EUROPEAN MICROFINANCE WEEK 2009

MICROFINANCE IN A NEW FINANCIAL ERA

24th-26th November 2009
Abbaye de Neumünster, Luxembourg

Conference report

EUROPEAN
MICROFINANCE
PLATFORM

NETWORKING WITH THE SOUTH

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

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FOREWORD

European Microfinance Week is the annual event of the European Microfinance Platform [e-MFP], drawing together its diverse membership to debate, exchange and share experiences on issues impacting microfinance in developing countries.

European Microfinance Week is the unique meeting point for European providers to analyse the evolution of microfinance in developing countries and bring 'European answers' to the threat posed by poverty in these countries.

The 2010 event gathered 300 registered participants from 30 countries during 24th – 26th November 2009, in Luxembourg. The theme for the three days was 'Microfinance in a New Financial Era' and reviewed the impact of the global credit crisis on financial service delivery to poor and low-income citizens of developing countries. Discussions concentrated on the effect the crisis is having on the microfinance sector and highlighted the roles of savings, transparency and regulation, as well as the crucial issue of social responsibility and client protection.

A combination of plenary, workshop and roundtable discussions ensured lively exchanges and heated discussions. Once again it reinforced e-MFP's position as the leading forum for European microfinance professionals.

Feedback from the event was very positive and the dynamic and enthusiastic contributions of e-MFP members will ensure European Microfinance Week's role as a key event in the microfinance sector calendar.

In this report we invite you to look back on the three inspiring days of microfinance debate and discussion and look forward to welcoming you to an equally stimulating European Microfinance Week 30th November – 1st December 2010.

Axel de Ville
Chairman

Christoph Pausch
Executive Secretary

OPENING SESSION

OPENING SESSION

Speakers	**Axel DE VILLE** (Chairman e-MFP)
	Marie-Josée JACOBS (Minister for Development Cooperation and Humanitarian Affairs, Luxembourg)
	Craig CHURCHILL (Chair of Microinsurance Network; Senior Technical Officer, International Labour Organisation)

Axel DE VILLE, Chairman of the European Microfinance Platform, welcomed the 300 people attending the European Microfinance Week 2009. In his speech he stressed the vision of e-MFP 'to become the microfinance focal point in Europe, linking with the South through its members'. To reach this vision collaboration between all stakeholders is needed. In 2006 e-MFP started with 20 members, now there are 120!

The strength of the e-MFP is the great diversity of the professionals it brings together. The European Microfinance Platform has proved that cooperation between all these different stakeholders is not only possible, but is effectively strengthening the microfinance sector.

As an example, several joint research projects are now ongoing. Research is important to have a deep understanding of objectives, to innovate, gain new perspectives and scrutinize whether actions are relevant and whether we reach our objectives. Another example is the progress made in the field of social responsibility. Microfinance is more than microcredit; it is about universal access to adapted, inclusive financial services. In this financial crisis, microfinance has proven resilient because it is based on real economic activities. However, the sector has not been completely shielded. Particularly now, there is need for socially responsible behaviour, and therefore all stakeholders need to remain committed to put social responsibility at the centre of their actions.

The Chairman also referred to a priority in e-MFP's Business Plan: cooperation between European stakeholders, national microfinance platforms and developing countries. Together these can create extraordinary possibilities. Moreover, it is indispensable to link professional organisations and associations to the reality on the ground. Mr. de Ville closed his presentation by thanking Mrs. Jacobs for the constant government support, without which e-MFP would not be able to perform its important activities.

Marie-Josée JACOBS, Minister for Development Cooperation and Humanitarian Affairs, Luxembourg welcomed the participants to the fifth European Microfinance Week. This event attracts more and more stakeholders in the sector every year and now includes participants from 30 countries. The professional quality of the stakeholders present reveals the level of maturity the European Microfinance Week has reached.

Due to the financial crisis, the commitment to development cooperation becomes more relevant in the European Union. Microfinance is developing rapidly in many different directions. The Government of Luxembourg confirmed its support for microfinance and will continue to support effective and inclusive financing. Two initiatives of the Government of specific relevance to the audience were presented. Firstly, best practices will continue to be rewarded through the European Microfinance Award which will be given for the third time in 2010. The theme for the 2010 award will be 'Value chain finance'.

The second initiative was introduced by Craig CHURCHILL, Chairman of the Microinsurance Network, who thanked the Minister and the European Microfinance Platform and announced the official launch of the Microinsurance Network. Insurance is a vital financial service which expands access to financial services for the working poor. Mr. Churchill explained that the e-MFP and the Microinsurance Network have three things in common: a focus on low income and micro entrepreneurs, they both value partnerships and cooperation and they are both beneficiaries of the Government of Luxembourg. The Microinsurance Network now has 140 members from 20 countries. This strengthens the diversity of the network, which is one of its core values. The network can help finding the balance between commercial and social performance in the sector.

According to Mr. Churchill, there are four dimensions which define access to financial services: the relevance of the products, geographical access, intellectual access and affordability. The Network can increase efficiency in microfinance and microinsurance by tackling the following obstacles. First, as regards their distribution, insurance products should not only be part of credit products but be offered as separate products. The diversity of institutions offering microinsurance should not be limited to those offering credit and saving products either. A second obstacle is expensive administration systems, caused by a lack of appropriate technology. New systems need to be developed to reduce transaction costs. The third bottleneck is market resistance to insurance. As it is an intangible product characterised by a time-horizon beyond the scope of many potential clients, it does not appeal to the poor as much as other microfinance products. As such, raising awareness is needed. Fourthly, microinsurance experts need to work together with development and microfinance experts. A fifth focus of the network should be an enabling environment for inclusive insurance. Lastly, the impact of microinsurance should be determined: do the poor really benefit? Mr. Churchill closed his presentation by inviting any contribution to the network.

TUESDAY 24 NOVEMBER 2009: MEMBERS' DAY

RURAL OUTREACH ACTION GROUP (1)

Moderator	**Joost DE LA RIVE BOX** (Terrafina)
Introduction	**Mariel MENSINK** (Terrafina)
Speakers	**Tesfaye BEFEKADU ASFAW** (Harbu Microfinance Institution)
	François CAJOT (SOS Faim)

PRESENTATIONS

Joost DE LA RIVE BOX and Mariel MENSINK outlined the day's programme and issues of the Rural Outreach Action Group. During the morning sessions speakers presented their cases and experiences with rural outreach, while the afternoon session was used for recapitulation and follow-up discussion on rural value chain finance.

Ms. Mensink's introductory presentation 'Beyond the borders of microfinance' articulated three vital points: that the rural poor need more than finance to enhance livelihoods; finance needs to be linked closely to cash flow and livelihood systems of the poor; and that it is important to know the rural context and sustainability strategies of clients. For this purpose there is a need for collaboration between financial and non-financial service providers, in particular for complementary services and effectiveness. Ms. Mensink mentioned the following challenges:

- Local networking and interaction between actors;
- The organisation of the poor, and would the work with selfhelp groups (SHG) finance be disruptive?
- Linking effectively with business development services (BDS) and other service providers (such as governments); also at higher levels, with joint vision building;
- Is there a need for formal contracts?
- Designing appropriate financial products;
- Facilitating participative collaboration; what is the role of funders?

The following questions were introduced for further discussion during the day:

1. Can we stretch outreach to remote poor with these systems?
2. Are SHGs appropriate for solidarity lending?
3. How to link financial services to survival strategies?
4. How to link financial and non-financial services?
5. Risk mitigation mechanisms in agricultural credit for the poor?
6. What lessons have been learned for enhancing effective collaboration?

François CAJOT of SOS Faim subsequently presented 'The integrated development program of Fatick' (IDPF) in Senegal, as a case of linking microfinance and rural economic activities, in particular by women. The approach of the partnership between SOS Faim, as donor, and GERAD, as implementing organisation, is geared towards local development and regional regeneration, in order to fight poverty. This is done through reinforcement and structuring of actors (small teams close to the field) and flexibility.

Mr. Cajot mentioned this is a very time-intensive process, started with a test stage from 2000-2003 followed by considerable expansion until 2007. Donations are channelled through cooperatives to urban and rural women's unions and from there to women's groups, interest flowing back in return. From the charged interest of 10% to the women, 12% remains with the women's unions, 18% with the cooperatives, and 70% flows into a Regional Solidarity Fund. The Fund aims to consolidate the credit fund and to develop women's entrepreneurship. Sustainability is based on a solidarity group methodology, aiming at the poorest, but in this respect IDPF is at a crossroad. It also seeks to expand the option of working with more active women as a development leverage, and wonders if the two approaches can work with the same tools and procedures, and what effects individual credit to women entrepreneurs may have on the local economy, including the risk of accentuating social gaps.

Tesfaye BEFEKADU ASFAW presented the 'Harbu Micro Finance Institution' (HMFI), established in 2005 and having obtained a microfinancing business license from the National Bank of Ethiopia. Harbu adapted a model developed in India to the Ethiopian context, working with women SHGs and Farmers' Marketing Organisations (FMOs). Whereas Facilitators for Change (FCs) help to organise and build capacities of SHGs economically and socially, Harbu provides financial services, including loans, savings, lease and micro-insurance to the SHGs through Cluster Level Associations (CLAs). In addition, FCs also support the establishment of FMOs, which act as autonomous and voluntary associations of smallholder farmers to meet members' common economic and social needs, including market linkages, value chain development, extension support, literacy, health and environment. Harbu subsequently provides financial services to these FMOs or directly to their members, which can be either agricultural loans at the producer group level, or working capital development loans at the FMO level.

As a way forward, Harbu aims to work on a Credit Plus scheme, including awareness building for women, matters related to

HIV/AIDS, adult literacy, access to markets and market information, access to technology and know-how and gender mainstreaming.

DISCUSSION

Discussion evolved around the differences in approaches between the two presentations. Some participants perceived the example of Senegal as a more traditional credit delivery system and the one in Ethiopia as a more complex one, linking credit and marketing. Mr. Asfaw responded that in practice the two functions were not very complicated; they operate as separate entities, mutually supporting each other in achieving goals. Further discussion dwelt on organisational structure and management aspects, on loan disbursement mechanisms for SHGs/CLAs and FMOs, and on micro-insurance services.

In response to questions related to the potentially bigger development impact of the HMFI approach and the sustainability of the organisation, Mr. Asfaw answered that he considers the Credit Plus system as the way forward, linking capacity building and poverty alleviation. Challenges that he sees in this respect is the phasing in and out of support to achieve self-reliance, as well as the fees to be charged for the various services, and their cost-effectiveness.

RURAL OUTREACH ACTION GROUP (2)

Moderators	**Mariel MENSINK, Joost DE LA RIVE BOX** (Terrafina)
Speakers	**Bart DE BRUYNE, replacing Nancy JASPERS** (TRIAS)
	Betty WAMPFLER (CIRAD)

PRESENTATIONS

Bart DE BRUYNE gave an interesting overview of the operations of the MFI Cre$ol in Brazil, which is supported by TRIAS. TRIAS has a focus on local economic development, acting as a facilitator for capacity building, funding and linking other actors in local economic development. TRIAS' assistance aims to create synergies in multi-actor contexts, in which the exchange of knowledge, expertise and experiences helps to capture potential and opportunities.

Cre$ol grew spectacularly between 1996 and 2009: from 1,639 to 68,434 members, from 14 to 775 staff members, and assets from EURO 0.78 to 269 million. Cre$ol is a network of credit and savings cooperatives of family farmers. The cooperatives are supported by regional service centres to generate synergies. Cre$ol in turn forms part of a national network of credit and savings cooperatives, together with 6 other credit and savings cooperative networks. Cre$ol is also a member of UNICAFES, a union of family farmer cooperatives in Brazil. Assistance of TRIAS has focused on establishing management information systems, audit systems, and getting government support. The approach is bottom-up, ensuring representation from coop-level upwards. Decision-making is independent at the level of each cooperative, though ground rules for microfinance are laid down by the Cre$ol-network.

Betty WAMPFLER of CIRAD presented a 'Speech of defence for a livelihood finance'. Her key-question was whether an experience of full livelihood finance exists. According to Ms. Wampfler, microfinance is still very much a vertical sector, not having spread to its full territory. Research results from Madagascar, Niger and Senegal lead her to believe that 3 principles of livelihood finance are needed:

1. A diversified range of financial services to respond to the diversity of household financial needs;
2. Inclusion in a system of rural services;
3. Which is fixed in a territory, through a decentralization process.

She further explained that the decentralisation process in the South provides a good framework for developing livelihood microfinance and a rural system of services.

As an alternative, she mentioned value chain analysis and wondered whether rural organisations in the South already have sufficient capacity to take the lead in such long-term and difficult processes. Yet, they should be at the heart of such initiatives. The main challenge will be to build partnerships between farmers' organisations and MFIs.

DISCUSSION

One question from the audience pertained to the mitigation of risk and indebtedness, to which Ms. Wampfler responded that this requires careful selection of the borrower by the local MFI. Storage credit, for instance, is thought to be an appropriate microfinance product, as stocks of rice can be regarded as collateral. In this sense, the link with regional and local development strategies is not yet very well elaborated; microfinance is still using a vertical logic.

It was remarked by Mr. Dayesso of Buusaa Gonofaa that Ethiopian rural areas are extremly diverse, isolated and fragmented, and a totally different approach is needed. Mr. Asfaw of Harbu added that the model they are using in Ethiopia, as explained in the first session, can allow for a more integrated approach. Mr. Assey of DTF Tanzania remarked that in this sense the context analysis of the region is very important. The audience took this issue a step further by arguing that contexts differ considerably between Africa and Asia. The Grameen model from Bangladesh, for instance, could provide useful insights and lessons learned with respect to empowerment and autonomy, accountability, finance products and technologies. In this sense more attention should also be given to savings models, and technologies and delivery mechanisms to overcome remoteness, such as through mobile technology.

More discussion evolved around the issues of microfinance and sustainability, and the

right business model to work with. Mr. François Cajot of SOS Faim added that it is also important to get government support, and Mr. Bruno Molijn of Oxfam Novib stressed the importance of the Millennium Development Goals in this respect, stressing the urgency to invest in rural areas to combat poverty. Another participant remarked that, in the context of sustainability, examples from Asia indicate that it is important to make choices; financial literacy is sometimes the limit of what you can achieve.

Another question was raised whether livelihood models used in urban contexts could be extended to rural systems. Besides marketing services, this would require the inclusion of a whole range of additional services (including e.g. mobile phone networks). Up until now, MFIs have offered specialised services which are not yet geared to livelihood diversification and lack the right capitalising mechanisms for that purpose.

On the issue of savings and resource mobilisation, Ms. Wampfler responded that sustainability in resource mobilisation is a general problem, causing the vertical logic in microfinance. She also indicated that remittances of migrants, such as in Mali, can offer opportunities. Mr. De Bruyne mentioned in this respect that the establishment of rules and law will not solve these problems, but that a broader approach is needed. He added that an efficiency model is needed to deal with scale, networks and linking; rural solutions beyond our own knowledge and based on farmers' movement and technologies to deal with local realities.

The meeting concluded with a number of fundamental questions for future business models to be further reflected upon in the next e-MFP meetings:

- Where is the manager in the process; institutions and barriers/frontiers?
- Where and how to cooperate?
- MFIs do not work alone
- How to deal with financial vs. non-financial aspects?
- What is the role of the state?
- The role of technologies, markets, actors

11.00-12.30: MEETING OF NATIONAL MICROFINANCE PLATFORMS

Organised by the Luxembourg Round Table on Microfinance

Moderator Marc BICHLER (Director for Development Cooperation, Ministry of Foreign Affairs, Luxembourg)

PRESENTATIONS

Marc BICHLER explained how the Luxembourg Round Table (LRTM) was established in 2003 in anticipation of the Year of Microcredit. This happened at the initiative of the Luxemburg Ministry of Foreign Affairs, through a multi-stakeholder process, including representatives of the public, private and civil society sectors. The original objectives of sharing information and avoiding duplication are still pursued and are now sustained by a website, which was introduced by Laetitia POLIS from Lux-Development, acting as the secretariat of the LRTM. The website (www.lrtm.lu) contains a public and an interactive members' component, including a microfinance agenda that is directly updated by members as per their requirements and functions as a national reference.

Pius FRICK elaborated how the Year of Microcredit gave birth to the Microfinance Initiative Liechtenstein (MIL) as a natural coming together of all parties with interest in the industry, including the government, university, the banking association and two main charity foundations. The network has been instrumental in the formation of the Microfinance Fund and brings its members together in various configurations around the themes of research, development and investments, following the network theme 'efficiency through cooperation'.

Jean POUIT introduced the Swiss Microfinance Platform (SMP), which was established in 2007 at the initiative of RAFAD following an earlier initiative, the Geneva Microfinance Forum (GMF), which was also established in view of the Year of Microcredit. The network was formalized into an association with members meeting regularly. On its website (www.microfinanceplatform.ch) all its members, including 16 non-profit organizations, seven for-profit companies and two supporting members can be found. Activities are grouped around the themes of 'information and advocacy', 'education and training', 'research and policy' and 'networking and events'.

The Danish Forum for Microfinance was presented by Ole Dahl RASMUSSEN. It was founded at the initiative of Danish NGOs in 2009 and counts 38 member organizations, mostly NGOs, but also ethical banks and private foundations. It serves as a platform towards Danida and is focused on capacity building activities. It will shortly launch its website at www.microfinance.dk.

The Microfinance Support Program of Monaco was introduced by Jérôme FROISSART. It operates from the Office of International Cooperation and Development and is instrumental in meeting the Principality's objective of increasing its official development assistance to 0.7% of gross national income by 2015. The Support Program promotes microfinance for poverty alleviation with respect to social performance through bilateral projects with high social impacts and the provision of technical assistance to small and medium MFIs in Africa. It partners with the Monegasque Bank in the areas of technical assistance and commercialization of microfinance funds (www.cooperation-monaco.gouv.mc).

The Comitato Nazionale per il Microcredito is a public body under the Council of Ministers bringing together 30 members representing NGOs, the banking sector, the government and the central bank. It functions as a consultative body to monitor the Italian microfinance sector, support technical assistance and education in Italy, and provide capacity building overseas in Tunisia and Argentina.

In addition, RITME is an Italian microfinance network established in 2008 as an initiative of development aid organizations working towards financial inclusion. Its 21 members annually join common training courses on microfinance operations. Italy has many smaller MFIs with relatively few clients and these require information sharing and training.

Fransien WOLTERS explained that the Netherlands have both a national network that includes donors, banks, investors and government, called the Netherlands Platform for Microfinance, and a sector-based network formed by donor agencies, called MicroNed. The first (www.microfinance.nl) was a joint initiative to prepare for the Year of Microcredit. Its main function now is to keep track of the 'Dutch Offer' in the industry through a comprehensive database, which is linked to the Mix Market system (www.themix.org). The second (www.micro-ned.nl) was established to foster coordination and cooperation among donor agencies, particularly in countries where all have active support and investment programs.

DISCUSSION

Participants agreed that the national networks should primarily meet their domestic agendas of cooperation and information sharing. As far as inter-network cooperation is concerned, there was consensus that this could be best achieved on a bilateral case-by-case base or through the European Microfinance Platform when topics of broader interests are concerned. Practical suggestions were to refer to each organization's website and also find ways to feed relevant national information into the e-MFP website. Another suggestion was that an annual meeting of National Platforms could take place within the framework of European Microfinance Week.

LES PERSPECTIVES DU PORTAIL FRANCOPHONE DE LA MICROFINANCE PERSPECTIVES ON THE FRENCH MICROFINANCE GATEWAY

Speakers **Karin BARLET** (GRET)

Luc VANDERWEERD (ADA)

Karin BARLET from Gret and Luc VANDERWEERD from ADA presented the French microfinance portal. The French version of the Microfinance Gateway (www.lamicrofinance.org) was developed in 2005 and has 20,000 visitors per month. Its objectives are to collect, centralise and organise existing information, which can be added by users; to identify and solve information gaps; and offer a means for collaboration between actors. The latter is important as Ms. Barlet noticed that there is only limited cooperation between Francophone countries. A choice was made to develop a French version instead of a French translation of the Microfinance Gateway. Francophone countries deal with different issues in microfinance, and this website can help them work more together.

During the presentation the different features of the website were presented, including its library section, bulletins and resource centres per country and subject. According to the audience, it is easy to use, because of the simple lay out.

After Luc Vanderweerd explained that the website is facing difficulties finding new funders, the discussion turned to possibilities for funding. The audience came up with several possibilities such as banking and private sectors, and universities.

RURAL OUTREACH ACTION GROUP (3)

Moderators **Mariel MENSINK, Joost DE LA RIVE BOX** (Terrafina)

PRESENTATIONS

Mariel MENSINK started the session by reflecting on the dilemmas which were stated earlier; with respect to empowerment, autonomy and accountability. Business models in this sense are faced with some conflicting aims: diversification vs. systematisation and standardisation; the MFI model vs. the livelihood model. She mentioned that in this respect there are information gaps and resource gaps for dealing with issues such as risk management, integrated management information systems and new technologies. In her view models need to be built on decentralisation, coordination, value chain analysis, financial literacy and client education. She stressed the importance of exchange of experiences in this respect.

Betty WAMPFLER, on behalf of Cerise/SupAgro, presented a 'work in progress' by the Action Group Innovation for Rural Outreach: 'Enhancing partnerships between farmer organisations and MFIs'. She mentioned this to be a long term and difficult knowledge-building process. A step in this process is the use of an operational guide to enhance capacities of farmers' organisations to build partnerships with rural finance institutions, which she illustrated with a case in Niger. The case showed the difficulties and adaptations required during the process, the results of which are now integrated in the partner's Strategic Development Plan.

Joost DE LA RIVE BOX presented an overview of 'Emerging lessons and policy implications' regarding value chain finance. For this purpose a reader has been compiled, which was made available to participants on a CD-Rom. The reader has a WIKI structure that will allow Development Finance Organisations to adapt it according to their needs, and addresses value chain finance issues in the South as well as good donor practice in the North. A taskforce was established in the Netherlands for Dutch actors to collaborate and build synergies in areas of VCD/VCA. Some of the lessons learned with respect to the requirements for effective chains are:

- A puller or lead actor;
- Certain 'chain intelligence' to serve chain actors and financiers;
- Strong horizontal linkages among producers and other chain actors and related service providers (such as financial service providers);
- Management and control functions in the chain (especially geared to risk mitigation).

Potential finance products for different levels in the chain were presented, in this respect the need for vertical linkages in the financial chain was also stressed. Important issues to be considered by donors and investors are: strategic clarity, staff capacity and development, accountability,

knowledge management, appropriate instruments, brokering and networking.

The following questions were put forward for further discussion:

1. Is there enough common ground to produce a joint framework on VCF that will enhance collaboration and synergy between organisations? What would be the next steps to develop this?
2. What opportunities does value chain finance offer to your organisation and to other organisations? Is there scope for collaboration and/or involvement in complementary activity?
3. Do you have suggestions to get the local and international banking sector more involved?
4. Follow up to the process?

DISCUSSION

Answering a question from the audience, regarding the model presented by Ms. Wampfler which looks much like a classic cooperative structure approach, she responded that the initial approach did not work properly, and that adaptation was needed. More focus had to be put on the Farmers' Organisation as a starting point, including needs with respect to agricultural inputs and equipment. Although finance of equipment is regarded as relatively easy, in practice resources for such medium-term loans are lacking. It was also necessary to clearly separate roles and objectives of the MFI and FO, which had to be laid down in formal contracts, and memoranda of understanding as governance is a key issue.

Regarding the presentation of Joost De la Rive Box, questions pertained to what value chain finance is, and what it is targeting; what is the bottom line and how does it relate to international value chains? An example was given of Tanzania, focusing on organising and improving efficiencies with local SHGs. A representative from Rabobank commented on the finance modalities it is providing with respect to commodities, such as short term finance to producers based on buyer contracts, finance to importers, and guarantees on loans to MFIs. Another participant reflected on the situation of coffee producers in Ethiopia, who generally have very small production areas (0.5 ha.) and often lack a link with the value chain and MFIs.

REMITTANCES ACTION GROUP

Moderator **Jean POUIT** (MyTransfer/e-MFP)

Speakers **Robert MEINS** (IFAD) and **Eric ADJA** (OITFM)

PRESENTATIONS

Robert MEINS represented IFAD's Financing Facility for Remittances, a USD 15M program supporting 40 remittance projects. He started his presentation with a comparison of the costs of sending USD 200 to various countries in Africa from different industrialized countries. These range from roughly 5% to 17% of the amount transferred. Various reasons contribute to this variance. A major one is the distribution of pay-out centres in receiving countries. These tend to be concentrated in urban centres, creating high opportunity costs for rural recipients to collect their money. Africa currently has the same number of pay-out centres as Mexico, while having ten times more senders in diaspora.

A proposed solution was to involve more actors in the chain, particularly those with large rural distribution networks, such as MFIs, post offices or mobile phone operators. In the case of MFIs, this requires two major obstacles to be overcome. To date in only six African countries can MFIs be licensed as genuine pay-out centres, reducing their options for involvement to that of agents of international money transfer companies. That, however, does not necessarily present a sound business case because reputable companies often demand strict exclusivity arrangements. Also a sufficient volume of activities to reach a break-even point is difficult to achieve in more remote areas.

Yet, 30 to 40% of all remittances to Africa, estimated to amount to USD 300B per annum, is destined for rural areas, representing a high potential development impact. To unleash that potential various options need to be considered such as increasing competition, empowerment of market actors, enabling regulation, adapting new technologies and increasing service delivery in rural areas.

(For further reference, see: www.ifad.org/remittances/pub/money_africa.pdf).

Eric ADJA of OITFM, Observatoire International des Transferts de Fonds des Migrants (IMRO-International Migrant Remittances Observatory), explained that his organization's main thrust was to collect and disseminate information through statistical analysis in order to address the main obstacles in the industry. OITFM is representing the 49 Least Developed countries of UN OHRLLS. One main obstacle concerns getting a grasp on the informal flow of funds; a second is to find ways to reduce transaction costs and a third to ensure that remittances indeed have a positive developmental impact. In March, OITFM will launch the World Diaspora Fund enabling migrants to invest in their country of origin through microfinance institutions while getting a return on investments.

DISCUSSION

As regards the agent model applied by MFIs and explained by Mr. Meins, Daouda Sawadogo from Fédération des Caisses Polulaires du Burkina Faso (the leading microfinance institution in Burkina Faso) commented that the exclusivity clause was only one obstacle in dealing with international transfer companies. Others are low commission allowances, the application of the MFIs own liquidity to pre-finance payments, and timely reimbursement by MFIs. His own organization then decided to discontinue the contract with transfer company Western Union and shifted to another one (Moneygram) under much more favourable conditions.

Klaudia Marcus from DGRV pointed to studies in Latin America that appear to indicate that savings and credit cooperatives may be well-positioned to handle remittances due to scale of operations, their non-profit status, opportunities for cross-selling and their deep access. However, until now not many are found in Latin America, whereas BRAC was able to capture 5% of a USD 6 billion market in Bangladesh.

In general participants agreed that cost reduction options need to take into account that if costs are brought down from a client perspective (sender or receiver) the handling agent needs to be able to work with decreased margins. This is only possible at higher volumes of activity, cross-selling or mobile technology. Overall, for Africa it is important to focus on upgrading the status of eligible MFIs to move beyond the agent role. This process should be in combination with providing access to national and international payment systems and training.

WEDNESDAY 25 NOVEMBER 2009: LEARNING FROM THE GLOBAL CRISIS

PLENARY: THE FINANCIAL CRISIS AND ITS EFFECTS ON MICROFINANCE

Moderator	**Anne-Françoise LEFÈVRE** (WSBI/e-MFP)
Speakers	**Xavier REILLE** (CGAP)
	Inshan ALI NAWAZ KANJI (Aga Khan Agency for Microfinance)
	Agus RACHMADI (Bank Rakyat Indonesia)

PRESENTATIONS

After an introduction by the moderator Anne-Françoise LEFEVRE, Xavier REILLE of CGAP gave a presentation on 'The financial crisis and its impacts on microfinance, clients, institutions and funders'. He explained that the crisis came at a time when microfinance was booming and comprised of three parallel crises: a food crisis, a financial crisis and global economic recession. He mentioned five ways in which clients were affected and how they responded in various ways. The effects on MFIs, based on indexes developed by Symbiotics, were not noticeable until late 2008, when several banks experienced liquidity and solvability problems. As a result, few MFIs were taken over and others restructured. In this respect, the crisis clearly revealed some microfinance vulnerabilities such as uncontrolled growth and lack of internal control systems. A new risk landscape emerged out of the global crisis with credit risk toping the top 5 industry banana skins (see CSFI microfinance Banana Skins survey). However, the crisis seems to not have impacted long-term commitments and foreign capital investments. Public investors are still dominant. Returns on fixed income funds are dropping, while equity pricing is still up in 2008. Mr. Reille predicted slower growth and lower returns, for fixed income funds in 2010, as well as a severe delinquency crisis in a handfull of countries. Risk management and protecting clients from over-indebtedness are vital.

The presentation by Mr. KANJI of Aga Khan Agency for Microfinance on 'The economic crisis and performance of formal MFIs' also reflected on the crisis not just being a financial crisis, referring to food and oil inflation and the effects of conflicts. He expects less development spending, lower exports and less fiscal means to counteract the crisis. The impacts on low-income rural populations will be limited, as these were not strongly linked to formal financial services and have low levels of consumer leverage. Nevertheless, he predicts considerable impacts on poverty in a number of countries, depending on their economic structure. A country like Tajikistan, heavily dependent on foreign remittances, which are used for health, education, consumption and small business investments, was severely impacted when these contracted due to the shrinking Russian economy. In addition, banking and microfinance sectors are faced with repayment challenges, as currency risks have turned into credit risks. Impacts on institutions are increased competition for funds, more stringent terms for credit lines, increased credit risks, higher capital requirements and lower sustainability. Hence there is a strong need for institution building, for example in improved lending methodologies, product targeting and more importantly developing local deposit markets to increase reliance for funding on the local communities/economies rather than on foreign funding sources. The First MicroFinanceBank Ltd is one such example which funds its entire loan book from deposits raised in the country (in local currency); it has reported significant growth in outreach despite the crises.

Agus RACHMADI presented the BRI experience with the financial crisis. He explained that all MFIs are affected. However, the crisis can be seen as an opportunity for new innovations in order to survive but can also be a threat if MFIs fail to anticipate the crisis. He highlighted this by means of a 'crisis and renewal infinity loop'. BRI dealt with crises before. As an agent for development for the Indonesian government, distinguishing between commercial financial services and subsidised poverty alleviation programmes, it has gone through several restructuring processes during earlier crises which hit the Indonesian economy. As a result, BRI has become the best among the worst and survived, due in large part to microfinance activities linked to savings schemes. It has grown strongly, now having 30 million clients, of which 5 million are borrowers. Although the crisis led to a rise in non-performing loans, these remained limited to 2%, showing the resilience of BRI's microfinance schemes due to more stringent policies put in place after earlier crisis and a strong foundation because of the link with savings. A larger risk for microfinance are natural calamities, when clients cannot pay back. Current issues for BRI to work on are: expanding outreach, incorporating ICT and legal frameworks.

DISCUSSION

Ms. Lefèvre summarised that the impacts of the international crisis on the microfinance sector were also due to the uncontrolled growth of microfinance in preceding years, and that savings strategies and diversification have a positive effect. Mr. Kanji responded that savings-based strategies indeed prove more resilient, but that these also still need to prove their worth, as people may withdraw their savings in time of crisis. Agus Rachmadi added that networks in Indonesia but also in Vietnam, are often savings-based, and that this seems to be the better strategy. However, this requires an effective regulatory framework.

On the moderator's question regarding effects on, and responses by clients with respect to indebtedness and risks, Mr. Kanji said that customers need to be allowed to re-position themselves, which requires a good distribution network, the right products, and to limit vulnerabilities e.g. through insurances. Xavier Reille mentioned a need for consumer protection standards based on national circumstances. He also expected that competition in lending will create new needs for credit bureaus. BRI adapts its loan policies according to needs resulting from the crisis, for example by increasing the loan amount without collateral. CORDAID's representative added that although savings-based MFIs are less affected they could encounter problems when funding from capital markets is needed instead of savings. Disasters indeed have a strong impact, for which debt-restructering schemes are needed.

The final question of the moderator pertained to the impacts of the crisis on growth models of MFIs, and if policy for this is required. Mr. Rachmadi responded that BRI's answer to the crisis was that instead of reducing targets they did the opposite and aimed even higher to counter-act the crisis. As a result, BRI uses a range of products, services and marketing appoaches, which are more suitable to the microclients, such as the microentrepeneur loan program (KIUR), migrant worker loan, and Pesta Rakyat Simpedes. When asked by GTZ how Aga Khan is managing the exchange risk while working in so many different countries, Mr. Kanji replied that this risk is carried by AKF and where they cannot, such as in Tajikistan, they hedge risks.

Ms. Lefèvre closed by stating that e-MFP's key aim is to reach the poor so strategies should be designed accordingly. The audience considered that more capacity building is needed to better prepare MFIs. In that sense lessons ought to be learned from the crisis; although availability of funds is not so problematic anymore, more attention is needed for diversification and savings schemes.

WORKSHOP: GROWTH AND RESILIENCE OF SAVINGS BASED MFIs DURING THE GLOBAL CRISIS

Moderator	**Hans Dieter SEIBEL** (KGFE/e-MFP)
Speakers	**Hans Dieter SEIBEL for Nguyen THAC TAM** (CPCF Vietnam)
	Agus RACHMADI (BRI Indonesia)
	Daouda SAWADOGO (FCPB Burkina Faso/CIF de l'Afrique de l'Ouest)

PRESENTATIONS

As moderator of this workshop, Prof. SEIBEL introduced the major question to be addressed: 'Is there a difference between credit and savings-driven MFIs as regards resilience capacity in times of crisis?' He continued by presenting the People's Credit Funds (PCFs) of Vietnam. PCFs were launched in 1993 by the central bank of Vietnam (SBV) after the collapse of the command economy in the late 1980s led to the demise of its rural credit cooperatives. PCFs are self-financed and self-governed rural MFIs which are regulated and supervised by the SBV. 1995 saw the formation of a Central Credit Fund (CCF) as a liquidity exchange and refinancing mechanism for PCFs, which are predominantly financed by the intake of savings. In 2008 there were 1015 PCFs with 1.35 million members, and USD 726M in savings and deposits, sustaining a loan book of USD 833M. Despite the global crisis, 2008 saw a growth in membership and in deposits, while demand for credit stagnated. Analysis of balance sheet data indicates that rural members have become more careful in borrowing in face of the crisis, but continue servicing current loans very well – at an on-time repayment rate of 99.5%.

Agus RACHMADI of Bank Rakyat Indonesia (BRI) arrived at a largely similar conclusion. To date, neither BRI nor its microbanking units (MBUs) have been affected by the global crisis due to the bank's limited exposure to (foreign) debt finance and the MBUs' as well as the bank's reliance on domestic savings. BRI depends merely on its public saving through microsaving. Moreover, BRI Micro credit is totally funded from the BRI Unit Microsaving (SIMPEDES). Of much greater impact was the monetary crisis of 1997-1998, which hit Indonesia more profoundly than any other country. This was due to persistent inefficiencies and shortcomings in the banking sector and a high dependency on short-term money, compounded by high inflation and a long period of drought.

The crisis affected the bank and the MBUs differently. The bank was pulled down by the dead weight of its corporate portfolio and became technically bankrupt. The MBUs, however, gained large numbers of new savers, their borrowers continued to repay their debts, and the units remained highly profitable. The international reputation of the units and their excellent performance throughout the crisis probably saved BRI, as the government decided to restructure and partially privatize the bank rather than merging it with other defunct public banks. To safeguard the bank against the fate of 1998, the bank's management, backed by the government and the central bank, decided to focus on micro, small and medium enterprise finance, limiting corporate finance to a maximum of 20% of the portfolio. The MBUs continue to be the bank's flagship performer during the current global crisis, with an on-time repayment rate of 99% and a return on assets of nearly 10%.

Daouda SAWADOGO introduced the Conféderation des Institutions Financières (CIF) as a confederation of six large federations in five countries in West Africa, established in 2007. Taken together, CIF represents 2.2 million members, with a savings base of EUR 250M and an aggregated loan portfolio of EUR 224M, supported by an equity base of EUR 338M. Mr. Sawadogo maintained that the impact of the crisis is quite limited due to the built-in resilience of a self-financed system. In 2008, the amount of savings and credit has actually increased by 8% and 14% respectively while membership has grown by nearly 8%. The major effect of the crisis was the large drop in remittances, but this did not affect the financial health of the institutions.

The resilience of the institutions discussed in this session results from applying a number of principles, but one was found key: self-reliance through local savings mobilization. Underlying is a firm commitment to prudence, proximity and professionalism, based on an ethic of responsible finance.

DISCUSSION

The ensuing discussion evolved around resilience capacity. While it is true that savings-based systems are most likely better positioned to deal with shocks, it is not a guarantee for being immune to them. As Mr. Sawadogo explained, the larger cooperative systems become, the more they tend to be driven by a technically oriented management and to distance themselves from their membership. The challenge is to reduce intermediate layers as much as possible to allow access of members to governance and management levels.

Participants pointed to challenges in the cooperative financial sector and one would have little difficulty balancing the presented best practices with many poor experiences. But as Mr. Sawadogo explained, the Chinese word for crisis is 'weiji' which has two components: 'wei' (danger) and 'ji' (opportunity). The challenge therefore is to manage risks while looking for opportunities. Of particular importance is to 'grow with your client'. As they evolve from micro to small entrepreneurs, their MFI has to grow with them. In order to be able to develop products with a longer duration, as in SME and housing finance, the MFI cannot rely on savings intake: it needs a firm equity base as well. Others added that high levels of savings may contribute to resilience, but also calls for the protection of savings in deposits through a guarantee scheme.

As Prof. Seibel contributed, one of the reasons why the Indonesian microfinance industry presently is not much affected by the credit crisis is a lesson learned from the monetary crisis of the late 1990s. Except for fully licensed tier-one banks, Indonesian rural banks (Bank Perkreditan Rakyat), which are prudentially regulated, are not allowed to be owned by foreign investors or to take hard currency loans, effectively reducing currency risks.

WORKSHOP: GENDER AND MICROFINANCE

Moderator	**Mary Ellen ISKENDERIAN** (Women's World Banking)
Speakers	**Roshaneh ZAFAR** (Kashf Foundation)
	Elizabeth EILOR (Independent consultant)
	Fatina ABU OKAB (Microfund for Women)

PRESENTATIONS

Mary Ellen ISKENDERIAN, President and CEO of Women's World Banking (WWB) moderated this session. In her introduction she discussed that as the microfinance sector is becoming more commercial its focus on women is decreasing. This is in stark contrast with the present focus on the impact of microfinance. As such, microfinance stakeholders should not move away from this customer base.

Roshaneh ZAFAR of the Kashf Foundation started by stating that the potential of women is not yet realised. Barriers preventing women from participating in the economy include limited mobility; a lack of education; wage discrimination; the triple burden of women: job, child-care and housework; social norms that do not value household and care tasks; cultural values confining women to their homes; the concentration of female employment in a limited number of sectors; and limited access to financial services.

The Kashf Foundation was founded because Pakistan lacked an MFI focussing on women. It is now the country's third largest. It works according to its Change-Power-Choice model; 'change' by developing a sense of self-worth and valuing women's economic contribution; 'power' by enhancing their bargaining position within the household; and 'choice' by providing them with the means to improve their own and their children's lives. To achieve this, Kashf designed demand-driven products, such as emergency loans and health insurance and is gender-sensitive by not asking for collateral or male guarantors, keeping documentation requirements low and working on literacy constraints and mobility barriers. It also changed its legal status and joined forces with Women's World Banking to offer deposit services, which are important to women to finance lifecycle events.

Challenges remain however, such as: whether women are truly controlling their own income; women generally do not transform their businesses to higher levels; time management of the various activities which women have to do remains difficult; the attitude of men towards the business and work of women often remains negative; and provision of deposit services which are affordable, convenient and accessible to women.

Elizabeth EILOR, an independent consultant, presented a case study based on gender research which was done in collaboration with Women's World Banking for the Uganda Finance Trust (UFT) in April 2009. The objectives of this research were to assess the market demand for a rural lending product in Western Uganda, and to understand the cultural norms and systemic issues that make it difficult for rural women to gain access to and maintain control over the use of their loans. A focus on the intra-household dynamics and roles and responsibilities of women and men in rural households allowed the team to identify the key drivers and barriers to household income and business growth. The team found that traditional, patriarchal gender roles are still quite prevalent in rural areas, regardless of education and income level; land and land titles are largely passed down to men, who often act as the final decision makers, particularly on financial and business matters. Mobility outside the home is limited and in some cases contingent upon the husband's and/or male member of the household's approval. Moreover, although women are generally empowered to make decisions about earnings derived from their small businesses, land title, a key requirement for obtaining a loan, limited the ability of many low-income women to easily access microfinance in

order to continue to invest in and grow their businesses. Therefore, a gendered approach to serving the rural women's market is needed.

A change in mind set is needed in addressing women's needs in microfinance. The findings from the Women's World Banking study in Uganda show that microfinance should be realigned around the importance and value (social and financial) of serving women, both at the institutional and customer level. MFIs should look for opportunities to 'mirror the market' by continuing to ensure that women are represented at all levels of the organization—from front-line staff to senior management, and increase the capacity of its staff to more effectively design and deliver products and services which are based on the unique needs and challenges rural women face, including but not limited to: providing gender-sensitive training to front-line and in-field to better serve women, developing marketing strategies that attract and empower rural women to view themselves as businesswomen, complementing loans with business development training to build the productive capacity of women,

advocate for gender-sensitive microfinance policies and develop a women's banking option.

Ms. Iskenderian introduced Fatina ABU OKAB of Microfund for Women, which has an excellent track-record and is regarded as a pioneer in developing and providing such products and services. It is the oldest and largest MFI in Jordan actively targeting women (serving 40,000 entrepreneurs, of which 96% are female). MFW takes a holistic approach to assisting clients in improving their lives. Its hands-on experience in the field enables MFW to provide customized, sustainable products and services that meet the social and economic needs of clients.

MFW divides its client base into three segments, based on their business profits. By far the largest segment (60%) concerns clients with home-based, seasonal income-generating activities. This is followed by a segment of clients (25%) with a steady business income, of which 75% is home-based and 25% are independent enterprises (outside the home). The smallest segment (15%) consists of clients with solid enterprises outside their home which provide the main source of income for their households.

New products need to respond to customer needs and their payment capacity. MFW's products, such as seasonal and maternity loans, are designed for each group based on clients' needs. Three of its products use a group lending methodology, and two products are offered to individual borrowers. MFW adjusts its products based on client surveys, which are carried out systematically. MFW is now developing housing improvement loans and innovative caregiver products (for hospital expenses of women).

DISCUSSION

Ms. Iskenderian concluded that microfinance is effective when it empowers women. For this an organization needs to design demand driven products and services that will help to change the mindsets of microfinance institutions and the customers they serve. However, the audience questioned whether access to microfinance can address inequalities within households and communities. According to an impact assessment of Kashf Foundation, important and broadly identified benefits, next to economic ones, include: increased confidence, more engagement in decision making, increasing respect and decreasing domestic violence. However, there have also been publications contesting such outcomes. It is concluded that empowerment takes a long time to materialize.

Based on questions from the audience about differences between the situation in Jordan, Pakistan and Uganda the discussion also turned to the costs of rural outreach. Working in rural environments makes microfinance services such as those of MFW costly as women are difficult to reach. Ms. Iskenderian added that it is difficult to find women who want to work in such outreach programmes and live in remote rural areas.

WORKSHOP: FUNDING IN TIMES OF CRISIS

Moderator	**Michael DE GROOT** (Rabobank Foundation)
Speakers	**Gregory VINCENT** (INTL Global Currencies Ltd.)
	Tom BAUR (TriodosFacet) / **Gauke ANDRIESSE** (Cordaid)
	Joséphine GONZALEZ (PlaNIS)

PRESENTATIONS

Gregory VINCENT's presentation was entitled 'Relieving the burden: finding local currency solutions to loan repayments'. Although INTL is well experienced in getting funds into developing countries, risks involved in getting funds into a country is different from the risks getting money back, hence different risk management is required. That is why they started to assess microfinance investment risks with respect to currencies in face of the crisis. According to Mr. Vincent these risks are: country risk, credit risk, currency risk, liquidity risk and settlement risk. He explained that the post-Lehman period is characterised by currency depreciation in combination with a shortage of dollars for repayments. He further explained that whereas the currency risk can be covered by hedging, for the liquidity and settlement risks MFIs can make use of professional service providers.

Cordaid and TriodosFacet presented the results of Cordaid's portfolio review concerning supported national and regional wholesale facilities. Its purpose was to come up with recommendations for good practices for facilities, but also for donors and support agencies. The analytical framework which was used classifies them in three types, depending on the development stage of the microfinance sector in a country (young, growing, mature), the envisaged level of intervention (macro, meso, micro), and the specific role of the wholesale facility as regards the kind of services provided. The recommendations presented for facilities, donors and support agencies are said to be in line with CGAP's Occasional Paper no.6 and also includes a scorecard for social performance.

Joséphine GONZALEZ reflected on the immediate and intermediate consequences of availability of funds for large vs. smaller MFIs. She distinguished between commercial and public/semi-public funding. The first is marked by risk aversion, currency instabilities and fewer hedging mechanisms available, while for the latter she observed a key-role of emergency funds from Development Financial Institutions to refinance MFIs, although this only favours larger MFIs. Smaller MFIs are more vulnerable; either by not having proper hedging capacity or less diversified funding. In this respect she also referred to CGAP's 'Banana Skins'. Nevertheless, while smaller MFIs can fall quicker, they can also more easily adapt. She also claimed that MFIs surviving the crisis will be the better managed ones, whether big or small. With respect to resilience and credit quality, Ms. Gonzalez warned about too much inclusion in a traditional economy, real purchasing power deterioration of the population targeted by microfinance, and a raise in portfolios at risk. She therefore called for better selection of MFIs by MIVs on critical points such as governance, internal control, portfolio quality, financial soundness regulation. She asked whether small MFIs have to either consolidate or disappear.

DISCUSSION

On the question regarding the difference between the 2nd and 3rd presentation with respect to the focus on risks and risk management in response to the crisis, it was replied that the crisis only hit halfway through the research conducted by Cordaid/TriodosFacet, but that wholesaling can spread its risks. In addition, TriodosFacet said it had a risk management tool and handbook available on its website, covering financial, ecological and social aspects of risk management.

In response to Imp-Act's question whether MFIs should adjust exchange rates in order to withstand international crises, Gauke Andriesse gave the example of Indonesia to show the importance of keeping reserves and being able to increase interest rates to deal with losses from changing exchange rates. On the potential of hedging, a participant indicated this is a longer term policy decision; you cannot just apply it when needed. Also, some countries and MFIs feel the impact of the credit crunch and depreciation more than others, meaning that a lot depends on funding structure,

diversification and timing, in addition to having good control mechanisms and ability to reschedule.

Ms. Gonzalez indicated that before the crisis there appeared to be no risk and perfect portfolio. Experience now shows that there is a need to focus on institutional capacities and avoid over-indebtedness. The moderator concluded by pointing out that there appears to be an oversupply of funding and less demand, which seems to ask for structural adjustments.

WORKSHOP: ETHICS, SOCIAL PERFORMANCE, RESPONSIBILITY: WHAT DOES IT MEAN FOR THE INVESTORS AND PRACTITIONERS?

Moderator	**Marek HUDON** (CERMi/ULB)
Speakers	**Arvind ASHTA** (Burgundy School of Business)
	Cécile LAPENU (CERISE/e-MFP)
	Xavier REILLE (CGAP)

PRESENTATIONS

Mr. Marek HUDON, representing CERMi and ULB, started the session by giving a presentation on how to get to an ethical framework. He discussed some recent issues such as whether provision of financial services to the poor is necessarily socially responsible, and who should pay the cost of expanding rural finance. He indicated that we should take into account the diverse circumstances of the sector: for instance the wide variety of actors active and the lack of a common social indicator. In aiming for an ethical framework it is helpful to make a classification of ethical issues: systematic (such as feminization of debt), corporate (interest rates) and individual (pressure of management on loan officers). Furthermore, a distinction between 'do not harm' and 'do good' is useful.

Mr. Arvind ASHTA of the Burgundy School of Business took the spectacular growth of the market value of Compartamos as a starting point of his presentation. In order to grow that fast, Compartamos needed high profits which were the result of very high interest rates. The whole microfinance sector was shocked by these interest rates. However, in 2007 the interest rates of Compartamos were not deviating from other Mexican credit suppliers. Therefore, interest rates as such cannot provide the whole picture. Mr. Ashta therefore proposed to link interest rates with social performance measures in relation to their deviation from average rates and interest rate ceilings. Moreover, rates should also be seen in the light of the MFIs governance structure (do borrowers benefit from the interest in terms of share capital) and its transparency in interest rates.

Cécile LAPENU, of Cerise and e-MFP, discussed the emergence of the social performance discussion in the 2000s. Ms. Lapenu gave the opinion that responsible finance not only involves financial criteria, but also social, environmental and ethical criteria when making investment decisions. Consumer protection and social responsibility standards should be considered as a minimum, offering opportunities for both investors and MFIs.

Mr. Xavier REILLE of CGAP indicated that the socially-responsible investment market is growing fast (now standing at USD 6.8 trillion); microfinance (USD 10 billion) is at the core of this market, especially of the market for impact investments. Whereas this market used to be dominated by the USA, the European share is growing fast and recently Asia has also entered the market. Main drivers behind this increase are demand from institutional investors and legislation.

Other barriers regarding microfinance for responsible investors are: doubts about how responsible microfinance actually is; the size of possible investment in the segment; whether microfinance is an illiquid asset class; and whether asset managers are professional enough to work with institutional investors.

DISCUSSION

Other options for assessing whether interest rates were socially responsible were discussed during the discussion. MFI clients applying for a second loan at the same bank would be a good indicator to determine whether interest rates are too high. Furthermore, a comparison with the saving rates would also be a good indicator. One participant argued that when discussing the high interest rates of Compartamos, we should consider carefully if we are still on the right track and that we should not forget why microfinance was established in the first place.

WORKSHOP: THE ROLE OF POSTAL SERVICES IN FINANCIAL INCLUSION

Moderator	**Dominique VILLENEUVE** (Planet Finance)
Speakers	**Sylvie SOLIGNAC** (Banque Postal)
	José ANSON (Universal Postal Union)
	Najmeddine REDOUANE (Poste Maroc)

PRESENTATIONS

Dominique VILLENEUVE started by introducing post-office systems. Its three tasks, mail, parcel services and financial services are dependent on national legislation and as such, differ per country. Many postal services are transforming to fully fledged companies or privatising. The strength of postal services, which they have in common with MFIs, is their extensive network. Therefore synergies between MFIs and post offices are possible, for example in remittances due to their low barriers to entry.

Sylvia SOLIGNAC started her presentation by introducing the Banque Postale. Its long history is characterised by many changes, culminating in becoming a fully fledged bank in 2006, but it strives to stay close to its core values: proximity and inclusiveness. It keeps barriers to entry low, keeps a strong regional network and by assigning personal advisers to all clients is able to build strong relationships.

By offering a range of delivery options, and using prepaid cards technology, it can offer a whole range of remittance services, from cheap but more time consuming to fast but more costly solutions.

Ms. Solignac continued by presenting José ANSON's case of the Universal Postal Union (UPU). More than one billion people below the poverty line use postal offices. At the same time, the financial crisis has shown that it is important to have a local savings system and the danger of overdependence on foreign capital. Post offices can offer a reliable and trusted savings collection infrastructure that enhances economic stability.

UPU, in collaboration with the Alliance of Financial Inclusion (AFI) held a workshop in November 2009 on financial inclusion and postal banking. Developing countries exchanged best practises and learned that inclusion and economic efficiency in financial services can be compatible. The example of Banco Postal in Brazil was presented as a success case for inclusion as it opened branches throughout the country. A study also showed clear benefits when Banco Postal established an office in a city. Not only did it greatly increase financial inclusion of poor populations, it also resulted in an increase in economic activities and jobs.

Najmeddine REDOUANE from Poste Maroc started his presentation by explaining the difficulties of establishing a bank in Morocco. Furthermore, there is no culture of using banks among low income populations in Morocco. Therefore access to financial services for the poor, especially in rural areas, is very limited and banks do not offer adapted products. Poste Maroc, in contrast, historically has a strong network in rural areas and access to poor populations who use postal services. It therefore saw this segment as an important focus area for its financial services. Although this segment is receiving increasing attention from other banks they now face tough competition from Poste Maroc as it is already strongly present, with 40% of bankable low income people serviced by Poste Maroc. Ambitions for the future are increasing access for low income populations to financial services further by establishing the Al Barid Bank, a bank specifically intended to service these populations.

DISCUSSION

One main subject of the ensuing discussion was remittances. There remain difficulties with sending remittances to remote rural areas. Here, Mr. Villeneuve added that Planet Finance and UPU are together looking at possibilities for cooperation between postal services and MFIs. Postal services often have a strong presence throughout the country and there exist great possibilities for synergies to use these institutions as a channel for remittances. Furthermore, the difficulties of migrants with common remittance transfer methods were discussed as users are afraid that their earnings might be brought to the attention of authorities. However, according to Ms. Solignac such information is not reported.

Dominique Villeneuve thanked the speakers for discussing their cases and concluded that this session clearly showed that postal offices can play an important role in microfinance.

ROUND TABLE: CLIENT PROTECTION: HOW TO INCREASE EFFICIENCY AND MAKE IT OPERATIONAL

Moderator	**Bonnie BRUSKY** (Consultant)
Panelists	**Larry REED** (MFTransparency)
	Anton SIMANOWITZ (Imp-Act)
	Robin RATCLIFFE (The Smart Campaign)
	Faisel RAHMAN (Fair Finance/EMN)

PANEL PRESENTATIONS

After Bonnie BRUSKY opened the session by stating the need to protect clients from malpractice and risks, Robin RATCLIFFE of The Smart Campaign for client protection in microfinance started her presentation by articulating the six 'Principles of client protection', as presented at www.smartcampaign.org: avoidance of over-indebtedness, transparent pricing, appropriate collection practices, ethical staff behavior, mechanisms to redress grievances, and data privacy. With more than 750 endorsers already, the campaign aims to recommit the industry to good business practices which focus on the client through responsible financing. Ten in-depth institutional assessments have now been completed with respect to the strengths and weaknesses of MFIs on these 6 principles, which are helping the development of tools for MFIs to assess their own practices and implement improved processes to protect their clients and especially to focus on transparency in pricing, terms and conditions.

Larry REED presented participants with an interest rate quiz. The difficulty they had in choosing the loan with the lowest annual percentage rate (APR) was a striking illustration of how hard it can be for clients to choose between loan products and the need for transparency in microfinance. Mr. Reed then showed the recently launched product pricing data on the MFTransparency website (www.mftransparency.org), the first set of true pricing data the industry has ever had. He explained how through this information, as well as through other components of MFTransparency's work such as training and tools, MFTransparency seeks to establish fair and transparent pricing in the industry.

Anton SIMANOWITZ stressed the power of repayments in microfinance. He

promoted investments in appropriate staff incentives. Staff should be motivated, not so much to get new clients, but rather to *keep* clients. He also advocated more flexibility in finance products, including insurances. Understanding the client means knowing what is happening to the client; not just having one solution and zero tolerance.

Faisel RAHMAN compared the situation with UK and continental approaches. In the UK emphasis is on people having decision-making power, being well-informed and able to redress complaints, transparency and no financial exclusion. This has led to very erratic financial products, some with very high interest rates and costs, thus leading to exploitation and over-indebtedness. It is therefore important to consider the process as much as the products. This involves management of risks and information; responsible collection; staff management and incentives; attention to quality, and proper assessments and targets; a social metric and good investor management.

Principles of client protection are important for developing countries and need to be translated into management and incentives for investors, in particular with respect to social returns on investments.

Additional websites referred to during the round table meeting were www.sptf.info, www.imp-act.org, www.spmnetwork.net, www.centerforfinancialinclusion.org.

DISCUSSION

One question from the audience related to potential political risks of transparent interest rates. The panelists stated that this requires a joint commitment, in particular in dealing with the fact that poor people pay more for their dispersed loans. This also relates to institutional risks; what are the incentives to reach out to rural areas, and what is the subsequent pressure on interest rates? One response to this was that since rural wages are lower, this may lower the costs of delivery.

Spearheading the industry effort towards transparent pricing, Larry Reed explained how MFTransparency works to sensitize the broad range of stakeholders on these issues to ensure these efforts result in a stronger, more sustainable industry and improved access to financial services for the poor.

Another participant asked whether client protection means a step back in the past. Social performance systems and ratings do not really show the burden of clients; it is more a question of managing overindebtedness. In this respect it was also asked how the Smart Campaign deals with those who do not sign up. Robin Ratcliffe responded by saying that in fact many MFIs want to sign up and comply. Axel de Ville wondered what role e-MFP can play in aligning different initiatives and looking for complementary action. According to Ms. Ratcliffe this is a challenge, yet the Smart Campaign is keen on collaboration, and are already partnering with four specialized microfinance companies to explore how performance on client protection issues could be integrated into social ratings – and even more interesting – into financial rating. The desire to streamline reporting and assessments for MFIs was emphasized by the audience and the panelists.

An Ethiopian participant stressed the importance of knowing who to work with and how, in an informal and culturally highly diverse environment, e.g. also knowing your collector. He asked about client protection pre-conditions and how to implement its principles, to which Ms. Ratcliffe responded that risk-management needs to be improved.

On the question of protection of saving clients, Mr. Hans Van der Veen of the Netherlands Ministry of Foreign Affairs

advocated for the inclusion of a 7th principle of Client Protection, related to a 'deposit guarantee system', on which he presented a text for further use.

With respect to the role of investors in implementing these principles, organisations like CGAP, Smart Campaign and Imp-Act said that they want to play a catalytic role, for instance by developing web-tools for investors and others. The reporting burden of core social performance indicators should be kept to a minimum. MFTransparency explained how investors can use their influence to encourage client-friendly practices on the part of the institutions they fund. Fair Finance warned against too much navel-gazing, by not only focusing on improving principles, but more so on improving service provision. This led another participant to ask whether social compliance implies better impact. According to Imp-Act, this is difficult to measure as there is not much consistency in the sector; it is often internal management (process, quality and management style) of the MFI which makes the difference.

This session was filmed and the video is available on the European Microfinance Platform's website **www.e-mfp.eu**

WORKSHOP: THE LEGAL FRAMEWORK OF MICROFINANCE FUNDS IN EUROPE

Moderator	**Emmanuel DE LUTZEL** (BNP Paribas)
Speakers	**Loïc DE CANNIÈRE** (Incofin)
	Jean-Luc PERRON (Grameen Credit Agricole Microfinance Foundation)

PRESENTATIONS

The three speakers delivered a well integrated presentation which was prepared by the e-MFP Action Group on the Legal Framework of Microfinance Funds in Europe. The group has 19 members from five countries, representing USD 2B assets under management in the microfinance industry, brought together by 23.5 million retail and private investors.

The core of the problem is that in Europe (with the exception of the Netherlands and Luxembourg, which have specific regulatory frameworks) dedicated microfinance investment funds aspiring to raise capital at retail level are expected to comply with the so-called UCITS regulation for general investment funds. However, while this regulation works well to keep a thorough check on general private equity funds, it fails to be conducive to the microfinance industry because the regulation does not meet the specific requirements of microfinance investment funds. Major obstacles are that:

- Investment instruments in microfinance are not 'transferable securities' (are not listed)
- These are not able to meet the demand of daily publication of their net asset value (NAV)
- Are not liquid enough to deal at any time with redemption demands from investors

Meeting these requirements is a precondition for being granted a so-called European passport, which means that the fund managers can raise capital anywhere and from anyone in the European Union. Moreover, most countries in the EU require this passport status for allowing these funds to operate in their own countries. The Netherlands and Luxembourg have additional national regulation that allows eligible funds to operate in their home markets. As a result, larger funds from Germany, France and Switzerland are often incorporated in Luxembourg.

Essentially, there are two channels open for the funds to get access to European passport status: either by creating a special status under the UCITS model, which is adjusted every five years or so, or applying for so-called AIFM status (Alternative Investment Fund Managers), which licenses fund managers of non-UCITS funds. Whereas the second option in some ways may represent a fast-track opportunity, it has a major disadvantage that it does not come with a full retail license: it does not allow for capital raising from the general public, only from professional investors (such as pension funds for example). A potential third option in the form of duplicating the Luxembourg or Dutch options in other countries had been tried at various occasions but to no avail as yet.

The speakers presented various action proposals but admitted that expedient action is required. First, in order to break in, as it were, in ongoing processes, especially as regards AIFM licensing and, second, because the current climate tends to call for even stricter regulation incurring the risk that microfinance investment funds will be placed in the same category with hedge funds for example.

DISCUSSION

The discussion focused on two related issues. Firstly, what can fund managers do under the current limitations to attract investments from high net-worth individuals without actual advertising? There appear to be some opportunities to that effect, but generally clients prefer to bank and invest with their own bank, particularly in the mass retail market and these clients are difficult to reach with a private or wealth banking approach.

Secondly, the question remains how large the retail market actually is? Potentially it is a huge market. Currently, the approximately 100 microfinance investment funds are managing USD 6.6B, mostly in debt finance, of which 35% has been sourced from retail clients. But as one participant observed, his own banking institution in the Netherlands could relatively easily raise hundreds of millions from its own clients. His institution, however, is rather hesitant to do so in view of the limited qualified investment potential overseas. In other words, how much more external capital can the industry prudently absorb in markets where for instance client protection mechanisms, credit bureaus and deposit guarantee systems are still in a start-up phase?

However, all participants agreed that there is value in continuing working towards an appropriate European passport facility for dedicated microfinance funds as well as their fund managers and they endorsed the Action Group's initiatives to that end.

ROUND TABLE:
LINKING e-MFP WITH MICROFINANCE PROFESSIONAL ASSOCIATIONS

Moderator **Magali PAULUS** (ADA)

DISCUSSION

For reasons that were beyond the control of the organisers, no representative of a Southern microfinance association was able to attend the round table. Therefore the round table became an informal discussion as none of the participants felt they could talk on behalf of associations. The discussion started with questioning the possible role that e-MFP can play in linking with professional organisations. Subsequent discussion continued on the value of, and reasons for networks, whether formal or informal. This is particularly relevant when looking at membership; is interest mainly coming from the North, what response is there from MFIs in the South, and how can they be reached? Should e-MFP maintain a database of MFIs? For e-MFP, national level linking, for instance in areas of organisation and legislation, may be more useful than regional and international advocacy.

Other possible roles for e-MFP suggested by participants were: linking investors to associations in order to identify interesting MFIs; organisational and legislative requirements at national levels; identifying the right partners for focused meetings and exchange, rationalising MFI structures and improving efficiencies; and inviting partners from the South to set and organise the agenda for one day during a future European Microfinance Week.

WORKSHOP: SOCIAL RESPONSIBILITY OF MFIs

Moderator	**Cécile LAPENU** (CERISE/e-MFP)
Speakers	**Teshome DAYESSO** (Buusaa Gonofaa Ethiopia)
	Mila MERCADO-BUNKER (ASHI Philippines)
	Irina IGNATIEVA (Concern Worldwide)

PRESENTATIONS

The session's moderator, Cécile LAPENU from CERISE/e-MFP, opened by stating that 'social performance management' has become an established term in microfinance.

Buusaa Gonofaa is a rural focused microfinance institution which won the 2nd European Microfinance Award in 2008. Its Director, Teshome DAYESSO explained about its client progress assessment tool (poverty scorecard). This card was developed to measure the changes in livelihood of borrowing clients overtime. Clients were involved in its development by proposing poverty indicators, from which the organization then made a selection. The final asset score on the card, which is filled in with clients every loan cycle as part of the loan assessment process, classifies clients into a 'poverty group'.

Along with social performance measurement, the card can also be used as a decision making tool in the loan assessment process and as a benchmarking tool. It helps the organization to better classify clients by poverty status, gender, location and loan patterns. The system still faces challenges such as difficulties with reaching remote rural clients, limited local capacity to work with the database system, the integration of social data in financial performance data. Also, additional scoring rounds are required to detect patterns of change in client livelihoods.

Mila MERCADO-BUNKER presented ASHI's mission and explained how it translates in its strategy, integrating four elements of social performance: outreach to the poorest; adaptation of products and services; corporate social responsibility and empowerment and participation. As regards outreach, ASHI uses a PPI tool to ensure that it targets poor women and for annual progress measurement. As it is linked to its loan tracking system ASHI can also relate progress to years of membership and product use. Secondly, with respect to the adaptation of products to client needs, broad product offer and client choice are combined with strict monitoring. For example, based on the experience of the effects of two typhoons, a response system for members with difficulties is now one of the product design principles. Disaster management and risk mitigation will become more pronounced. Thirdly, its corporate social responsibility strategy focuses on its members, their community, but also ASHI staff. Fourthly, empowerment and participation is incorporated in the ASHI leadership path. It trains members to participate more and assume greater responsibilities in the organization, both in operations, product development and governance.

Ms. Mercado-Bunker concluded with the four points of ASHI's social performance roadmap: focussing success away from traditional performance figures; improved organizational communication; social and economic progress for its members and building self-confidence.

Irina IGNATIEVA introduced Concern Worldwide. Only a relatively small part of Concern's work is in microfinance. Ms. Ignatieva focussed on its more prominent social performance management activities and presented AMK Cambodia. Concern founded AMK and plays a role as social investor and on governance level with a SPM committee overseeing social research and reporting. AMK considers it vital to measure progress according to social and financial objectives for informed decision making. The costs involved in tracking social performance constitute around 2% of total operational costs.

Concern also founded the Africa Microfinance Initiative in cooperation with Agora Microfinance Fund, which starts up greenfield MFIs in Sub-Saharan Africa. Concern aims to define and measure social returns and set reporting standards. In addition, Concern is also working on defining social returns, focussing on savings and advancement in savings products. Ms. Ignatieva then continued to explain the results of a Concern study, applying the indicator they developed to data from Mix Market. They found that financial and social returns (measured with savings growth) did not correlate.

Ms. Ignatieva stated that stakeholders need to decide on their strategy towards those returns, such as expected financial returns for social investors, and the desired balance between social and financial returns.

DISCUSSION

It was commented that balancing financial and social returns was important, but that Concern's definition of social returns was too narrow. Moreover, many MFIs cannot take savings. Ms. Ignatieva argued that savings as an indicator is relevant as these are needed in times of external shocks and to develop economic activities; the proposed definition of social returns as household savings change should be complemented by looking at change in other assets (such as health and education). Another objection was that vulnerability cannot be assessed by focussing on assets only; it would also be good to look at microinsurance. Mr. Dayesso disagreed and argued that is possible when clients have identified indicators relevant to them. Moreover, he indicated that it is important to be transparent to social investors as regards the indicators used.

Mila Mercado-Bunker commented that risk management systems at MFIs were taken for granted. Because of climate change these need to be re-evaluated. Microinsurance could be of use, but for natural hazards a holistic development approach is required.

Participants commented that social returns should not only be measured by quantifiable indicators. As seen in the example of ASHI a social mission also can make the difference. Ms. Lapenu concluded that social systems are complex but that simplified models are still useful.

WORKSHOP: THE ROLE OF GOVERNMENTS IN MICROFINANCE DURING AND BEYOND THE CRISIS

Moderator	**Eric DUFLOS** (CGAP)
Speakers	**Wolfgang BUECKER** (GTZ)
	Renée CHAO BEROFF (CIDR/Pamiga)

PRESENTATIONS

By way of introduction, the session moderator Eric DUFLOS briefly ran the audience through preliminary research done by CGAP. He summarized the role that governments effectively play in general as: protection, promotion and supervision and then highlighted government interventions during the global crisis. Examples of government measures he highlighted were the following: Many governments designed interventions but in different ways and not always directly responding to the crisis situation. Interventions often focus on improving access to liquidity to kick-start lending through subsidized lending, installing guarantee schemes or supporting apex and wholesale funds. There is also growing attention from governments on the social agenda in microfinance, in the form of social transfers, consumer protection, safety nets and financial education and literacy. As yet, there have been few attempts towards loan forgiveness or interest caps during the crisis. Overall, it seems that the 'protection' role of the governments has been the most common during the crisis and there is a hope that we may see the emergence of a more conducive role of government in financial inclusion.

Wolfgang BUECKER focussed on government responses in two countries: the Ukraine and the Kyrgyz Republic. He reported a growing awareness of governments to create stable financial sectors and to include the microfinance industry in such efforts. Key to this is that governments realize that this requires a multi-stakeholder approach, involving regulators, supervisors, investors and practitioners. A lesson learned in the

meantime is that only stronger and well-governed MFIs should be allowed to be licensed to take savings and deposits, as a first major guarantee provision, next to deposit guarantee schemes. Likewise, there is some urgency in getting credit bureaus established to protect government, practitioner and client interests. The objective of creating financial access to all must be balanced with the objective of creating financial stability in the market. In this context he mentioned the need to closely follow the recent G-20-discussions on financial sector regulation and supervision reforms and its effects on the microfinance business.

Renee CHAO BEROFF started her presentation with some pointed questions. Is the crisis in the North due to lax or inadequate regulation? Is the good performance of MFIs in the South due to prudent regulation or to responsible governance? What needs to be factored in is that the microfinance industry is facing some relatively new challenges: signs of overheating markets, saturation in urban settings, increasing PAR levels and over-indebtedness in some categories of clients. Governments tend to respond professionally: there is a growing call for credit bureaus and client protection, often hand-in-hand with client education. To date, few have responded by installing interest caps. Studies on Africa have indicated that such measures are more likely to harm the sustainability of practitioners than to ensure protection of clients. Policy makers can play a progressive role by enabling MFIs to scale up operations and pursue efficiency gains. Efforts to make the industry affordable as well as stable, however, do need proper support from practitioners and also investors, especially when it comes to social responsibility practices and good governance.

DISCUSSION

A participant questioned whether the role of governments was becoming more conducive. He cited examples from Tanzania and Senegal where governments are considering the creation of new development banks for agriculture. Others express concern that the crisis may lead to a rejuvenation of public sector credit programs with expectedly below-PAR performance levels. However, this may also be triggered by the limited capacity and willingness shown by many MFIs in serving rural clients.

Some participants called for consolidation of the industry. In various countries there appear to be too many MFIs offering essentially the same services without being able to build sound institutions. Moreover, they are increasingly serving the same or similar clients, in the process decreasing the added value they can offer to micro-entrepreneurs. Perhaps more attention should be paid to merger and acquisition opportunities to stabilize the sector.

The panel noted that the market saturation is only happening in certain areas and that it is important for the microfinance community to increase its focus on fostering rural finance MFIs. Such focus will also help us to contribute to the prevention of future food crisis too.

When discussing the perspectives of microfinance beyond the current crisis, some participants mentioned that we have reached the end of deregulation. They believed that it is possible that the worst still has to come: many big names will face increased exchange rate problems and remittance volumes continue to contract, possibly triggering stricter regulation, as in Indonesia where non-Tier 1 MFIs are prohibited from accepting foreign ownership and loans in foreign currencies. Consolidation could encourage MFIs to cooperate more effectively, not only as regards credit bureaus but also in view of payment systems, IT platforms, training and capacity building, etc. It would also offer a more sustained opportunity to get the challenges of rural and agricultural finance positioned higher on the agenda once more.

The Panel concluded by calling for an increased focus on governments and their role of protection beyond the crisis, especially when it comes to the protection of deposits which constitute an important financial service but also a cushion in times of crisis.

Should you want to comment on the role of governments beyond the crisis, please write on the CGAP blog post of 11 December 2009 on www.cgap.org.

e-MFP PLAZA

Around 20 organizations were exhibitors at the e-MFP Plaza and in addition, four organizations gave presentations on new developments. Firstly, the Microinsurance Network was launched and presented with a short movie. The Microinsurance Network is a member-based network of donor organisations, multilateral agencies, insurance and social protection providers, policymakers and academics. It provides a platform for information sharing and stakeholder coordination with the aim to promote the development and proliferation of insurance products for low-income persons. More information is available at www.microinsurancenetwork.org.

Secondly, Antonique KONING presented the new EU ACP microfinance programme. The EU will support a five year microfinance programme. The objectives of the programme are capacity building and working on the transparency of MFIs. Strong partnerships are key to reaching these objectives. Ms. Koning concluded with a call for proposals for interventions which reach out to the most vulnerable populations and empower consumers of microfinance products. (For more information visit www.euacpmicrofinance.org or email info@euacpmicrofinance.org)

Thirdly, the Microfinance for All Network presented itself. This organisation addresses the limited access to financial services of the world's 650 million disabled people. MFIs rarely work with these populations, but now partnerships are being built to address these issues. Those interested can contact Hervé Bernard (hbernard@handicap-international.org) or Gregory Doucet (gdoucet@handicap-international.org).

Finally, SIMFY was presented. SIMFY is a software package which simulates the workings of an MFI. It can be used as a training tool which creates an environment where a trainee learns to take decisions and trainers learn to monitor them. It is an interactive web-based tool, which is adjustable to the specific context in which an MFI works. More information is available at simfi@microfinance.lu.

THURSDAY 26 NOVEMBER 2009: OPENING PERSPECTIVES BEYOND THE CRISIS

PLENARY: OPENING PERSPECTIVES BEYOND THE CRISIS

Moderator	**Pierre VAN HEDEL** (Rabobank Foundation/e-MFP)
Speakers	**Daouda SAWADOGO** (Fédération des Caisses Populaires du Burkina Faso/CIF)
	Kimanthi MUTUA (K-Rep Bank)

PRESENTATIONS

Pierre VAN HEDEL, of Rabobank Foundation and e-MFP, the session's moderator, stressed the urgency to ask questions. The crisis calls for discussion about different subjects: legal frameworks for microfinance, declining remittances, client protection, but also about the mission and values of e-MFP members. Before starting with the presentations, Mr. van Hedel addressed two important issues for consideration: the added value of people in the South and value chains.

Daouda SAWADOGO, of the Fédération des Caisses Populaires du Burkina Faso/CIF, claims that there are four populations, each with options for action during this crisis; the international community, Southern governments, MFIs, and e-MFP. The international community needs to realise that microfinance is for the poor and commitments of the G20 have to be made specific. Furthermore, an international fund should be created to allow for proactive responses in times of crisis, access to investment funds should be facilitated and capacity to cope with future crises should be built. Southern governments should have appropriate financial regulation to protect clients; effective supervisory bodies; research funding and a protective fund. They should also partner with private companies such as financial institutions. MFIs should continue to focus on product diversification, good governance and financial sustainability. They should also encourage savings, cooperate more and increase the level of capitalisation.

Kimanthi MUTUA from K-Rep Bank explained that many developing countries believed their banking and microfinance sector would not be affected as they are not strongly linked to the international financial system. However, MFIs that rely on external funds definitely felt the crisis and the effects on local economies have been significant, starting with agricultural exports and tourism. Many SME's face cash flow difficulties, which in turn affect banks and MFIs. MFIs are seeing their growth slow, deposits going down, profitability drop and access to funding for further growth decrease. However, according to Mr. Mutua, MFIs cannot continue business as usual and need to be supported in developing new strategies. Attention should be paid to planning mechanisms and growth management. They need to restructure their balance sheet, reduce dependence on external funds and seek alternative funding options, both short and medium-term. Long term relationships between MFIs and funders should be sought. Furthermore, expertise in this risk management should be developed. Developing stress testing models would also be useful.

DISCUSSION

The discussion focused on risk management in practice, the client perspective and finally on the creation of protective funds. Mr. Mutua argued that diversification of funding is vital. In addition, MFIs should analyse which part of their portfolio is vulnerable to the crisis.

A K-Rep stress test already exists which allows MFIs to develop long term funding plans and to restructure their balance sheet.

According to Daouda Sawadogo, governments are also responding to these funding issues with legislation. Mr. Mutua stated that mitigating the risks of this crisis necessitates close partnerships between investors and MFIs. Investors need to be committed for the long term. Transparency and trust are vital in these partnerships to make sure that all partners benefit from cooperation.

The discussion then turned to the missing client perspective. During this crisis it is also appropriate to consider how clients can be assisted in sustaining their livelihoods. According to Mr. Mutua risk management for MFIs also means being responsible lenders. They need to understand their clients and the local context. Secondly, he believes these institutions should restructure their loan facilities to help clients in facing difficulties or establish consumer associations to firmly refocus the attention of MFIs on their clients. Over-indebtedness is also a concern of the audience. Mr. Sawadogo stated that over-indebtedness is a reality, but consultation and cooperation can make it less prevalent. Exchanging information through credit bureaus, close relationships with clients, and awareness-raising on the dangers of over-indebtedness are important. Moreover, MFIs should not resort to reducing lending periods or increasing interest rates.

ROUND TABLE: MIVS AND SOCIAL PERFORMANCE: TOOLS FOR MEASUREMENT AND REPORTING

Moderator	**Daniel DAX** (LuxFLAG)
Panelists	**Jasmina GLISOVIC-MÉZIÈRES** (CGAP)
	Sarah LESHNER (BlueOrchard)
	Cécile LAPENU (CERISE/e-MFP)
	Emmanuelle JAVOY (Planet Rating)
	Jürgen HAMMER (Grameen Crédit Agricole Microfinance Foundation)

PANEL PRESENTATIONS

Daniel DAX from LuxFLAG moderated this session. LuxFLAG is an independent labelling agency in operation since 2006.

Jasmina GLISOVIC-MÉZIÈRES explained that CGAP, as coordinator of the process of identifying social performance indicators, established three working groups; 'client protection', 'social performance indicators', and 'environmental, social and governance (ESG) framework'. Client protection is now on investors' agenda however, implementation remains a challenge. Regarding social performance indicators, the working group is refining 10 main indicators and might add new indicators in the future. Concerning the ESG framework the working group is also finalizing a set of indicators which were tested and incorporated in the 2009 CGAP MIV Survey.

Although this process has been successful due to the willingness and broad range of participating organizations, Ms. Glisovic-Mézières admits that developing sets of

simple but meaningful indicators, implementing them in practice and reaching agreement on the way indicators are calculated remains a challenge. After enquiries from the fellow panellists, she indicated that next steps would be further standardization, refining indicators and getting more investors involved. According to a CGAP survey 60% of MIV's already reported on ESG indicators to their investors.

According to Sarah LESHNER, BlueOrchard also developed a social performance due diligence tool, which incorporates the CGAP indicators among 30 relevant indicators. The tool is used to supplement the financial analysis of clients. BlueOrchard's intent is to use social performance data collected on MFIs for investment decisions and prioritization. The main challenge lies in having clear definitions for indicators so that data can be comparable and benchmarked, while limiting the reporting burden for MFIs. After the pilot implementation stage, a further difficulty has been convincing MFIs of the importance of social performance management, and training them in appropriate data collection methods.

Cécile LAPENU presented the audit tool developed by CERISE: social performance reporting is becoming more established among MFIs. Now the question has risen how MIVs can also operate in a socially responsible manner. The tool CERISE developed on this level needed to be compatible with other standards. Indicators are designed around: 1) social performance in microfinance and 2) an ESG (Environment-Social-Governance) framework for responsible investment. A special matrix of indicators on these two issues is designed which is currently being piloted with Oikocredit. In the view of Ms. Lapenu, working on social performance also improves financial services. This holds for MFIs as well as MIVs. Moreover, social performance tools can also help answer the critical questions that are arising more and more about microfinance.

Emmanuelle JAVOY from Planet Rating added that ratings are carried out for external approval and to compare MIVs or MFIs. MFIs have ratings conducted to improve their performance, but they are also an audit tool and as such mainly a requirement of investors. Most investors would like to know the actual social impact of their intervention. However, this is difficult and costly to measure and a lot of investors have now adopted the approach to measure the social performance of the institutions in which they invest, rather than their social impact. Planet Rating social performance ratings provide detailed information about the way in which MFIs manage social performance. An MFI is rated well when an organisation has social performance knowledge, reports properly on social issues and has good monitoring systems in place.

Jürgen HAMMER explained how Grameen Crédit Agricole Microfinance Foundation's double bottom line directs its operations and is reflected in its tools and procedures. Its social performance tool is based on CERISE's SPI tool to avoid duplication and maximise the MFI's benefits in gathering and reporting social data. It is implemented in a two step approach, starting with the Foundation's diligence process. The partners then get another 6 months to complete missing questions and their final report goes to the Foundation, to CERISE and into the MIX data base. The tool is also a guideline for the Foundation itself when negotiating with potential future partners. It shows the MFIs the potential depth and dimensions of social performance, but is also a working tool as it gives them examples on how they can use and present data in different ways. The Foundation uses its tool as a monitoring instrument. It is not an automated scoring that decides whether an MFI will receive funding or not. In addition, it helps the Foundation to define the correlation between financial performance and social performance.

The speakers discussed that documentation of social performance is essential to defend the importance of microfinance. Furthermore, Ms. Leshner stressed the importance of education at MFI and investor level, to create awareness about the multi-dimensional character of social performance. Mr. Hammer added that MFIs should see MIVs as partners, and the other way around. By addressing social performance MIVs contribute to further develop issues that are important for the stable development of the MFIs.

DISCUSSION

Faced with the request to address more specifically social performance of MIVs, the speakers indicated that there is much to be done. Mr. Hammer discussed the importance of looking at MIV outreach investments, the portfolio offered (local currency, long term loans etc) and the additional benefits an MIV has for its partner MFIs. Furthermore, it is important to keep in mind that MIVs are a very heterogeneous group, from commercial to NGOs, with different missions and social performance perceptions. As such, it is important to be transparent and build capacities of MIV staff.

Another issue raised was whether MIVs reward social performance and whether investors pressure MFI managers for social performance. This was indicated to be the case. For example, BlueOrchard also looks at high social performance in funding decisions and gives price discounts when MFIs score high on social indicators. Furthermore, BlueOrchard launched a fund for remote areas. Although it has lower returns on investments, they found their investors interested in such issues. In contrast to rewards, Ms. Javoy added that some MIVs are veering away from MFIs that do not heed such issues.

Daniel Dax concluded the session with the announcement that LuxFLAG will introduce a social criterion in 2010 that will become fully applicable as from 2011 and it will launch a new label for certain themes of responsible investment funds in 2010.

WORKSHOP: ENVIRONMENT AND MICROFINANCE

Moderator	**Sebastian FRITZ-MORGENTHAL** (Frankfurt School of Finance & Management/ConCap)
Speakers	**Erna KARRER-RÜEDI** (Credit Suisse)
	Noara KEBIR (MicroEnergy)
	Simonetta CHIODI / Davide CASTELLANI (University of Bergamo)

PRESENTATIONS

Erna KARRER-RÜEDI's presentation started with some insights about Credit Suisse's 'Base of the pyramid engagement, and how the firm is committed to functioning for the sound development of an economy as a link between those who provide capital and those who need to borrow. This core function is also at the heart of microfinance: capital providers as socially responsible investors and microfinance institutions reaching out to microentrepreneurs (underserved people who want to invest in potentially profitable projects of their choice)**.** The microfinance sector so far focused mainly on social and financial impacts; in her view, a third dimension in microfinance is needed, namely the environment. Too many developments have been promoted ignoring the relevance of the environmental damage and related health issues, but also missing out on the many opportunities related to the environment, such as innovations and technologies. MFIs have the possibility to enhance environmental sustainability through the business and credit assessment procedure, while microentrepreneurs can improve their environment, increase margins through sustainable production (hence ecological products), and at the same time have lower expenses through the reduction of pesticide and fertilizer use. She gave examples of the Green Belt Movement, alternatives to kerosene lighting, and social entrepreneurship through green microenterprises. In her view, environmental principles are easy to integrate in performance ratings, and the negligence so far is rather a question of mindset.

Noara KEBIR focused on the link between poverty and energy in relation to microfinance. The aim of MicroEnergy (www.microenergy-international.com) is to create win-win situations in dealing with inefficient technologies and high energy costs, of which she presented several examples. She mentioned that it is still difficult to implement such schemes through microfinance, as every MFI has its own strategy. Examples of possible schemes are: supporting existing businesses with better solutions (e.g. grid connection financing in Kenya); financing of a substitution process with energy-efficient solutions (housing improvements, solar, cooking stoves improvements); and supporting other products through energy, for example in combination with micro-health insurance. MicroEnergy also deals with legal and policy aspects, in order to create an enabling environment for such schemes.

Simonetta CHIODI and Davide CASTELLANI presented the results of their field-research on disaster risk management among microfinance intermediaries. The aim of the research was to analyse strategies and come up with best practices. They explained about the set-up of the research, and about the variety of risks that the poor, being the usual clientele of MFIs, are exposed to as a result of natural and man-made disasters. It was found that the eleven MFIs interviewed in 4 different countries (Madagascar, Sudan, Sri Lanka, Ethiopia) have no particular strategies for disaster risk management, applying regular credit risk evaluations. Disasters are not anticipated, meaning there is no 3-phase strategy (before, during and after) for dealing with disasters. MFIs are mainly relying on emergency credits from donors to deal with such events. Traditional measures are diversification and loan rescheduling.

They offered some ideas for better anticipating, facing and managing disasters, such as establishing emergency funds (including e.g. through remittances), staff training, technology and infrastructure, disaster and climate change monitoring (early warning

systems) and microinsurance and/or index-based insurance. They also advocated for joint action by public, private and microfinance actors to support the development of policies in this respect.

DISCUSSION

When asked how Credit Suisse is implementing and monitoring the inclusion of environmental sustainability in its USD 900M portfolio, Ms. Karrer-Rüedi responded that they have started this process and that fund managers are now trained in this area. Clients increasingly ask for such triple bottom line approach, although it is difficult to estimate this percentagewise. A representative from Facet added that it developed similar tools (e.g. for FMO). These can be used for training loan officers, and contain simplified tools which can also be applied to SMEs. CGAP asked Ms. Karrer-Rüedi whether there is already due diligence in environmental principles, to which she replied that the indicators for this purpose have not yet been specifically incorporated. On IDDC's question if there could be a need for more powerful tools such as legal systems, Ms. Karrer-Rüedi believed more in an iterative process and power by demonstration. Legislation is a cumbersome process, needing more time.

Noara Kebir replied to a question on how they are financed and explained that they work mainly through microfinance channels, and that they are seen as pioneers in respect of energy financing. The challenges she is experiencing are related to practical matters in implementation, which may lead to cost increases. Other challenges are related to value chains and client protection. When asked whether customer protection can be a vehicle for including environmental principles, Ms. Kebir answered that for her as an engineer it is difficult to say whether loan officers can make such decisions. Frans Goossens of Cordaid added that the inclusion of such principles needs further thinking on strategies, as this may not necessarily be a task of MFIs. Ms. Kebir mentioned that there is at least a good connection, as linking solar energy and microfinance is one of the most successful programmes. Further discussion evolved around microinsurance and disaster re-insurance, which was said to be difficult due to damage evaluation. Wolfgang Bücker of GTZ said that MFIs should think of a finance tool for such risks, which would require proper risk management by banks and MFIs.

ROUND TABLE: FOREIGN OWNERSHIP OF MFIs

Moderator	**Sophie WIESNER** (ADA)
Panelists	**Massimo VITA** (MicroFinanza Rating)
	Kimanthi MUTUA (K-Rep Bank)
	Marc LABIE (CERMi and University of Mons)
	Hugo COUDERE (Alterfin)

A study, undertaken by ADA and published in December 2009 as first ADA Discussion Paper, showed a marked increase in foreign ownership of MFIs. Sophie WIESNER, of ADA, the moderator of this round table session, indicated how this raised several questions to be addressed by its panellists.

A first question is whether we can consider development without strong local ownership. Kimanthi MUTUA of K-Rep Bank indicated that it can both be a threat and an opportunity. Transformations imply a pace and scale of organization growth which can go beyond its capacity. Local actors are often not able to supply necessary capital, but foreign funds are. A possibility is an IPO, but this can raise difficulties with adhering to the organization's social mission.

Positive and negative aspects of foreign ownership were brought forward by the panel and were translated into a SWOT analysis. A first strength, associated with foreign ownership, is that the image of an MFI can be enhanced, especially where local ownership is seen as suspicious. Secondly, a clear positive aspect is that MFIs can have access to more funds. Associated with this is a third strength, that MFIs can have access to more best practices and capacities, also through global networks. They can also get more technical assistance.

In contrast, weaknesses of foreign ownership include the following: firstly, there can be difficulties with board meetings, both as regards their frequency and their associated costs. Secondly, foreign ownership can act against nationalist feelings and perceptions. Thirdly, international investors can lack knowledge of local customs and have limited access to local networks. A fourth weakness is the short and/or medium term investment view of many investors.

Fifthly, board representatives of international investors sometimes act more as portfolio managers of their funds, and as such can represent interests that collide with the interest of the MFI. Lastly, foreign ownership sometimes dilutes the role of founding members.

Opportunities would lie in local and national investment funds. In contrast, threats are that some foreign owners are only profit driven, and that foreign ownership can affect local investment spirit and can lead to a weak local entrepreneurial structure. In conclusion, the issue of an IPO is very controversial, but if ownership and influence are well structured, management of its risks might be possible.

The second and third questions raised were more related: in what sense should the ownership of a MFI be a strategic consideration of a foreign investor, and, how is the participation actually managed?

Before examing this question Hugo COUDERÉ, of Alterfin, raised a critical note on the ADA study. He indicated that not all MFIs are open to foreign ownership, for example cooperatives. The development of good local ownership is important, also to protect the MFI's mission. This should be the main issue. The main task of a board member should thus be to protect the mission, and not to protect the fund he represents. The interest of all stakeholders in the MFI should be respected, which also includes the interests of clients and staff, next to capital. Mr. Couderé added that Alterfin does not invest in equity when a possible conflict of interest may arise. Therefore, it has a policy of not investing in more than one MFI per country (as a shareholder) or if it does these MFIs should operate in distinct regions.

With reference to the fourth question raised, whether to consider local ownership as a social performance indicator, Massimo VITA of MicroFinanza Rating stated that this is difficult. Some investors want only financial returns, while others are also sensitive to social issues. This holds true for both local and foreign investors. Furthermore, there are many examples of foreign investors playing a positive role in social performance, for example KfW who helps to structure banks in Eastern Europe, or Rabobank doing the same in Africa. These actions were taken in situations where local investors were not interested.

Marc LABIE of CERMi and the University of Mons added additional positive aspects of foreign ownership: its influence on management and its big potential to recapitalize. However, although increasingly formalized, the influence of a board is sometimes overestimated. In contrast, foreign investment can lead to mission drift and similarity in products between MFIs, a volatility of investment and, finally, foreign exchange risks.

More attention should be concentrated on the MFIs mission for the formulation of clear shareholder agreements. The panellists proposed an e-MFP action group to research these subjects. Topics for next year could be diversification of ownership of MFIs, a transformation to banks and codes of conduct for (foreign) owners. The session was closed with an invitation to continue the discussion at: discussion.ada@microfinance.lu.

An email debate on the subject of foreign ownership of MFIs will be held on the 9th, 10th and 11th March 2010, as well as on the 16th, 17th and 18th March 2010. People can register for the debate by sending an email to: discussion.ada@microfinance.lu.

WORKSHOP: MOBILE PHONE BANKING

Moderator	**Arvind ASHTA** (Burgundy School of Business)
Speakers	**Thierno SECK** (Planet Finance)
	Francesc PRIOR SANZ (IESE)
	Xavier MOMMENS replacing **Jean POUIT** (MyTransfer)

PRESENTATIONS

The moderator, Arvind ASHTA started the mobile banking workshop by making a distinction between the institutional and technical aspects of mobile banking. Furthermore, he indicated that mobile banking is probably the future of microcredit in Africa, as at least 40% of the population in Africa has access to mobile phones, much higher than the population having access to banking services.

Thierno SECK of Planet Finance gave insight into the practical aspects of mobile banking by presenting a case study on how to deploy a mobile banking program for MFIs in Western Africa. This program, sponsored by Orange, the Bill & Melinda Gates Foundation and Planet Finance is to roll out innovative mobile banking programs in Mali, Senegal and Ivory Coast within two years. Currently the project is halfway and Mr. Seck shared some of his experiences. Some of the issues he addressed were MFIs often not being ready for mobile banking solutions for different reasons (governance concerns, management information systems (MIS) insufficiencies) and telecom operators finding it difficult to provide a credible business case to MFIs. However, examples in Eastern Africa, such as M-Pesa in Kenya show it is possible.

Francesc PRIOR SANZ argued that mobile banking is the way forward to expand financial services for the poor. He first reviewed factors which explained the lack of access to financial services, indicating that mobile banking could be the solution to these. Firstly, prices are too high as a result of a lack of credible business models and competition. In contrast, prepaid instruments can act as low cost bank accounts. Secondly, distribution networks remain limited because traditional banking branches are too costly in many areas. In comparison, the costs for mobile users are insignificant. Thirdly, credit risk analysis methodologies are not adapted to informal economies. Fourthly, in many countries the regulatory framework severely limits the financial sector as does for example regulation on e-money in the Maghreb and Latin American countries. When applying a good regulatory framework on e-money this can be solved, as is shown in Europe and the US. Finally, there is a lack of trust in the financial system. In conclusion he argued that the lack of access to financial services is mostly the result of supply inefficiencies, which mobile banking could most likely solve.

Xavier MOMMENS also indicated that mobile banking is a potential revolution. The mobile penetration in Africa is expected to increase from 40% in 2008 to 70% in 2012. Mobile banking is often criticized for its potential risks. However, considering the circumstances in Africa, for example that many Africans do not have IDs, these risks are relative because the mobile number of someone may be the only way to identify him/her. As a minority of Africans have access to banking services and a majority have

access to mobile phones (and coverage is up to 90% in certain countries/areas), mobile banking could potentially be the way forward for unbanked populations. Mobile banking saves MFI clients time and transport costs, saves the MFI time and administration costs, provides reliable and timely data and reduces the likelihood of fraud. Furthermore, it reshapes financial transactions and thereby reduces distribution costs.

DISCUSSION

One of the questions raised was whether there is any proof that operational costs have gone down and Mr. Prior Sanz replied this is the case in the EU. Most progress was achieved with prepaid instruments.

Also discussed were processes of deregulation which are still ongoing. Mr. Seck underlined the importance of regulation (existing framework or flexibility of the banking authorities), since he would not be able to deploy mobile banking solutions if a regulatory framework had not been adopted in the countries where he was operating.

During the discussion it became clear that mobile banking is simply another channel to deliver financial services. However, it is a channel with lower costs and a channel that is within reach for millions who are currently unbanked.

WORKSHOP: TRANSPARENCY AND SUPERVISION IN MICROFINANCE

Moderator	**Yves MATHIEU** (ATTF)
Speakers	**Oliver OEHRI** (Centre for Social and Sustainable Products (CSSP) AG)
	Joost DE LA RIVE BOX/Sonja VAN DE EIJK (MicroNed)
	Niclaus BERGMANN (German Savings Bank Foundation)
	Kimanthi MUTUA (K-Rep Bank/African Microfinance Transparency, AMT)

PRESENTATIONS

Oliver OEHRI started his presentation by explaining that it is important to think in terms of systems, not just single value chains when thinking of microfinance investments. The Microfinance Risk Navigator which CSSP developed allows for analysis of vertical and horizontal risk factors in the chain. Correct and complete information is needed to make good decisions and avoid misallocation of resources and liquidity problems. He pointed to the issue of bounded rationality: rationality of individuals being limited by their level of information. The quality of a strategy will depend on matching an investment opportunity set with the right expectations and liquidity management. Different strategies are needed to avoid creating investment bubbles, and responsible investing is a long-term commitment. In this respect, an important question is what to do with profits: are these for shareholders or for re-investments, such as in technical assistance through a foundation?

The MicroScore scanning tool presented by MicroNed works with a graduation principle: starting at the bottom of the pyramid it assesses gradual upward mobility of the MFI in relation to capacity building. The underlying notion is that social investors look for social returns rather than profits, hence the challenge was to develop a transparent graduation rating tool to allow for investments in capacity building. The MicroScore tool has nine rates, which are in line with most rating agencies: emerging (1-3), developing (4-6) and mature (7-9). There are scores for governance, institutional services, social performance management and financial performance. In addition to being an annual monitoring tool, an overall performance graduation assessment can be made by the funding organisation after three to five years.

Niclaus BERGMANN described the fast growing challenges of MFIs, especially for those focussing on outreach rather than sustainability. He observed growing competition between MFIs as well as between socially oriented donors and profit oriented MIVs. According to him the global crisis has led to problems in repayments, a reduction in remittances and exchange rate risks. Because of increased portfolio at risk, fields of action for MFIs are: improving quality, being more selective by valuing quality above outreach, and using a mix of currencies and durations of funding. Risk management must always be a priority, for which professional staff is needed. He advocated for cooperation among MFIs as an alternative to growth or mergers, and setting up service-oriented networks (e.g. associations) to achieve economies of scale, reducing costs and risks. Large MFIs have to develop into professional and formalized microfinance banks. Profitability and social objectives are no contradiction; there is no microfinance without a social objective, so the challenge is to combine social objectives and banking professionalism.

Kimanthi MUTUA explained that microfinance developed in a rather permissive environment, which over the years had to become more transparent. AMT worked with ADA on this issue by establishing a support group to achieve efficiency and transparency among African MFIs through dialogue and mutual support. The aim is to reinforce credibility by providing standardised and transparent information, and to use microfinance ratings to promote the growth and professionalization of African MFIs. Some additional activities are: investor's fairs, awareness-raising workshops on ratings, a website hosting the executive summaries of members' rating reports, and transversal analytical studies concerning the performance of members. Challenges mentioned are to promote a balanced, open and competitive market for ratings, and to encourage a larger number of African MFIs to be rated and thus establish an institutional culture of transparency.

DISCUSSION

The questions and discussions focused on strategy and risk management, not only in relation to transparency but also to upward mobility in the pyramid. Mr. Oehri demonstrated this in a schematic drawing showing the relations between investors, MIVs, MFIs and micro-entrepreneurs. One question pertained to the emphasis on rating rather than on regulations. CSSP replied that the preference would be for market-driven codes of conduct rather than government rules. Wolfgang Bücker of GTZ mentioned that both are needed for sustainability, yet the mixed reactions from the audience made it clear that although there is consensus on the need for both, a balance needs to be maintained. Mr. Mutua summarised this by saying that it is a process for the institutions, in which internal control systems play an important role. Hence it is an operation where rating institutions also have to prove their role in producing true and proper risk assessment, and where competent people are needed to review and assess ratings and risk management in order to arrive at the right balance in transparency.

ROUND TABLE: INVESTMENT OPPORTUNITIES IN COMMERCIAL MICROINSURANCE

Moderator	**Edvardas BUMSTEINAS** (European Investment Bank/e-MFP)
Panelists	**Craig CHURCHILL** (Microinsurance Network)
	Gary HERBERT (LeapFrog Investments)
	Philippe RIVES (Planet Guarantee)
	Steve COFFEY (MicroEnsure)

PANEL PRESENTATIONS

Edvardas BUMSTEINAS, moderator, argued that investment opportunities in commercial microinsurance just might be the way forward to open perspectives beyond the crisis.

Craig CHURCHILL gave a short introduction on the various players involved in the provision of insurance to low-income households, including insurers, reinsurers and MFIs, who sometimes work together and sometimes act separately (depending on the circumstances). He presented the findings of a recent landscape study of microinsurance in Africa conducted by the ILO where they found more than 12 million persons covered by life and funeral insurance, but health and agriculture-related microinsurance products have not yet taken off. Finally, Mr. Churchill pointed out some trends in microinsurance: increasing importance of corporate social responsibility, a growing microinsurance market, an increase in the number of distribution channels (not just MFIs), more emphasis on education about insurance and an increased interest from policy makers and regulators.

Gary HERBERT of LeapFrog Investments, which recently received significant funding from the European Investment Bank, was about to sign their first investment deal with AllLife, a South African company which offers life insurance to HIV-positive individuals. LeapFrog is looking to invest in insurance companies or companies which play a role in the distribution of insurances and which serve or could potentially serve low income or financially excluded sections of the population. They target their investments (USD 5 to 10 million) to Africa and Asia and expect their portfolio companies to reach a significant and sustainable scale of operations within five

years. LeapFrog aims at exiting from these investments within four to seven years.

Planet Guarantee's Philip RIVES introduced its shareholders (Planet Finance, Mederic Malakoff, Hannover Re, Cardif and Finarea) and the aim of Planet Guarantee as a microinsurance broker to protect low income families, borrowers and MFIs. Mr. Rives discussed a feasibility study on an index-based crop insurance scheme which is designed to protect cotton farmers against crop losses caused by natural disasters. This project is supported by the International Labour Organization and the Africa Enterprise Challenge Fund. Furthermore, Planet Guarantee is working on mobile banking and crop insurance in Sri Lanka in order to distribute microinsurance products in an innovative and cost-efficient way.

Finally, Steve COFFEY of MicroEnsure, an entrepreneur by heart, succeeded in introducing a complicated microinsurance

product, health insurance, in India, in a for-profit sustainable way. Through this insurance scheme it is possible to obtain health insurance for USD 10 per year, which provides the insured coverage of USD 500. Currently they are rolling out to 1.7 million families. MicroEnsure uses an MFI as front office, but management and Third Party Administration (TPA) are done by MicroEnsure. The insurance is on a cashless basis, with a focus on checking for fraud. Mr. Coffey sees investment opportunities in cell captives, MFIs and healthy clients.

DISCUSSION

Steve Coffey was asked how to arrange good health service, without receiving too many claims. He explained that when somebody has been brought to a hospital, there is always a danger of patients receiving services they do not need. Therefore, the hospital is punctually informed that the patient is insured, but certain conditions are attached, for example that only generic medicine can be used.

Mr. Prior Sanz of IESE asked the speakers whether synergies exist between MFIs and microinsurers. Gary Herbert replied that this depends on the infrastructure in place, but if the infrastructure allows it, considerably efficiency is possible. However, microinsurance should not by definition be offered by MFIs. Mr. Churchill underlined that MFIs can be an important distribution channel for microinsurance products and stressed the importance of cross-selling for MFIs. All speakers agreed that large insurers are not capable of downsizing to microinsurance. Mr. Coffey added that an MFI introducing insurance products has a larger chance of becoming successful than a new insurer entering the market.

Xavier Mommens did not see much development of index-based insurances. He wondered how the speakers considered their chances. The speakers agreed that these kinds of insurance products are highly complicated and therefore need more time to develop than life insurance. However, the market for these insurance products is growing and will keep on doing so. Furthermore, much is expected from new satellite technologies with which for example the severity of damage in drought-stricken areas can be assessed and the decision whether to pay out or not can be made in a transparent way.

Finally, Craig Churchill concluded that microinsurance has a significant potential, but still has to be developed. Whereas microfinance is a fast train, microinsurance is a local train that stops at every station, but will get there eventually.

ROUND TABLE: IS MICROFINANCE ON THE RIGHT TRACK?

Moderator	**Matthias ADLER** (KfW)
Panelists	**Sébastien DUQUET** (PlaNIS/e-MFP)
	Marc ROESCH (CIRAD)
	Hans Dieter SEIBEL on behalf of **Malcolm HARPER** (M-Cril)
	Cécile KOLLER (responsAbility)

PANEL PRESENTATIONS

Recent years have seen an increasing number of questions being raised about whether microfinance is on the right track. Problems such as aggressive sales practices, consumer lending and over-indebtedness are damaging its reputation. On the other hand, might expectations be too high? Is microfinance an economic or above all a social tool? And if microfinance is off-track, what can e-MFP members do?

According to Cécile KOLLER of responsAbility, the microfinance community is characterized by very engaged and committed stakeholders willing to exchange views on existing challenges and to learn. A positive feature of the crisis is that it challenges stakeholders to ask questions and makes them aware of the necessity of regulation and credit bureaus, fair returns and client protection. On the other hand, investors with solely financial motivations will remain important to the microfinance sector, but e-MFP members are capable of facing them and engaging in discussion. Moreover, stakeholders should be clear about the chances of failure.

Mark ROESCH of CIRAD stated that microfinance should address issues at the level of the family, not just of the MFI. The drive for sustainability can have negative effects on household wellbeing of which he gave several examples. After 5 years of microfinance only 5 to 10% of clients notably improved their livelihoods. However, it remains a challenge to distinguish between productive and consumer lending. Increasing competition drives MFIs to increase their scale, therefore enlarging their loan portfolio, and be less particular about what is done with the loan. This is difficult to fight as MFIs can receive good social ratings while continuing to hide bad practices. Neither are credit bureaus a watertight solution as they cannot incorporate lending outside formal channels.

Hans Dieter SEIBEL presented for Malcolm HARPER of M-Cril who is worried about the Wal-Mart type business microfinance has become, with big profits which attracts equity to grow more. Poor people need savings facilities more than they need to be further indebted, with all the associated negative consequences, as has happened in the developed world. He suggested closing non-performing MFIs, or transforming them into functioning MFIs, and not simply supporting them just to keep them functioning as is too common at present. It is more profitable for large MFIs to finance themselves with bulk loans from international financial institutions rather than with small savings from the poor; this is not the route to building socially sustainable and locally responsible institutions. Moreover, funding from donors and investors should be limited as these prevent people from saving. The basis of banking is savings, not debt.

Sébastien DUQUET of PlaNIS stressed that over-indebtedness is neither new nor easy to rule out. According to him the drive for profitability is not the cause of over-indebtedness but group lending practices can be. It was mentioned in the past that individual and consumer lending were the

main causes of over indebtedness, but PlaNIS analysis is that group lending practitioners do not always analyze the credit risk of the clients the way they should. The size of the MFIs is not a criterion for mission drift of MFIs; some big MFIs have very good social performance records. It is the responsibility of all stakeholders to put a halt to over-indebtedness through coordination, in some markets reducing the number of small MFIs, setting up and strengthening appropriate regulation and credit bureaus and focus more on social performance management. The idea that access to financial services takes precedent over the conditions in which this happens has proven wrong: the condition of the access to credits are as important as the access itself. This should be changed, and practitioners should only expect modest impacts of microfinance.

Clients should also have a stake in the MFI, through savings. The role of the investor should shift to promoting savings and invest where a shortage of savings exists. Institutions should become independent in 5 to 10 years. The sequence should be from equity to savings to debt financing.

Hans Dieter Seibel added a final critical note. One of the problems of savings is the flight of savings to urban areas with higher returns on loans instead of investing these locally. Also, in remote areas over-indebtedness exists because of very limited opportunities to invest.

WORKSHOP: MICROFINANCE PLUS

Moderator	**Bart DE BRUYNE** (TRIAS)
Speakers	**Michaël KNAUTE** (ACTED/OXUS)
	Gregory DOUCET (IDDC)
	Hugh ALLEN (Access Africa)

PRESENTATIONS

Bart DE BRUYNE of TRIAS moderated this session. He introduced Michaël KNAUTE who presented the contribution of ACTED/OXUS. ACTED is one of France's main NGO's and created OXUS, an MIV, in 2005, while ACTED continued to be active in microfinance more from its background of relief, rehabilitation and development. The ACTED-OXUS partnership evolved from humanitarian disaster via emergency and development to development and microfinance. There are three stages where the organizations complement each other. The first stage is that ACTED introduces microcredit components in its humanitarian projects. In the second stage ACTED transfers its microfinance activities to OXUS. In very vulnerable areas, ACTED still has microfinance activities when the regula-

tory, political, or socio-economic environment is insufficient to provide services through OXUS. In the last stage ACTED and OXUS are partners. ACTED works with people below the poverty line, OXUS with those above. Their operations in Kyrgyzstan provide a good example.

The challenges of the ACTED-OXUS partnership are: the geographical dispersion of target groups in remote areas, the difference in methodology of the two organizations, and the income difference between ACTED and OXUS clients which can complicate transition of clients. The audience questioned whether it is confusing for beneficiaries to first get grants and then get loans? Mr. Knaute replied that it is actually a very good combination. When you are transparent as an organisation, people understand the process.

Gregory DOUCET presented IDDC, a consortium of 24 NGOs supporting access of people with disabilities to mainstream microfinance. Figures show how important these groups are. 10 to 12% of the world's population faces an impairing disability and 82% of them live below the poverty line due to inadequate income earning opportunities and social security. Due to limited access to employment most are self-employed. However, they are insufficiently served by MFIs due to discrimination by MFIs and self-exclusion by the target group themselves. Although service levels are low, awareness is increasing. Moreover, stakeholders increasingly link social factors to the physical factors of disability. Disability is not only a physical state and other factors (e.g. environment) play an equally important role in the response to disability.

To improve access for this group, MFIs can improve their communication material, make branch offices accessible, recruit disabled people and sensitise staff, use success stories and existing clients who are disabled to promote potentials, offer group incentives for including disabled members, provide bonuses to loan officers reaching out to disabled people. In addition, partnerships with organizations working with disabled populations can facilitate these processes, which is also the reason why the Microfinance for All Alliance was created. Organisations are therefore invited to join the Alliance.

Faced with the question how MFIs respond to the initiative in practice, Mr. Doucet indicated that their first reaction is usually positive, but this does not translate into action. Therefore, comprehensive coaching needs to be offered to the MFIs.

Hugh ALLEN from Access Africa elaborated on community managed microfinance organisations. Assumptions which exist about the financial behaviour of poor people need readjustment. For example, research data show that the poor do not prefer borrowing from formal institutions. Many actually cannot be reached by these institutions. That is why Access Africa is working with village savings and loan associations (VSLA's). These are small, autonomous and informal groups, managed by members who invest in a fund from which they themselves can borrow. VSLA's provide very high returns on investments for members when the funds are paid out to them after a cycle terminates. Groups retain their capital and profits for their communities. The concept has proven successful in practice, due to simple administrative, transparency, and safety principles. Almost 3 million people are now saving and borrowing through VSLA's, of which 60,000 are in the Access Africa programme.

DISCUSSION

During the discussion further attention was given to the VSLA model. Asked about its disadvantages, Mr. Allen answered that the distribution of savings after each cycle poses a security risk, and groups need to start anew. Still, Hugh Allen is in favour of keeping the model limited to the VSLA format, and does not promote transformation into formal organisations. More formalised groups are an instrument for exploitation. That is why in the VSLA model there is a focus on governance and as group members know each other, repayment rates remain high.

However, even if groups pay out all funds after each cycle the model can be sustainable as many members start a new cycle. After the first cycle the capacity of members has been increased substantially. This is also the basis for the implementing organization to exit. The most capable people from the trained groups can then train additional groups, and get paid and supervised by the implementing organization. The implementer should not work with groups for longer than one year.

CLOSING PLENARY: "MOVING FORWARD…"

Moderator	**Cécile LAPENU** (CERISE/e-MFP)
Speakers	**Marc BICHLER** (Director for Development Cooperation, Ministry of Foreign Affairs, Luxembourg)
	Plutarchos SAKELLARIS (Vice-President European Investment Bank)
	Teshome DAYESSO (Buusaa Gonofaa)

Cécile LAPENU, provided the main conclusions of the European Microfinance Week 2009 in her speech and the most important were:

- It is still too early to indicate the full impact of the credit crisis for the microfinance industry.
- Initial observations that can be made are:
    - The impact is different from region to region, from country to country and even from MFI to MFI within countries. The results are particularly severe in countries that also face a food crisis
    - Many MFIs, particularly savings-based ones, appear to show robust resilience capacity
    - MIVs are still able to raise and invest large amounts of capital
    - Remittance volumes have notably dropped
    - Unsustainable growth (independent from the crisis) has made the sector more vulnerable
- The credit crisis calls for rethinking of coping strategies:
    - The role of governments in microfinance
    - Strengthening appropriate regulatory frameworks whilst allowing for flexibility
    - Protection of savings and deposits and appropriate risk management strategies as a 7th principle of client protection
    - Risk management for new types of risks (e.g. for over-indebtedness)
    - Draw the lessons from the crisis: be responsible, innovative – not 'business as usual'

As regards rural microfinance specifically, she mentioned that;

- there exists a widely felt need that microfinance is to make more work of rural finance,
- various initiatives were presented that are moving towards value chain finance,
- there is a strong call for attention to target the most vulnerable populations, and to keep the food crisis on the agenda.

Realizing growth whilst reducing risks requires innovative approaches and Mr. SAKELLARIS focused on the way forward in his speech. Next to the rediscovery of savings as a source of funding, the private sector must continue to play its vital role in financing the sector. Both need adequate regulatory and supervisory frameworks, but social empowerement should not be ignored either. Responsible finance is also about reaching the poorest and most vulnerable clients, and doing so while incorporating client protection mechanisms. The use of technology is indispensable in achieving the goal of universal access to financial services, including developments in mobile banking, peer-to-peer lending and remittances systems. Mr. Sakellaris emphasised one guiding principle, that of responsible finance. The financial crisis has taught us that no business large or small can be built on a sustainable basis if it deviates from ethical, moral and social standards.

Teshome DAYESSO shared some experiences from Africa. Microfinance on the continent has made dramatic progress over the last decade, but this achievement

was not inclusive of poor households and rural parts of Africa. The focus on sustainability has demonstrated that the poor are better served by sustainable institutions. At the same time, it marginalized agriculture and the rural economy on grounds of high risks. This remains an important area of concern for microfinance to achieve a more equitable development.

The poor can be served better when they have more options to choose from. But this also entails a danger of over-indebtedness by borrowing from multiple lenders. Such risks are serious in most developing countries of sub-Saharan Africa where the financial infrastructure is quite weak or limited. This requires investment in financial infrastructure such as a system of national identification, credit bureaus, etc.

Mr. BICHLER thanked all those involved in the organization of European Microfinance Week and who had contributed to making the event such a great success. He reconfirmed the commitment of the Luxembourgish Government to continue its support of the inclusive financial sector, combining the staunch involvement of the Development Cooperation with the strength of the Luxembourg financial sector.

Mr. Bichler thanked all the participants for attending and encouraged them to work together and transform the ideas of the past week into concrete actions which would impact in the field. He invited everyone to return to European Microfinance Week in November 2010 and follow up on the debates, discussions and initiatives of 2009.

LIST OF PARTICIPANTS

FIRST NAME	LAST NAME	COMPANY/INSTITUTION	COUNTRY
Marion	BUR	ADA	Luxembourg
Elise	GUZIEROWICZ	ADA	Luxembourg
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Quentin	LECUYER	ADA	Luxembourg
Patrick	LOSCH	ADA	Luxembourg
Benjamin	MACKAY	ADA	Luxembourg
Wendy	MEDRANO-LAZO	ADA	Luxembourg
Marilène	OBERLIN	ADA	Luxembourg
Emma	PAUL	ADA	Luxembourg
Magali	PAULUS	ADA	Luxembourg
Paul	SURREAUX	ADA	Luxembourg
Luc	VANDEWEERD	ADA	Luxembourg
Robert	WAGENER	ADA	Luxembourg
Sophie	WIESNER	ADA	Luxembourg
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Aliyah	ESMAIL	Aga Khan Agency for Microfinance	Switzerland
Inshan	KANJI	Aga Khan Agency for Microfinance	Switzerland
Aude	PENENT	Agence Française de Développement	France
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Rüdiger	MEISTER	Akademie Deutscher Genossenschaften ADG	Germany
Olivier	TOO	Allen & Overy Luxembourg	Luxembourg
Hugo	COUDERE	ALTERFIN CVBA	Belgium
Sofie	DESMET	ALTERFIN CVBA	Belgium
Koenraad	VERHAGEN	Anthos / Amsterdam and Argidius Foundation	The Netherlands
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Daniel	VAN MAANEN	ASA International	The Netherlands
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Bernard	COUPEZ	BNP Paribas	France
Emmanuel	DE LUTZEL	BNP Paribas	France
Claudie	MARINI	BNP Paribas	France
Marie-Anne	DE VILLEPIN	BNP Paribas Fortis	Belgium
Jan	BERGMANS	BRS - Belgian Raiffeisen Foundation	Belgium
Kurt	MOORS	BRS - Belgian Raiffeisen Foundation	Belgium
Bert	OPDEBEECK	BRS - Belgian Raiffeisen Foundation	Belgium

FIRST NAME	LAST NAME	COMPANY/INSTITUTION	COUNTRY
Arvind	ASHTA	Burgundy School of Business	France
Isabelle	DEMAY	Burgundy School of Business	France
Teshome	DAYESSO	Buusaa Gonofaa	Ethiopia
Zoe	DE BEER	Cambridge University	United Kingdom
Yvonne	PEARSE	Cambridge University	United Kingdom
Susanne	LUDWIG	Care Deutschland	Germany
Frederic	HAUPERT	Care Luxembourg a.s.b.l.	Luxembourg
Suzan	DERVARI	Central Bank of the Republic of Kosovo	Kosovo
Betty	WAMPFLER	Cerise	Luxembourg
Cécile	LAPENU	Cerise / e-MFP	Luxembourg
Marc	LABIE	CERMi - Université de Mons	Belgium
Ludovic	URGEGHE	CERMi - Université de Mons	Belgium
Marion	ALLET	CERMi - Université Libre de Bruxelles	Belgium
Marek	HUDON	CERMi - Université Libre de Bruxelles	Belgium
Eric	DUFLOS	CGAP	France
Mayada	EL-ZOGHBI	CGAP	France
Jasmina	GLISOVIC-MEZIERES	CGAP	France
Alexia	LATORTUE	CGAP	France
Meritxell	MARTINEZ	CGAP	France
Xavier	REILLE	CGAP	France
Daouda	SAWADOGO	CIF	Burkina Faso
Marc	ROESCH	CIRAD	France
Francis	PEDRINI	CITI	Luxembourg
Davide	TASSI	CITI	Luxembourg
David	LEYSSENS	Close the Gap	Belgium
Giovanni Nicola	PES	Comitato Nazionale per il Microcredito	Italy
Sebastian	FRITZ-MORGENTHAL	ConCap Connective Capital / FSFM	Germany
Wendi	LI	ConCap Connective Capital / FSFM	Germany
Stefan	TILCH	ConCap Connective Capital / FSFM	Germany
Irina	IGNATIEVA	Concern Worldwide	Ireland
Bonnie	BRUSKY	Consultant	France
Elizabeth	EILOR	Consultant	Uganda
Xavier	MOMMENS	Consultant	Belgium
Maren	RICHTER	Consultant	Germany
Gauke	ANDRIESSE	Cordaid	The Netherlands
Marc	BREIJ	Cordaid	The Netherlands
Frans	GOOSSENS	Cordaid	The Netherlands
Sonja	VAN DER EIJK	Cordaid	The Netherlands
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Slim	TURKI	CRP Henri Tudor	Luxembourg
Oliver	OEHRI	CSSP - Center for Social and Sustainable Products AG	Liechtenstein
Deogratias	ASSEY	Daima Tujiwezestre Fourndation (DFT) Tanzania Ltd	Tanzania
Ole Dahl	RASMUSSEN	DanChurchAid	Denmark
Jean-Luc	NEYENS	Degroof Gestion Institutionnelle - Luxembourg	Luxembourg
Angus	KIRK	DFID	United Kingdom
Célestin	MURENGEZI	DG EuropeAid Co-operation Office - European Commission	Belgium
Jérôme	FROISSART	Direction de la Coopération Internationale	Monaco
Christoph	PAUSCH	e-MFP	Luxembourg
Niamh	WATTERS	e-MFP	Luxembourg
Aurelie	DAGNEAUX	EMP	Belgium
Essma	BEN HAMIDA	Enda Inter Arabe	Tunisia
Camille	MOUREAUX	Entrepreneurs du Monde	France
Franck	RENAUDIN	Entrepreneurs du Monde	France
Antonique	KONING	EU/ACP Microfinance Programme/CGAP	Belgium
Emmanuel	MOYART	EU/ACP Microfinance Programme/CGAP	France

FIRST NAME	LAST NAME	COMPANY/INSTITUTION	COUNTRY
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Thomas	SEALE	European Fund Administration	Luxembourg
Maria Chiara	AMADORI	European Investment Bank	Luxembourg
Isabelle	CABOS	European Investment Bank	Luxembourg
Geoffrey	FREWER	European Investment Bank	Luxembourg
Marie	JACQUESSON	European Investment Bank	Luxembourg
Perrine	POUGET	European Investment Bank	Luxembourg
Plutarchos	SAKELLARIS	European Investment Bank Vice-President	Luxembourg
Edvardas	BUMSTEINAS	European Investment Bank / e-MFP	Luxembourg
Eva	SANZ	European Master in Microfinance - Solvay Business School	Belgium
Philippe	GUICHANDUT	European Microfinance Network (EMN)	France
David	HARLEMAN	European Microfinance Program	Belgium
Marie	WATELET	European Microfinance Program	Belgium
Bram	PETERS	European Microfinance Program / De Timp Consulting	Belgium
Antonina	TELEPINA	European Microfinance Programme / Western Union	Belgium
Faisel	RAHMAN	Fair Finance / EMN	United Kingdom
Peter	PLATAN	Finnfund	Finland
Maria Cristina	NEGRO	Fondazione Giordano Dell'Amore	Italy
Jean Louis	GUARNIERO	Frankfurt School of Finance & Management	Germany
Sabine	SIEBENBROCK	Frankfurt School of Finance & Management	Germany
Jennifer	SCHNAUFER	Friedrich-Alexander-Universität Erlangen-Nürnberg	Germany
Diana	CORDES	GFA Consulting Group GmbH	Germany
Jürgen	HAMMER	Grameen Credit Agricole Microfinance Foundation	Luxembourg
Thierry	MAROTINE	Grameen Credit Agricole Microfinance Foundation	Luxembourg
Jean-Luc	PERRON	Grameen Credit Agricole Microfinance Foundation	Luxembourg
Julien	SCIAU	Grameen Credit Agricole Microfinance Foundation	Luxembourg
Karin	BARLET	GRET	France
Wolfgang	BÜCKER	GTZ	Germany
Torsten	SCHLINK	GTZ	Germany
Tesfaye	BEFEKADU ASFAW	Harbu Microfinance Insitution	Ethiopia
Julie	RIJPENS	HEC Management School - University of Liège	Belgium
Jeremy	HAJDENBERG	I&P Etudes et Conseil	France
Ben	NIJKAMP	ICCO	The Netherlands
Florian	BERNDT	ICON-INSTITUT	Germany
Saski	MEYNHARDT	ICON-INSTITUT Private Sector	Germany
Sonja	REINHARDT	ICON-INSTITUT Private Sector	Germany
Hervé	BERNARD	IDDC	Belgium
Grégory	DOUCET	IDDC	Belgium
Francesc	PRIOR SANZ	IESE Business School	Spain
Anton	SIMANOWITZ	Imp-Act	United Kingdom
Loïc	DE CANNIÈRE	Incofin Investment Management	Belgium
Rita	VAN DEN ABBEEL	Incofin Investment Management	Belgium
Christiane	BURRELL	INNPACT sàrl	Luxembourg
Moya	CONNELLY	INNPACT sàrl	Luxembourg
Rym	DELCROIX	INNPACT sàrl	Luxembourg
Arnaud	GILLIN	INNPACT sàrl	Luxembourg
Patrick	GOODMAN	INNPACT sàrl	Luxembourg
Daniel	AZUAJE	Inseec University	France
Lee	COPPACK	Insurance Research & Publishing Ltd.	United Kingdom
Michael	HAMP	International Fund for Agricultural Development (IFAD)	Italy
Robert	MEINS	International Fund for Agricultural Development (IFAD)	Italy
Craig	CHURCHILL	International Labour Organization - ILO	Switzerland
Nanette	FARWERCK-BERGWERF	INTL Global Currencies	United Kingdom
Gregory	VINCENT	INTL Global Currencies	United Kingdom

FIRST NAME	LAST NAME	COMPANY/INSTITUTION	COUNTRY
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Matthias	ADLER	KfW	Germany
Hans Dieter	SEIBEL	KGFE e.V. / e-MFP	Germany
Kimanthi	MUTUA	K-Rep Bank	Kenya
Sylvie	SOLIGNAC	La Banque Postale - Direction Internationale	France
Gary	HERBERT	Leapfrog Investments	South Africa
Vitalie	BUMACOV	LiSim	Moldova
Gehiner	SALAMANCA	LiSim	Colombia
François	BARY	Lux-Development	Luxembourg
Kaspar	WANSLEBEN	Luxembourg Microfinance and Development Fund	Luxembourg
Laetitia	POLIS	Luxembourg Round Table on Microfinance (LRTM)	Luxembourg
Malika	HAMADI	Luxembourg School of Finance - University of Luxembourg	Luxembourg
Daniel	DAX	LuxFLAG	Luxembourg
Laetitia	HAMON	LuxFLAG	Luxembourg
Kenneth	HAY	LuxFLAG	Luxembourg
Fatina	ABU OKAB	Microfund for Women	Jordan
Brian	COX	MFX Solutions	USA
Noara	KEBIR	MicroEnergy International	Germany
Steve	COFFEY	MicroEnsure	United Kingdom
Christian	WEEGER	Microfinance African Institutions Network (MAIN)	France
Sven	BRADEN	Microfinance Initiative Liechtenstein	Liechtenstein
Pius	FRICK	Microfinance Initiative Liechtenstein	Liechtenstein
Jordan	FILKO	MicroFinance Transparency	Netherlands
Larry	REED	MicroFinance Transparency	USA
Fabio	MALANCHINI	Microfinanza	Italy
Massimo	VITA	MicroFinanza Rating	Italy
Véronique	FABER	Microinsurance Network (ADA)	Luxembourg
Matthew	GENAZZINI	Microinsurance Network (ADA)	Luxembourg
Charles	RUYS	MicroNed	Netherlands
Fransien	WOLTERS	MicroNed	Netherlands
Marie-Josée	JACOBS	Minister for Development Cooperation and Humanitarian Affairs	Luxembourg
Marc	BICHLER	Ministry of Foreign Affairs - Development Cooperation	Luxembourg
Daniel	FEYPEL	Ministry of Foreign Affairs - Development Cooperation	Luxembourg
Asli	OZCERI	MONEYTRANS	Belgium
Jean	POUIT	MyTransfer / SMP / e-MFP	Luxembourg
Hans	VAN DER VEEN	Netherlands Ministry of Foreign Affairs	Netherlands
Ab	ENGELSMAN	Netherlands Platform for Microfinance	Netherlands
Blanca	MÉNDEZ	Oikocredit	Netherlands
Amber	O'CONNELL	Oikocredit	Netherlands
Lynn	EXTON	Opportunity International	USA
Norbert	ABACHI	Oxfam Novib	Netherlands
Bruno	MOLIJN	Oxfam Novib	Netherlands
Michaël	KNAUTE	OXUS Development Network	France
Alexis	LEBEL	OXUS Development Network	France
Renée	CHAO-BEROFF	PAMIGA	France
Guilhem	NEGRE	PAMIGA	France
Vanessa	MENDEZ	Paris EUROPLACE	France
Delphine	BAZALGETTE	PlaNet Finance	Germany
Thierno	SECK	Planet Finance	France
Dominique	VILLENEUVE	Planet Finance	France
Justino	ALARCON	Planet Finance Luxembourg	Luxembourg
Brenda	CAURANT	PlaNet Guarantee	France
Philippe	RIVES	PlaNet Guarantee	France
Emmanuelle	JAVOY	Planet Rating	France
Otto	WORMGOOR	Planet Rating	France

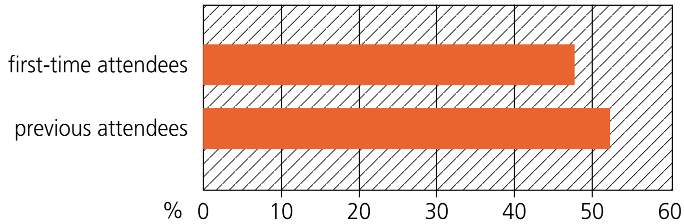
FIRST NAME	LAST NAME	COMPANY/INSTITUTION	COUNTRY
Sébastien	DUQUET	PlaNIS / e-MFP	France
Joséphine	GONZALEZ	PlaNIS	France
Redouane	NAJMEDDINE	Poste Maroc	Morocco
Nathalie	BALLÉ	PricewaterhouseCoopers S.à r.l.	Luxembourg
Xavier	BALTHAZAR	PricewaterhouseCoopers S.à r.l.	Luxembourg
Benoît	CAMBIER	PricewaterhouseCoopers S.à r.l.	Luxembourg
Nathalie	CLOSE	PricewaterhouseCoopers S.à r.l.	Luxembourg
Anne	COTTON	PricewaterhouseCoopers S.à r.l.	Luxembourg
Linda	TUREK	PricewaterhouseCoopers S.à r.l.	Luxembourg
Darius	YASHDANI	PricewaterhouseCoopers S.à r.l.	Luxembourg
Michaël	DE GROOT	Rabobank Foundation	Netherlands
Pierre	VAN HEDEL	Rabobank Foundation / e-MFP	Luxembourg
Claude	GUILLEMAIN	RBE	Tunisia
Cécile	KOLLER	responsAbility Social Investments AG	Switzerland
Marie-Luise	DÖLGER	Sal. Oppenheim	Luxembourg
Holger	CHRIST	Sal. Oppenheim (The European Fund for Southeast Europe)	Luxembourg
Detlef	KROEGER	Sal. Oppenheim (The European Fund for Southeast Europe)	Luxembourg
Daniel	KRÜGER	Sal. Oppenheim (The European Fund for Southeast Europe)	Luxembourg
Catherine	BELLIN-SCHULZ	SIDI	France
Anne-Sophie	BOUGOUIN	SIDI	France
Silvia	CORNACCHIA	SIDI	France
François	CAJOT	SOS Faim	Belgium
Aude	EHLINGER	SOS Faim	Luxembourg
Monique	KIEFFER-KINSCH	SOS Faim	Luxembourg
François	LEGAC	SOS Faim	Luxembourg
Marc	MEES	SOS Faim	Belgium
Niclaus	BERGMANN	Sparkassenstiftung für internationale Kooperation	Germany
Ilonka	RÜHLE	Sparkassenstiftung für internationale Kooperation	Germany
Hans	RAMM	Swiss Agency for Development and Cooperation	Switzerland
Mariel	MENSINK	Terrafina	Netherlands
Joost	DE LA RIVE BOX	Terrafina - NEDWORC Foundation	Netherlands
Robin	RATCLIFFE	The Smart Campaign	USA
Bart	DE BRUYNE	Trias	Belgium
John	BLIEK	Trias / e-MFP	Belgium
Tom	BAUR	Triodos Facet	Spain
Hedwig	SIEWERTSEN	Triodos Facet	Netherlands
Franklin	ODOEMENAM	Umuchukwu Microfinance Bank Nigeria Ltd / University of Bielefeld	Germany
Hanadi	TOUTONJI	United Nations Capital Development Fund (UNCDF)	USA
Andreas	HEINEN	Universidad Carlos III	Spain
Annette	KRAUSS	Universität Zürich, Swiss Banking Institute / Center for Microfinance	Switzerland
Japhet	AFFO	Université Lille 3 - Kingsgroup	France
Catherine	LIZIARD	Université Nancy 2	France
Simonetta	CHIODI	University of Bergamo	Italy
Davide	CASTELLANI	University of Bergamo	Italy
Stefan	KARDUCK	University of Cologne / KFGE e.V.	Germany
Theoharry	GRAMMATIKOS	University of Luxembourg	Luxembourg
Jonas	LONBORG	University of Southern Denmark	Denmark
Hugh	ALLEN	VSL Associates LTD / CARE	Germany
Mary Ellen	ISKENDERIAN	Women's World Banking	USA
Ian	RADCLIFFE	World Savings Banks Institute - European Savings Banks Group	Belgium
Anne-Françoise	LEFÈVRE	World Savings Banks Institute / e-MFP	Belgium
Mustapha	CHOI		Luxembourg
Geoffroy	LEFORT		France
Fatima	ROCHDI		Luxembourg

e-MFP MICROFINANCE WEEK 2009
FEEDBACK

Following European Microfinance Week 2009, all participants were invited to take part in a satisfaction survey and e-MFP would like to share the positive feedback received from the 88 respondents.

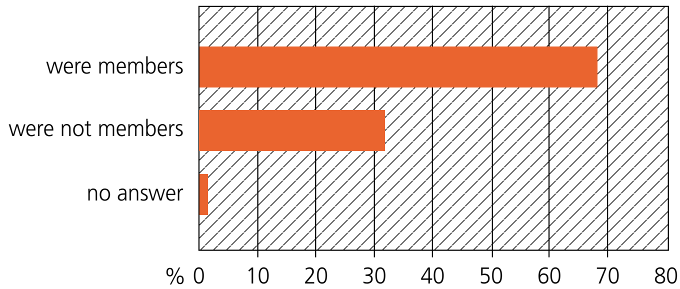
% First time attendees

47.72 percent of respondents were first-time attendees
52.27 percent of respondents were previous attendees



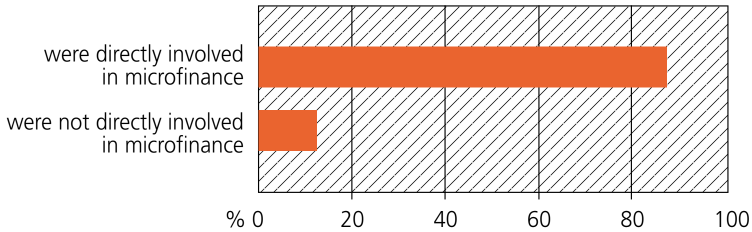
% Members attending

68.18 percent of respondents were members
31.81 percent of respondents were not members
1.42 percent of respondents did not answer



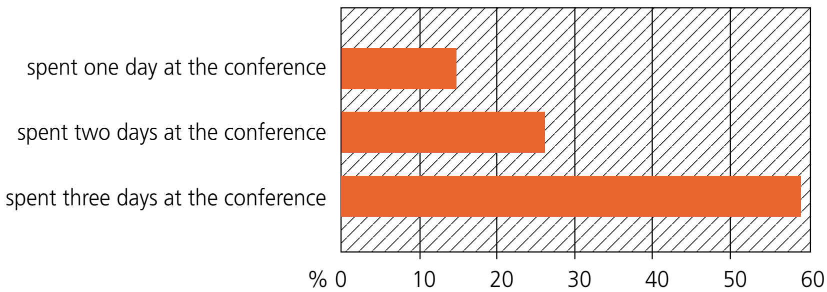
% Participants directly involved in microfinance

87.5 percent of respondents were directly involved in microfinance
12.5 percent of respondents were not directly involved in microfinance



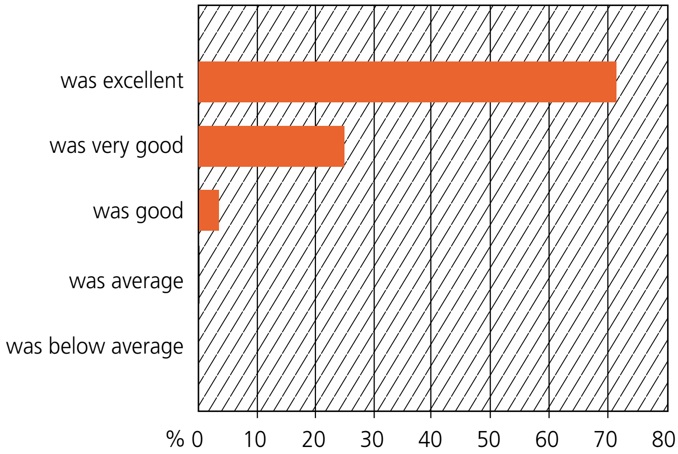
% Days spent at the conference

14.77 percent of survey respondents spent one day at the conference
26.13 percent of survey respondents spent two days at the conference
59.09 percent of survey respondents spent three days at the conference



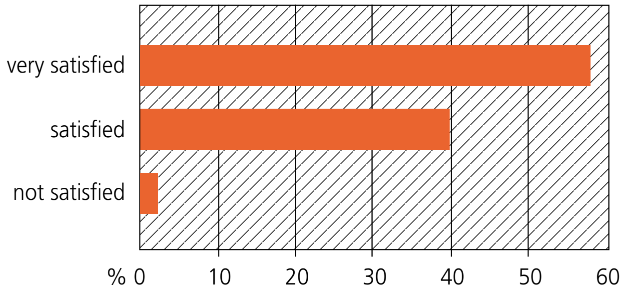
Quality of the conference organisation

71.59 percent of survey respondents
thought the conference organisation was excellent
25 percent of survey respondents
thought the conference organisation was very good
3.41 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



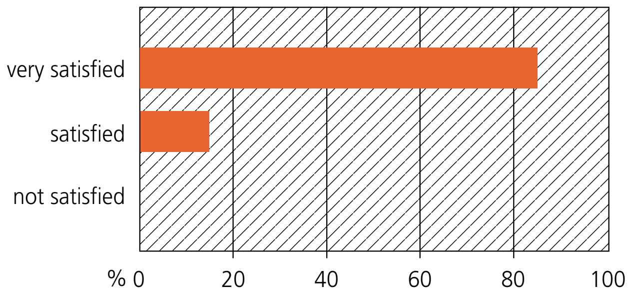
Satisfaction with conference materials

57.95 percent of survey respondents
were very satisfied with the conference materials
39.77 percent of survey respondents
were satisfied with the conference materials
2.27 percent of survey respondents
were not satisfied with the conference materials



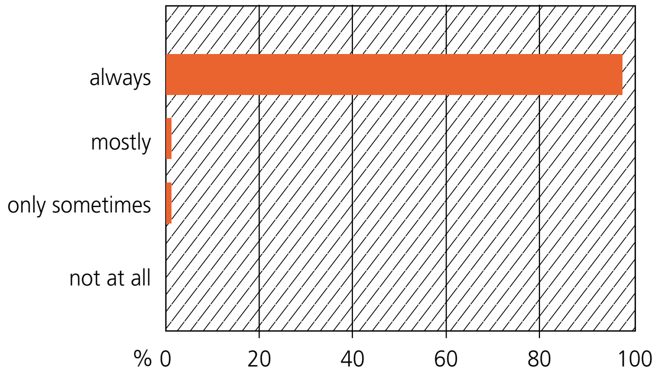
Satisfaction with conference facilities

85.22 percent of survey respondents were very satisfied with the conference facilities
14.77 percent of survey respondents were satisfied with the conference facilities
0 percent of survey respondents were not satisfied with the conference facilities



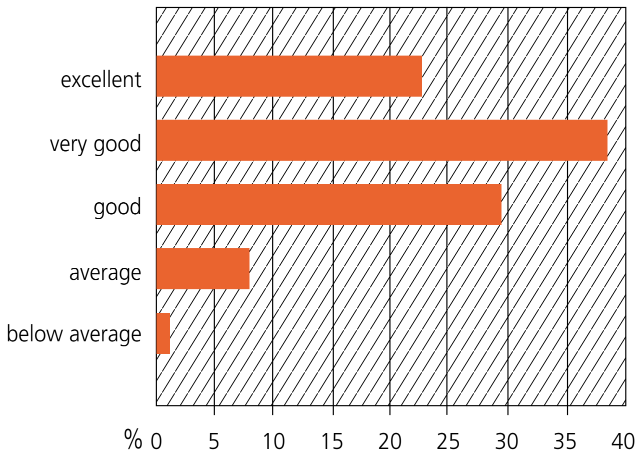
Were the conference staff helpful and courteous

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



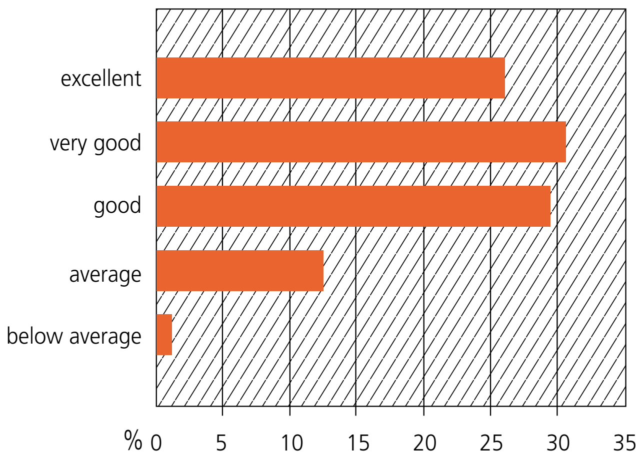
Satisfaction with the speakers

22.72 percent of survey respondents thought the speakers were excellent
38.63 percent of survey respondents thought the speakers were very good
29.54 percent of survey respondents thought the speakers were good
7.95 percent of survey respondents thought the speakers were average
1.14 percent of survey respondents thought the speakers were below average



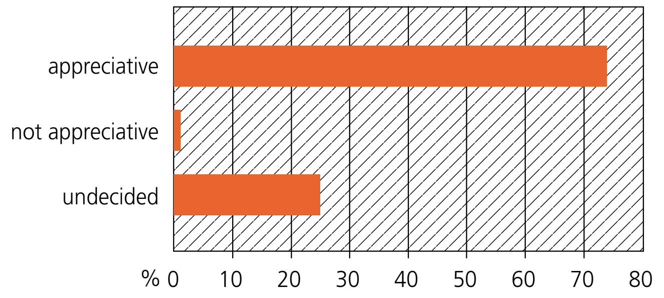
Satisfaction with the moderation

26.13 percent of survey respondents thought the moderation was excellent
30.68 percent of survey respondents thought the moderation was very good
29.54 percent of survey respondents thought the moderation was good
12.5 percent of survey respondents thought the moderation was average
1.13 percent of survey respondents thought the moderation was below average



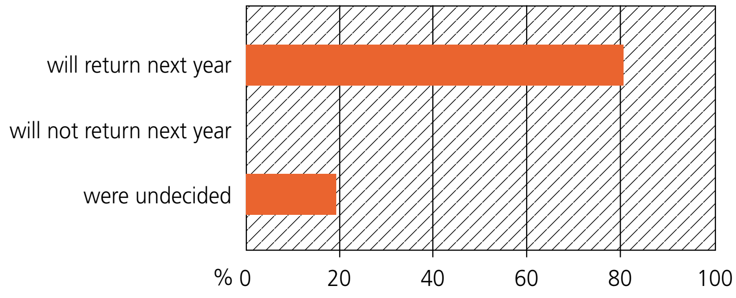
% Green aspects

73.86 percent of respondents were appreciative
1.14 percent of respondents were not appreciative
25 percent of respondents were undecided



% Participation next year

80.68 percent of respondents will return next year
0 percent of respondents will not return next year
19.31 percent of respondents were undecided



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

"We did enjoy the venue very much, its agreeable atmosphere and friendliness and excellent organisation"

"Good focus on the future and innovation"

"Diversity of the speakers"

"I really enjoyed the debate and Q&A sessions"

"Congratulations to the most efficient organisers"

"The conference was excellent!"

"Enough time to network, great logistics, great variety of topics in parallel sessions"

"Variety of people from the entire sector"

"The number of interesting contacts established looks promising"

"The opportunity for networking was very useful and the variety of sessions/ topics was equally good"

"High level of microfinance sector representatives"

"Interesting topics and a big focus on the social mission"

"I really enjoyed the fruitful discussions, the variety and expertise of panellists and topics"

"I was most impressed"

"A great introduction to the dynamic world of microfinance"

"The combination of general presentations and breakout sessions was very good"

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

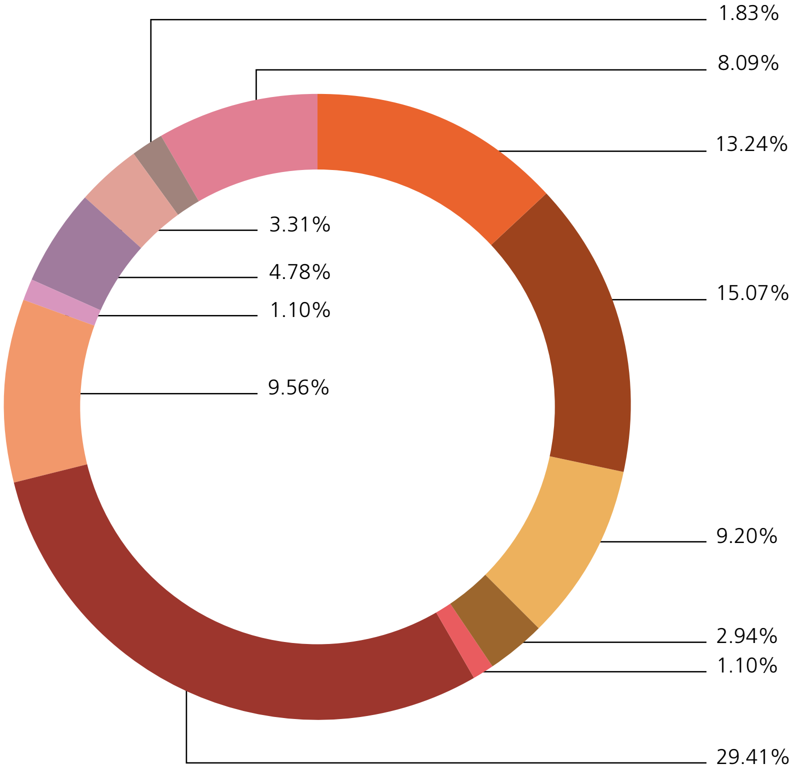
STATISTICS

COUNTRIES

Number of checked in participants	272
Number of countries represented	30

- Belgium
- France
- Germany
- Italy
- Liechtenstein
- Luxembourg
- Netherlands
- Spain
- Switzerland
- United Kingdom
- United States
- Other

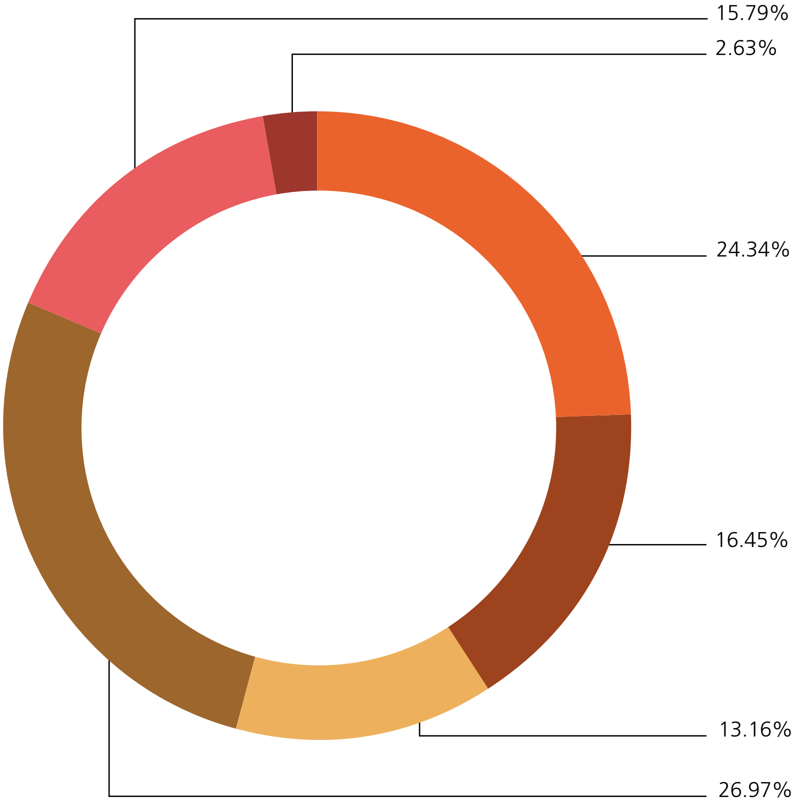
Burkina Faso
Colombia
Denmark
Ethiopia
Finland
Indonesia
Ireland
Jordan
Kenya
Kosovo
Moldova
Morocco
Pakistan
Philippines
Monaco
South Africa
Tanzania
Tunisia
Uganda



ORGANISATIONS

Number of organisations represented 152
Categories of participants

- Bank or financial institution
- Consulting firm
- Government agency
- NGO
- Research institution or university
- Other (incl insurance)



EUROPEAN MICROFINANCE PLATFORM

The European Microfinance Platform [e-MFP] was founded formally in 2006. e-MFP is a growing network of over 120 organisations and individuals active in the area of microfinance. Its principal objective is to promote co-operation amongst European microfinance bodies working in developing countries, by facilitating communication and the exchange of information. It is a multi-stakeholder organisation representative of the European microfinance community. e-MFP members include banks, financial institutions, government agencies, NGOs, consultancy firms, researchers and universities.

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

Executive Secretariat

Christoph Pausch, Executive Secretary
Niamh Watters, Administrative Assistant
Juana Ramírez, Microfinance Expert

European Microfinance Platform (e-MFP)
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L-2763 Luxembourg
contact@e-mfp.eu
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NEXT EUROPEAN MICROFINANCE WEEK

30 NOVEMBER - 1 DECEMBER 2010

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

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