economy and the increasing need to consider regional and global economic conditions within the local context.

While Tilman Ehrbeck of CGAP expressed concerns at the current euro crisis, Marc Bichler, e-MFP Chairman took confidence from the increasing profile of microfinance in international policy making.

Ultimately, many opportunities and certainly some risks will feature in the future of microfinance. The European Microfinance Week was a moment to reflect on the particular challenges of the past year and build consensus on the means to sustainability in the sector, not least through re-affirming its social ambitions.



Marc Bichler, Emmanuel de Lutzel, Tilman Ehrbeck, Hector Córdova



Alou Sidibe





INCLUSIVE FINANCE FOR EXCLUDED PEOPLE

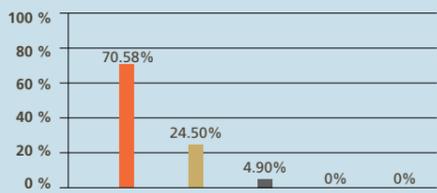
WE WOULD LIKE TO THANK those participants who responded to the feedback survey which confirms European Microfinance Week as a key event for microfinance professionals.

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



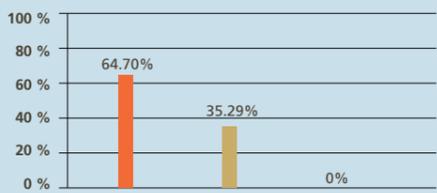
Participants directly involved in microfinance

79.40 percent of respondents were directly involved in microfinance
20.60 percent were not directly involved in microfinance



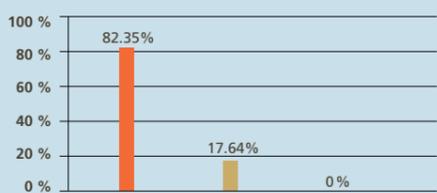
Quality of the conference organisation

70.58 percent of survey respondents thought the conference organisation was excellent
24.50 percent of survey respondents thought the conference organisation was very good
4.90 percent of survey respondents thought the conference organisation was good
0 percent of survey respondents thought the conference organisation was average
0 percent of survey respondents thought the conference organisation was below average



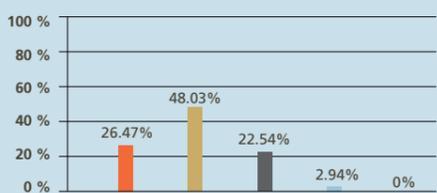
Satisfaction with the conference materials

64.70 percent of survey respondents were very satisfied with the conference materials
35.29 percent of survey respondents were satisfied with the conference materials
0 percent of survey respondents were not satisfied with the conference materials



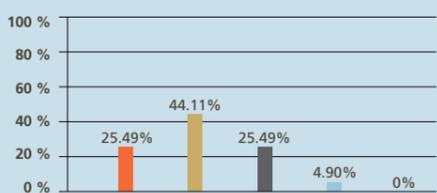
Impression of conference facilities

82.35 percent of survey respondents were very satisfied with the conference facilities
17.64 percent of survey respondents were satisfied with the conference facilities
0 percent of survey respondents were not satisfied with the conference facilities



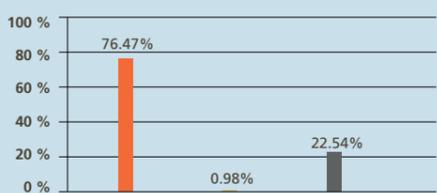
Impression of conference speakers

26.47 percent of survey respondents impression of conference speakers was excellent
48.03 percent of survey respondents impression of conference speakers was very good
22.54 percent of survey respondents impression of conference speakers was good
2.94 percent of survey respondents impression of conference speakers was average
0 percent of survey respondents impression of conference speakers was below average



Impression of the moderation of conference sessions

25.49 percent of respondents judged the moderation of the conference sessions as excellent
44.11 percent of respondents judged the moderation of the conference sessions as very good
25.49 percent of respondents judged the moderation of the conference sessions as good
4.901 percent of respondents judged the moderation of the conference sessions as average
0 percent of respondents judged the moderation of the conference sessions as below average



Participation next year

76.47 percent of respondents will return next year
0.980 percent of respondents will not return next year
22.54 percent of respondents were undecided

e-MFP would like to thank the sponsors of European Microfinance Week 2011:



Interested in sponsoring European Microfinance Week 2012 and positioning your organisation at the forefront of the microfinance sector?

The e-MFP Secretariat would be happy to discuss the opportunities available, contact@e-mfp.eu

NEWS FROM THE SECRETARIAT

5TH ANNIVERSARY – FIVE YEARS OF MICROFINANCE PARTNERSHIP FOR THE SOUTH

e-MFP celebrated its 5th anniversary during European Microfinance Week!

The European Microfinance Platform (e-MFP) was founded in 2006 with the strong support of the Luxembourg Ministry of Foreign Affairs – Directorate for Development Cooperation, following the first European Microfinance Week held during the International Year of Microcredit, 2005. This year's event was an opportune moment to reflect on e-MFP's growth and achievements over the past five years and to highlight our commitment to the development of the sector. A special 5th anniversary newsletter was published and can be viewed and downloaded at www.e-mfp.eu/resources/other



WHAT NEXT FOR e-MFP?

e-MFP will continue to contribute to the on-going development and innovation of the microfinance sector by maintaining its knowledge sharing processes and providing thought leadership to the industry through the outcomes of these activities. e-MFP's strategic priorities for the next five years are:

- To continue to expand its membership to encompass all microfinance players in Europe
- To facilitate and enhance on-going knowledge sharing amongst members
- To push for microfinance to be a more prominent development and aid solution within European and Member State policy making, based on industry established best practice

- To engage with and drive debate on the benefits of microfinance amongst the public and the media; enhancing understanding and promoting the perspectives and experiences of its members.

At the end of its first five years, e-MFP encourages its members and friends to continue their valuable work towards these goals. By sharing experiences and working together, we further the effective implementation of microfinance based on principles of responsibility and financial inclusion that reliably contributes towards the alleviation of poverty.

e-MFP GENERAL MEETING OF MEMBERS 2011

The e-MFP General Meeting of Members (GMM) took place on the 4th November during European Microfinance Week and we were delighted to see so many familiar faces and have the opportunity to welcome our new members too.

e-MFP Chairman Marc Bichler took the opportunity to thank outgoing board members Erna Karrer-Rüedi and Anne-Françoise Lefèvre for their tremendous work and commitment during the last years. An election was held for one vacant seat and the e-MFP board now consists of:

- Marc Bichler nominated by ADA, ATTF, Innpact, Lux Development and SOS Faim
- John Bliet nominated by TRIAS
- Emmanuel de Lutzel nominated by BNP Paribas
- François Durollet nominated by Planet Finance
- Cécile Lapenu nominated by Cerise
- Person nominated by WSBI-ESBG
- Jean Pouit nominated by MyTransfer
- Perrine Pouget nominated by the European Investment Bank
- Hans Dieter Seibel nominated by DGRV
- Pierre van Hedel nominated by Rabobank Foundation

The e-MFP General Meeting also accepted 17 new members for 2011 and agreed to keep the same membership fee for 2012: €150 for individual members and €750 for all corporate members.



e-MFP Board



NEWS FROM THE SECRETARIAT

OVERVIEW OF e-MFP'S ACTIVITIES



At the GMM, Executive Secretary Christoph Pausch gave an overview of the 2011 e-MFP activities and demonstrated what a busy and dynamic year it had been. Of particular note was the increase in advocacy activities and participation in high level international events and summits (e.g. G20 symposium).

A detailed Activity Report for 2011 is available on our website at <http://www.e-mfp.eu/taxonomy/term/43>.

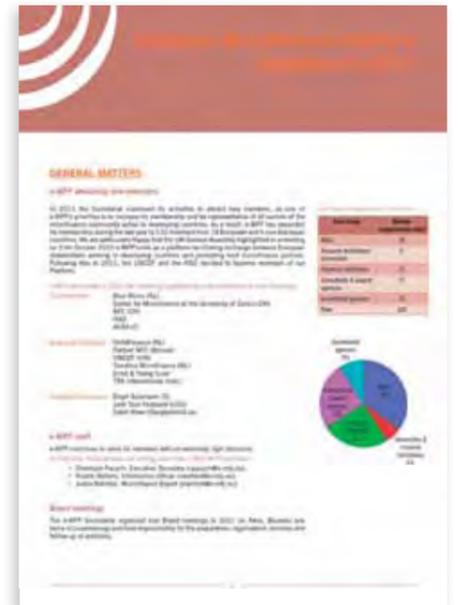
2011 was an extremely productive year for e-MFP publications with 14 new editions published adding to our valuable collection of primary resources

for microfinance professionals. All our publications can be viewed or downloaded at www.e-mfp.eu/resources.

e-MFP continued to encourage its Action Group activities and in 2011 hosted several Action Groups: Rural Outreach and Innovation; Legal Framework for Microfinance Funds in Europe; Making Microfinance Investments Responsible; Research in Microfinance; University Meets Microfinance (UMM); Youth and Financial Inclusion; Working Together as Investors to Support and Develop Tier 2 and 3 MFIs. These Action Groups provide a unique cross-sector forum (e.g. NGOs together with banks and government

bodies) to advance microfinance innovation and understanding and contribute to a positive evolution of the sector.

In addition to the e-MFP Action Groups mentioned, some more Action Groups are currently in preparation and had first meetings in the framework of the European Microfinance Week 2011 (e.g. Remittances Action Group). More information on all new initiatives will be available in the next e-MFP newsletter.



TWO NEW e-MFP PUBLICATIONS

e-MFP is pleased to launch two new publications from the Making Microfinance Investment Responsible (MIR) Action Group on "Sharing innovative practices for responsible microfinance investment".

Brief No.1 is entitled "Driving investment decisions with social performance information"

Brief No.2 is entitled "Strengthening governance for responsible finance: examples from European investment funds"

Both publications can be viewed and downloaded at <http://www.e-mfp.eu/resources/other>

e-MFP IN THE PRESS

New Europe (a leading weekly European publication) published in December an article written by e-MFP, entitled "Microfinance provides the perfect partner for sustainable development" which gave details of one of the European Microfinance Week sessions which show-cased several projects from e-MFP members that demonstrate the compatibility of microfinance and rural energy.

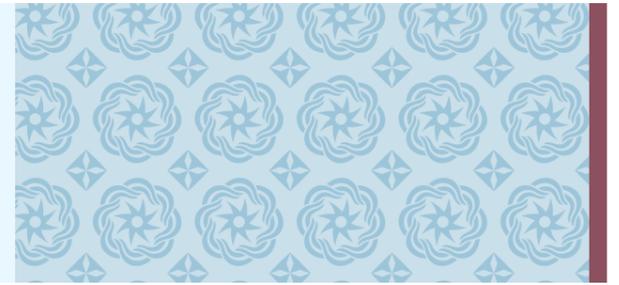
The article can be viewed at www.neweurope.eu/blog/microfinance-provides-perfect-partner-sustainable-development





NEWS FROM THE SMART CAMPAIGN

Charlotte Connors



Charlotte Connors

In the past, microfinance institutions may have taken client protection for granted, but the events of the past few years demonstrated a need for more explicit attention. In particular, attention was drawn to client protection as a result of the problem of over-indebtedness in several countries, where it arose precisely because microfinance there was successful and growing rapidly, leading to

market saturation and multiple providers competing for the same clients. As more markets become competitive, providers need to practice restraint, particularly since, as behavioural research demonstrates, many people have a propensity to overestimate their own capacity for debt. In some of the markets where over-indebtedness appeared, charges of harsh collections practices also surfaced, drawing attention to the need for respectful face-to-face treatment of clients.

This is exactly what the research presented by Jessica Schicks is aiming at, choosing the urban microfinance market in Ghana as an example. This study works from a client perspective, defining over-indebtedness in terms of the frequency and severity of sacrifices clients make to repay debts. Ghana was chosen as a market that has not experienced an over-indebtedness crisis, but that has a number of significant microfinance institutions addressing the same clients. The study reveals that while the incidence of multiple lending and delinquency does not indicate a market in crisis, there are nevertheless many clients in good standing who make serious and frequent sacrifices in order to repay debt. There is thus a gap between the providers and the clients in the perception and experience of over-indebtedness. This gap challenges providers to take greater care in observing the situation of clients, while avoiding the pitfall of restricting access to finance (and therefore pulling back from their mission). This is not an easy challenge. Even though these results are restricted to a single country and certainly do not answer all our questions, they offer new insights from the clients' perspective that must be incorporated

into our understanding of over-indebtedness. These insights will serve as valuable inputs to improve MFIs' efforts, in Ghana and in similar contexts, to make the prevention of over-indebtedness work in practice.

Another recent report from the Campaign, "Implementing Client Protection in Microfinance: State of the Practice, 2011," is a stock-taking of the Smart Campaign and, more broadly, of the state of client protection in microfinance. One purpose of the report was to provide a first look at how the microfinance industry is doing on the Client Protection Principles (CPPs). That look is gleaned from the on-site assessments of CPP implementation at over 300 financial institutions. The assessments were performed by rating agencies, investors, and the Smart Campaign during the period 2008-2011. This is by far the most comprehensive data yet assembled on client protection practices at microfinance institutions, though it is a first cut.



"Over-indebtedness of Microborrowers in Ghana," a new report from the Campaign, written by Jessica Schicks, takes a deep look at how over-indebtedness is perceived among Ghana's MFI clients, whose perspectives have implications for the industry as a whole. It is surprisingly difficult to agree on a firm definition of over-indebtedness, and just as difficult to determine the point at which a specific individual becomes over-indebted. Financial service providers generally identify over-indebtedness with chronic delinquency. They see debt stress as a client's inability to make regular loan repayments, and move into action only when overdue collections or restructuring becomes necessary. In some respects, this approach resembles the curative rather than preventive approach to medicine. More recently in highly competitive markets, multiple loans from several different providers have become a concern.

In order to be effective at preventing over-indebtedness, it is essential to know more about the clients' situation.

The results are encouraging. The vast majority (88 percent) of all the financial institutions received passing marks, and these results also held for the two all-important principles, avoiding over-indebtedness and transparency. Given the nascent state of the Smart Campaign during the period when the assessments were performed, the scores cannot be attributed entirely to the Campaign. Rather, they reflect the rapid coming together of the microfinance industry around the CPPs, as demonstrated by the raters and investors that incorporated the CPPs into their assessments and the MFIs that sought to be as-

essed. The results show that a basic level of client protection performance is widespread in the practices of many MFIs. Of course, the industry has significant room for improvement, and will continue to face critical challenges that it must respond to in the face of changing competitive conditions. This report provides some confidence that the microfinance industry has a positive base of pro-client practices to build on as it seeks to fully implement its commitment to client protection.

For more information on this program, please visit www.smartcampaign.org for a comprehensive list of FAQs.



Keeping clients first in microfinance



CERTIFICATION SYSTEM OF SOCIAL PERFORMANCE IN MICROFINANCE (SC-DSM):

THE NETWORKS PROPOSAL IN LATIN AMERICA AND THE CARIBBEAN



Microfinance networks in Latin America and the Caribbean have had a fundamental role in the promotion of social performance, supporting global initiatives aimed at the conceptualization and definition of common criteria, but also directly involved in the design, implementation / validation of tools and indicators for assessment and monitoring.

These processes generated a greater understanding of the strategic and operational importance of social performance, and as a result a large number of microfinance institutions (MFIs) in the region have prioritized their social objectives and adjusted their internal processes and strategies in line with their mission.

The advances are significant at the level of internal process improvement, however the approaches and existing tools have not yet managed to reflect the MFIs speciality (focus) and the impact that has on the clients served. Nor

have these approaches considered the differences in context (regulatory frameworks, socio-economic situation) in which the MFI intervention is developed.

Based on these needs, the Latin American and Caribbean Forum of Rural Finance (FOROLACFR), the Central American and Caribbean Network of Microfinance (REDCAMIF) and the MISION Project have decided to join forces to promote a system of certification designed to assess, differentiate and show the social and economic results that are generated by the MFI vis-à-vis their clients.

The Certification System of Social Performance (SC-DSM), promoted by these networks, is defined as the set of rules, processes and mechanisms that certify on the one hand, the compliance with the MFI's social mission and on the other hand, obtaining results which are consistent with the role of social and economic development that an MFI has for its clients.

The objectives of the SC-DSM are:

- TO VALUE MFIs which have as an objective the economic and social development of their clients
- DIFFERENTIATING an MFI's social role, taking into account the types of mandates under which they were founded, their mission or prevalent approaches and their social objectives
- VERIFYING positive changes that the MFI achieves with regard to the clients' lives, and their relationship with the institution's mission and social objectives
- Promoting CONTINUOUS IMPROVEMENT through the progressive adoption of principles, standards and best practices.

The following outline describes the foundations of the system:

What is certified?	Practices and results which are consistent with the role of economic and social development that an MFI meets for their clients. Tools are not certified.
How are the areas (seals) of certification and standards defined?	The Areas of certification are considered types of common action in microfinance in the region. Each MFI opts for the seal that reflects its mission or predominant approach. The Norms and standards are based on the behavior and characteristics of the market in each area of certification.
What is the role of operators and networks?	The operators (MFIs) define, validate and contextualizes the rules. It involves cooperating, with governments and organizations in support of these processes. The National networks promote and articulate the processes, and support the contextualization, and quality of certification.

In a first phase, the process will focus on the design of norms and standards for the implementation of seals in three different areas of interest and common activity of the MFI in the region: Gender, Poverty and Rural Development.

In 2011 the networks' work within the region included a first stage of consensus and definition of the conceptual framework of the Certification System, the development of a work plan and management mechanisms involving national networks with experience in the three areas of certification. Subsequently, they proceeded to the collection and collation of information relevant to the conceptualization of the three certification seals using social audits (Social performance Indicators, SPIs - database provided by the Network Cerise) as inputs, and other related regional research. In the last quarter, the project supported two regional workshops for the preliminary definition of norms and standards – a first meeting specializing in Gender in Lima, Peru, and a second in Managua, Nicaragua, which had as its objective the definition of the scope of the methodological rules and preliminary indicators in each area of certification.

The activities promoted in 2011 were financially supported by the Humanist Institute for Development Cooperation (HIVOS), the MISION Project and the SEEP Network.

Planned 2012 activities are: regional workshops and surveys for the validation of the norms and standards, the implementation of pilot tests, and the definition of institutional mechanisms and the strategy for the implementation of the technical and financial Certification System.

This initiative undoubtedly represents one of the greatest challenges undertaken by the networks, and offers the opportunity to develop proposals for standards that consider the operators' perspective (MFI), based on standards that reflect the behaviour of the regional market and which are suited to national contexts. It is expected that the implementation of the SC-DSM clearly contributes to the validation of MFIs that are developing and continuously improving their social performance role for the benefit of clients.



Chuck Waterfield

BY WORKING TOGETHER, TRANSPARENT PRICING HAS RAPIDLY BECOME THE NORM

their products. However, we find a large number of products where the transparency index is well below 50, meaning the primary pricing component communicated to the client represents less than half the real cost of the loan. Without transparency, prices among different institutions and different products are not comparable, and clients make bad decisions. The market doesn't work when consumers do not have accurate pricing information.

rather are heavily related to the reality that for-profit MFIs generally have larger loan sizes than NGOs.

Prices across different countries can be compared, if done carefully

Initially, we saw very different price levels in different countries, e.g. prices in Bosnia and Herzegovina were much lower than prices in the Philippines, but we had little explanation of why. By comparing prices across countries we now have a better understanding of "where the price curve starts". A primary factor is the comparison of the loan amount to the GNI/capita in the country. For example, in Bosnia and Herzegovina, few MFIs provide the very small loans that are less than 25% of GNI/capita, whereas MFIs in the Philippines are quite commonly giving loans under 5% of GNI/capita. By comparing data across a range of countries, we see that prices start to increase significantly when loan balances are less than 10% of GNI/capita.

Moving to Stage 2 of Transparent Pricing

In 2012, MFTransparency will move into Stage 2. First, we will be encouraging broader participation in the collection and publishing of pricing data by sharing our tools and methodologies with other organizations. Second, we will be publishing a wide range of materials based on what we have learned from the data we now have. Please visit our website regularly, www.mftransparency.org to access these materials, which you can use both personally and organizationally. Finally, we will continue on our work with regulators, to enable them to better understand the distinctions between "finance" and "microfinance". We now have conclusive evidence that regulation developed for the market of larger loans has serious flaws when applied to loans "where the curve starts."

The tremendous progress we've made in two years provides a solid foundation for all of us in microfinance to deepen our understanding of the unique aspects of microfinance pricing and use that knowledge to make better decisions.

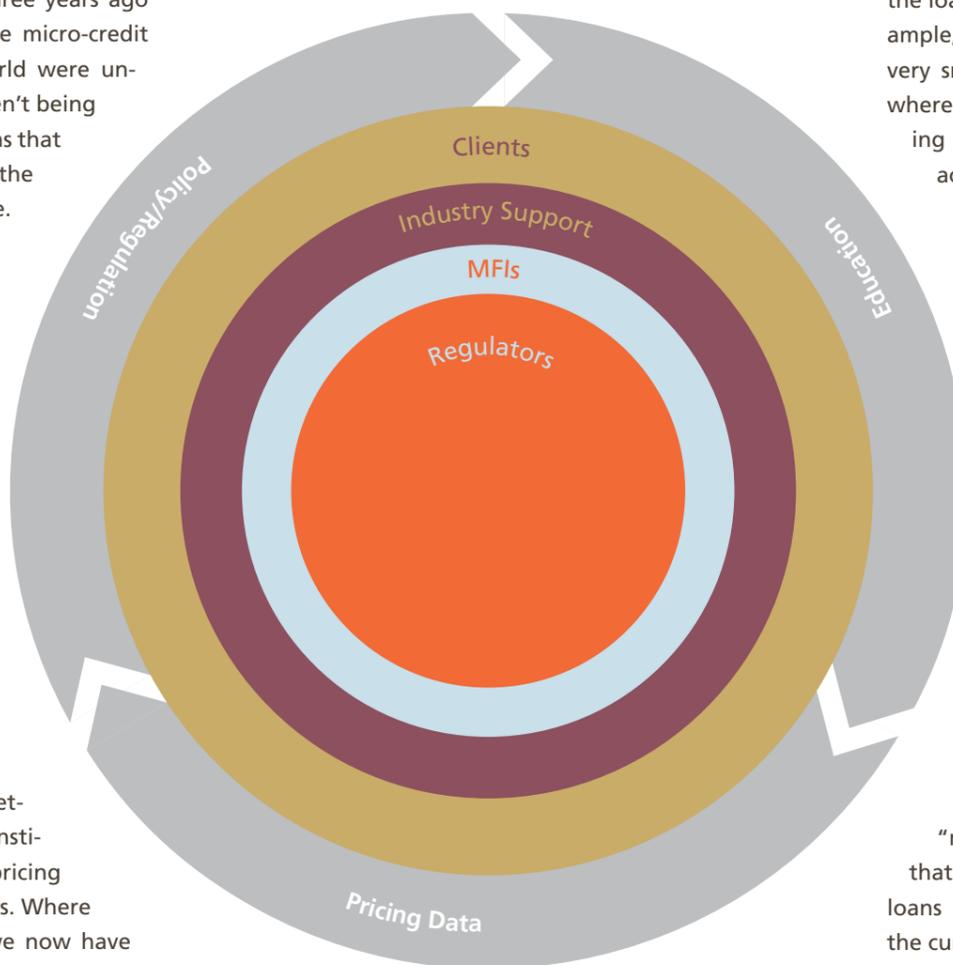
We created MicroFinance Transparency three years ago to address the fundamental flaw that the micro-credit prices we were charging around the world were unknown. The issue wasn't only that we weren't being transparent to the consumer. The reality was that often we ourselves, even the MFIs selling the products, didn't know what the prices were.

This was a glaring irony, especially for social businesses committed to serving the poor. Pricing is a fundamental distinction between microfinance and moneylending, yet we had no substantive source of accurate pricing data, we had no standardization in the definition of true pricing, and we had little understanding of how MFIs go about setting prices of their loan products.

For these reasons, MFTransparency started simply as an idea that we should radically change our pricing practices. Working together with a broad range of funders, networks, analysts, regulators, and lending institutions, MFTransparency has collected pricing data in 27 countries over the past two years. Where we previously knew little about prices, we now have detailed, accurate pricing data on loans from over 500 different MFIs held by over 50 million clients. We are now at the stage where we can use this data to deepen our understanding of pricing. What are we finding?

Non-transparency is very common

We find that the prices we quote to the public are often dramatically different from the true, full prices we actually charge. MFT has created a useful "Transparency Index" in which we compare the nominal annual interest rate charged to the full annual price including interest, fees, insurance, taxes, and security deposits. For example, if a product may be advertised at an interest rate of 24%, but the full price is 50%, that product has a Transparency Index of 48 (24% divided by 50%). We are pleased to find some institutions with very high transparency indices for



Many common assumptions of analysts are wrong

Now that we have such detailed data which is all collected under the same methodology, we are increasing our understanding of what our prices truly are, and why. The data proves conclusively that the idea of an "average price" for all of micro-credit is flawed and misleading. There clearly is a "price curve" related to loan amount. We also see a price curve correlated to loan term, with extremely short-term loans having a higher unit price. We see that some common assumptions such as "for-profit MFIs have lower prices than NGOs" are not due to management differences, nor differences in scale, but





Maria Cristina de Lorenzo

UNIVERSITY MEETS MICROFINANCE (UMM)



Maria Cristina de Lorenzo, graduate in M.Sc. Management Engineering from Università di Bologna, was awarded second place at the "University Meets Microfinance" (UMM) Awards 2010. Her thesis "Microfinance Investment Vehicles: An empirical analysis" is one of the four final theses that were selected by a selection committee consisting of academics and practitioners. Each year UMM honours outstanding students' theses on microfinance related topics within the frame of its Awards programme. UMM is co-financed by the European Union and has been initiated by Freie Universität Berlin and PlaNet Finance.

Microfinance Investment Vehicles: An Empirical Analysis

Microfinance Investment Vehicles (MIVs) are an innovative financial product and unknown to most investors.

They spend at least 50% of their capital on granting loans, generally at fixed interest rates, or on buying shares of Microfinance Institutions (MFIs), with the remainder of the capital going to other financial investments.

The goal of these MFIs is to provide micro loans to socially and financially excluded people for the creation of micro enterprises. Hence, investors of MIVs, while obtaining profits, help the disadvantaged population in their personal and professional development. That is why the investment in MIVs can be qualified as "ethical investment" or "socially responsible investing".

However, since most MFIs are not deposit-taking institutions and since domestic capital markets are less robust, international capital markets are becoming more and more significant for the future funding of MFIs.

De Lorenzos' research is part of the recent literature dealing with the evaluation of Microfinance Institutions (MFIs) as an investment opportunity. Six commercial microfinance investment funds were analysed during

the period from April 2007 to April 2010. The study of the performance of these six MIVs with respect to three benchmarks was carried out by using a RAP (Risk-Adjusted Performance) Methodology.

The results of the research give several reasons to invest in MIVs. These reasons include: (a) Their systemic risk is near to zero. (b) Their risk-adjusted returns are similar to those of other financial products (considering the whole analysis period, all funds recorded low but positive and stable returns, higher than two of the three benchmarks considered), and (c) the legal security of investment is high since they are registered mutual funds in developed countries (especially in Luxembourg and Holland) with professional management teams.

The thesis was supervised by Prof. Stefano Taioli, Università di Bologna, Italy. You can order the thesis, which will be published soon by the scientific publisher "Ibidem" at www.universitymeetsmicrofinance.eu

ABOUT UNIVERSITY MEETS MICROFINANCE (UMM)

"University Meets Microfinance" (UMM) is a programme which fosters cooperation between university students in Europe and microfinance practitioners. UMM has been launched by PlaNet Finance and Freie Universität Berlin and is co-financed by the European Commission within the frame of its Education for Development Programme. In 2010 the European Microfinance Platform (e-MFP) set up an e-MFP Action Group "UMM" to further enhance students' research and microfinance education.

As of today, 47 academics from 32 universities and 49 microfinance practitioners from 25 organisations volunteer to support

UMM as Selection Committee members. In total the UMM events gathered 1886 students, professors and practitioners from 10 European countries. The overall aim is contribute to microfinance innovation and poverty alleviation. UMM offers microfinance seminars in partnership with European universities, mentorship & scholarships for Bachelor / Master / PhD students for field research and the publication of awarded Master theses.

For more information visit www.universitymeetsmicrofinance.eu or contact Delphine Bazalgette / Sven Volland, umm@planetfinance.org



NEW MEMBERS

At the General Meeting of Members, held 4th November during European Microfinance Week, 17 new members for the year 2011 were approved, bringing the e-MFP total membership to 135.

e-MFP would like to welcome the latest new members:

FULL MEMBERS

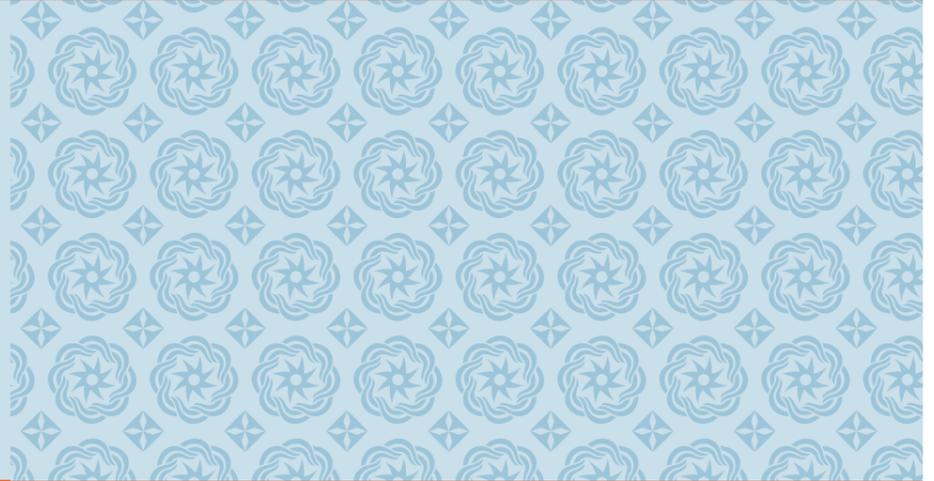
ACRA (I), Business & Finance Consulting (CH), ETIMOS (I), GIZ (D), IFAD (I)

ASSOCIATE MEMBERS

TĀK International (Iran)

INDIVIDUAL MEMBERS

Robert Bragar (US/NL), Saleh Khan (Bangladesh/Lux)



ACRA



ACRA - Cooperazione Rurale in Africa e America Latina (Rural Cooperation in Africa and Latin America) - is a non-governmental, non-profit and independent organization, founded in 1968, transformed into a foundation in 2011, and recognized by the Italian Ministry of Foreign Affairs and the European Union.

ACRA's mission is to support the fight against poverty and hunger, protect human rights and guarantee access to clean water, natural resources, education and sustainable livelihood while relying on a participatory model. ACRA's interventions are integrated projects and development programs that incorporate different objectives in partnership with local realities, donors and beneficiaries. ACRA has offices in 10 countries in Asia, Africa and Latin America and more than 700 staff members worldwide. Its headquarters are located in Milan, Italy. In 2011 ACRA managed 60 projects, mostly founded by institutional donors. The interventions of ACRA are primarily focused in the following areas: food security, education, natural resources, microfinance and social business.

ACRA has been involved in microfinance since the late 1980's. Worldwide ACRA has 12 staff members who are experts in microfinance that are exclusively dedicated to this sector. ACRA's competencies in the microfinance sector focus on:

Local MFIs support: Interventions made in collaboration with local microfinance institutions.

Micro Enterprise Support: interventions conducted in support to agriculture, sustainable tourism and other productive activities to help families and communities increase their income.

Advocacy: ACRA has been one of the promoters of the Comitato Italiano per il Microcredito (Italian Committee for Microcredit), and is among the founders and developers of the Italian Website on Microfinance (Portale Italiano della Microfinanza - <http://www.microfinanza-italia.org/>). ACRA is also engaging in microfinance advocacy activities through publications, documentaries and events.

Remittances: ACRA is currently exploring viable solutions to effectively channel remittances and leverage on migrants' investments into water and other productive initiatives in Ecuador and Senegal through microfinance institutions.

For more information visit www.acra.it

DEUTSCHE GESELLSCHAFT FÜR INTERNATIONALE ZUSAMMENARBEIT (GIZ)



The **DEUTSCHE GESELLSCHAFT FÜR INTERNATIONALE ZUSAMMENARBEIT (GIZ) GMBH's** purpose is to promote international cooperation for sustainable development and international education work.

Formed on 1 January 2011, GIZ brings together the long-standing expertise of the Deutscher Entwicklungsdienst (DED) GmbH (German development service), the Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) GmbH (German technical cooperation) and InWEnt – Capacity Building International, Germany.

GIZ, which operates in many fields, has a longstanding tradition of supporting inclusive financial systems. Through its work with the early pioneers of the microcredit movement, GIZ has actively promoted provision of a full range of financial services for the poor. GIZ financial systems development is currently active in more than 30 countries, advising policy makers, central banks, regulators, microfinance associations and a wide range of financial service providers. By strengthening the capacity of actors at all levels of the financial system, GIZ seeks to expand the frontiers of financial access and improve the stability and crisis-resilience of the financial sector as a whole.

As a 100% federally owned, public-benefit enterprise, GIZ supports the German Government in achieving its objectives in the field of international cooperation for sustainable development. GIZ operates in more than 130 countries worldwide and employs more than 17,000 staff members across the globe – some 70 % of whom are employed locally as national personnel.

For more information visit www.giz.de or contact financial.systems@giz.de



NEW MEMBERS

ETIMOS



ETIMOS is an international financial consortium with its headquarters in Padua, Italy, and three decentralised offices in Sri Lanka, Senegal and Argentina. For more than twenty years Etimos has been collecting savings, which it manages through investments in developing countries, in support of microfinance programs, production cooperatives, micro-entrepreneurial initiatives and social development organisations.

It has a credit portfolio of more than 25 million euros, distributed among almost 100 beneficiary organisations in 31 countries, with a marked prevalence of the Latin American context, of Sri Lanka and Cambodia. Etimos is a promoter and manager of investment funds: in particular, Etimos Fund (an umbrella fund Sicav-Sif established under Luxembourg Law), Fefisol (an investment fund for Africa, in collaboration with other organisations of the European social finance), Plasepri (a bilateral Italy-Senegal governmental fund). During 2011 it has also started a post-earthquake microfinance intervention in Abruzzo, at L'Aquila.

For more information visit www.etimos.it

THE INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT (IFAD)



Enabling poor rural people to overcome poverty

IFAD is an international financial institution and a specialized United Nations agency dedicated to eradicating poverty and hunger in rural areas of developing countries. IFAD provides low-interest loans and grants to developing countries to finance innovative agricultural and rural development programmes and projects. It is among the top three multilateral institutions working in agriculture in Africa.

IFAD was created in 1974 and today has a total membership of 166 countries from around the world, including OPEC and OECD members and developing and middle income countries. IFAD is working to expand access to a range of sustainable financial services in rural areas. IFAD's Rural Finance Policy and operational guidelines ensure that each rural financial intervention funded by IFAD supports the diverse needs of poor rural people. There is no single microfinance model. IFAD works with a wide range of partners, tailoring its interventions to each particular context. Its partners in rural finance include grass-roots savings-and credit organizations, financial cooperatives, microfinance institutions, rural banks, specialized NGOs, agricultural development and commercial banks.

Major results from on-going projects include: 29 million borrowers from IFAD-assisted financial service providers – US\$200 average loan size; 14 million voluntary savers – US\$127 average savings; women accounted for 83 per cent (or 24 million people) of active borrowers served by IFAD-supported financial service providers.

Beyond lending and saving, IFAD invests in new directions in microfinance, such as microinsurance, index-based insurance (IFAD hosts the joint IFAD-WFP Weather Risk Management Facility), and remittances (the multi-donor funded Financing Facility for Remittances is based at IFAD).

For more information visit www.ifad.org

TĀK- INTERNATIONAL



Founded in 2003, **TĀK-INTERNATIONAL** is a capacity building and policy advocacy organization in the field of microfinance employing 20 people. Development of sustainable microfinance services with expanding outreach constitutes the corporate mission of the organization and it is pursued through: (a) encouraging and helping "down scaling" of commercial banks, (b) promoting the establishment of "member based or community based MFIs", and (c) fostering "financial and service linkage" between the two. It is through the above process that it expects to achieve its core objectives, "improvement of livelihoods of the poor". **TĀK**, gives special attention to the conditions of youth, women and vulnerable groups. Concerning the poorest of the poor, **TĀK** recognizes the importance of providing social protection and social safety nets (SSN) for poverty alleviation and food security. In this context **TĀK-INTERNATIONAL** seeks innovative solutions for establishing linkage between SSN and sustainable microfinance products.

The spectrum of activities of the organization range from policy dialogue (at a macro level), institution building (at a mezzo level) to financial literacy training and people empowerment (at a micro level).



ANNOUNCEMENTS

AMFA Annual Award Dinner, 27 January 2012, Baku, Azerbaijan, Monolit Plaza.

For more information and registration please contact: member_services@amfa.az or visit www.amfa.az

Fondazione Giordano Dell'Amore and the European Microfinance Network have launched the 4th edition of the **Giordano Dell'Amore Microfinance Good Practices Europe Award** open to any European institution or organisation involved in the delivery of microfinance and related services in the European Union member countries, European Union candidates and other European countries. The winner will receive **50,000 euros. Deadline: February 10th, 2012.**

For more information visit: <http://www.fgda.org/leventiuk.php>

Call for papers: you are invited to submit paper or panel proposals for the **2012 Research Conference on Microinsurance on 11,12,13 April 2012** at the University of Twente in Enschede, The Netherlands. The objective of the conference is to assess the state of the art in microinsurance research and to provide a platform for further in-depth academic discussions, as a complement and follow-up to the Annual International Microinsurance Conferences. In addition, the conference aims to create a dialogue between researchers from different geographical regions and the variety of research disciplines.

For further information visit the conference website our contact m.f.clifford@utwente.nl

Women's World Banking is holding the following workshops during 2012:

Management Development Training of Trainers for Middle East and North Africa Rabat, Morocco, February 13-18, 2012, which addresses the key concepts of managing for results and aims to develop transformational skills for middle level managers in microfinance.

For more information visit

<http://leadership.swwb.org/content/management-development-program-and-training-trainers-mena>

Leadership Exchange, Rabat, Morocco, February 20-23, 2012

For more information visit <http://leadership.swwb.org/node/13>

Advanced Leadership Workshop, Global, Philadelphia, April 16-20, 2012

The Advanced Leadership Program is a high level strategic leadership program designed together with the Aresty Institute of Executive Education at the Wharton School. The five day program for CEOs and senior leaders offers modules in key areas demanded by the Center's target audience of leaders including innovation management, planning for and managing risk, change and uncertainty, and strategic institution building.

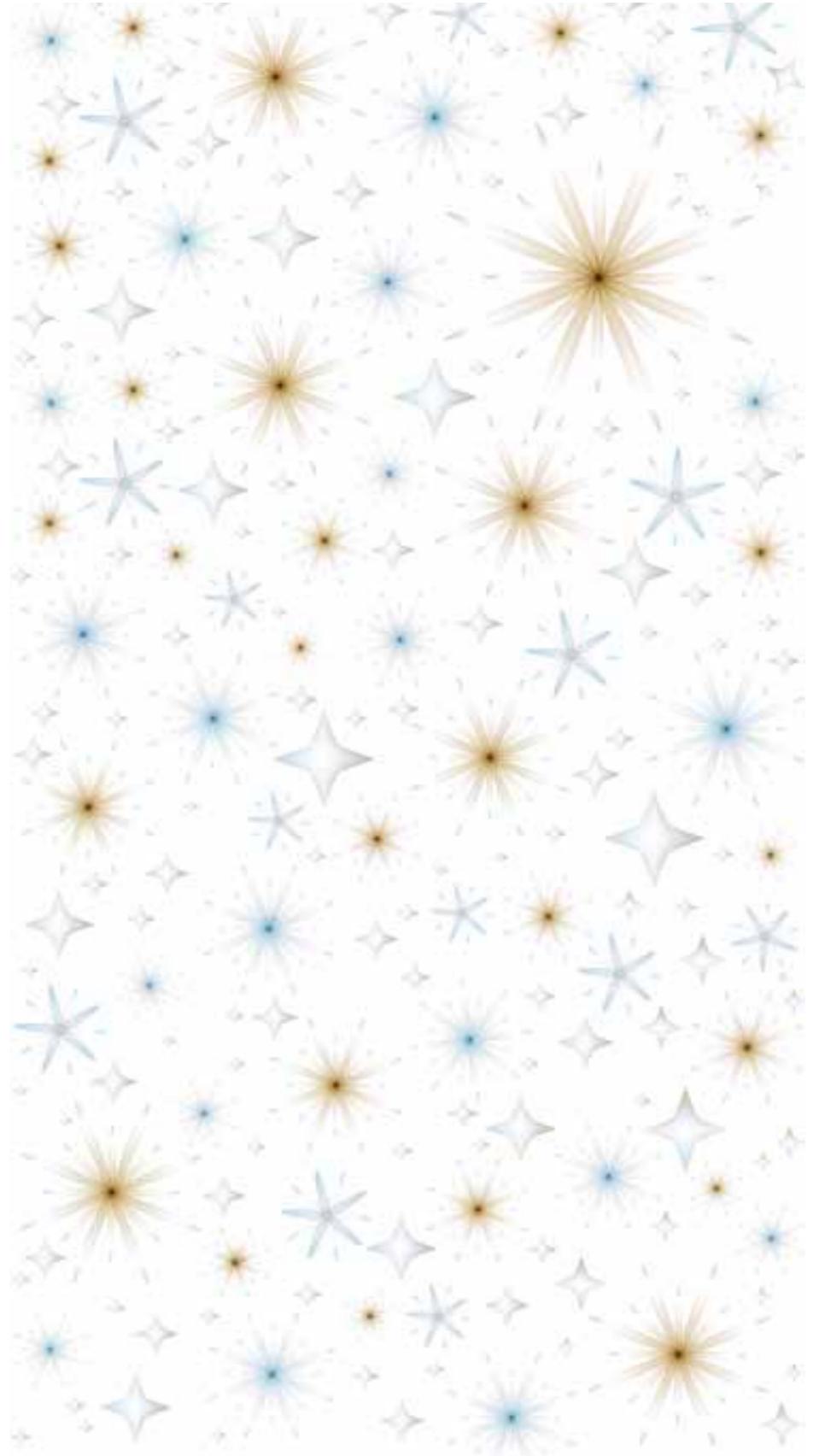
<http://leadership.swwb.org/content/advanced-leadership-program-global-0>

The 2012 **WSBI Congress** will take place on 10-11 May in Marrakech (Morocco) to the theme: "GOOD for you – The savings and retail banking model". WSBI members, interested third parties and stakeholders, bankers and banking technology experts will gather to discuss the strengths and specificities of the savings and retail banking model, learn about the latest innovations in retail banking, exchange experiences, and, above all, demonstrate to regulators, supervisors and the rest of the financial sector that savings and retail banks in Africa, Asia, the Americas and Europe are a force to be reckoned with.

Visit www.wsbi2012.com for all Congress information and to register.

Save the date: **AMFA Conference 2012**, October 4-5, 2012

More information will be available soon on www.amfa.az or you can contact: member_services@amfa.az



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Ministry of Foreign Affairs

Directorate for Development Cooperation

The e-MFP Newsletter is a regular publication of the European Microfinance Platform whose aim is to facilitate the exchange of information and promote cooperation among various European actors involved in microfinance in developing countries. e-MFP members share the vision that everyone on this globe has access to financial services and that microfinance can contribute to the development of this vision.

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