EUROPEAN MICROFINANCE PLATFORM

NETWORKING WITH THE SOUTH

NEXT EUROPEAN MICROFINANCE WEEK

18th – 20th NOVEMBER 2015

spring 2015

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EDITORIAL

Welcome to e-MFP's Spring 2015 newsletter,

It's a great pleasure for me to start this newsletter with the announcement of the 6th European Microfinance Award. Following the successes of the past five European Microfinance Awards from 2006 to 2014, this year the European Microfinance Award focuses on microfinance in post-disaster, post-conflict areas and fragile states. More information can be found on page 2 and on our website www.e-mfp.eu. I invite you to encourage your partners to apply for this most prestigious European award; the deadline for applications is 3rd June 2015.

In this edition of our newsletter you will also find an article written by Laura Foose on the Responsible Microfinance Facility, aiming to strengthen social performance management practices in sub-Saharan Africa, the Middle East and North Africa, information on e-MFP's Investors in Tier 2/3 MFIs Action Group Annual Survey, as well as latest news from our Youth Financial Inclusion Action Group and from the University Meets Microfinance Action Group. Many other articles and updates on e-MFP's activities and on our latest publications complete this edition.

Those of you interested in research in microfinance should check out page 7 for the not-to-be-missed Fourth European Research Conference on Microfinance which will take place 1st – 3rd June 2015 at the University of Geneva and of which e-MFP is a co-organiser.

I hope to meet many of you in Geneva and trust that you enjoy reading our newsletter. Thank you for your reactions and contributions and for your continuous support of e-MFP.

Best wishes,
Christoph Pausch
Executive Secretary

6th EUROPEAN MICROFINANCE AWARD
Microfinance in post-disaster, post-conflict areas and fragile states

5th European Microfinance Award ceremony

The objective of the 6th European Microfinance Award "Microfinance in post-disaster, post-conflict areas and fragile states" is to recognise microfinance institutions* that operate in post-disaster, post-conflict areas and fragile states and provide financial and non-financial services aimed to increase the resilience of the affected population. The prize of € 100,000 will be presented to the winning organization in a ceremony on 19th November 2015 in Luxembourg.

After major crises, natural disasters, armed conflicts or health crises populations experience critical levels of poverty, insecurity and instability. Institutions as well as local government structures, infrastructure, markets, households' human and physical capital, social relations and trust are severely affected, and the re-establishment of normal socio-economic conditions is undermined. Conflicts and disasters affect various levels of society, with impacts in the short, medium and long term.

Post-disaster/post-conflict situations increase the risk of poverty traps over the short and long term. Variability of poor incomes increases, productivity of economic activities decreases, investments are affected, market opportunities are reduced, trust and social relations are weakened, and health, housing and shelter conditions are worsened.

After humanitarian needs have been met, the restoration of livelihoods is fundamental to reduce the probability of recurrences of conflicts and to increase resilience to natural disasters. Poor people and micro enterprises in developing countries are naturally vulnerable to various livelihood hazards, and microfinance (MF) has been argued to be an effective tool to decrease such vulnerability and cope with small, uncertain and irregular income of poor households, contributing in this way to build and support resilience.

However in post-conflict/post-disaster areas, population and institutions are exposed to additional systemic risks. In particular, institutions delivering microfinance services (microfinance institutions or MFIs) are likely to experience a high rise in their non-performing loans (NPL), a run on savings and large-scale claims on insurance. Pressure on MFIs to forgive debt increases. Market, business opportunities and institutional environment changes. All this affects the demand-side of the MFIs' business.

Meanwhile, in such situations MFIs must face a difficult environment while simultaneously coping with internal challenges: damaged physical infrastructure and potentially difficult security situations. The risks affecting MFI clients also affect their staff, including direct impact from the disaster (injury, illness, or death) as well as displacement, threat of kidnapping or other risks. The period of stress can magnify operational weaknesses, leading to increased risk of fraud. Exposure to unpredictable environments may also undermine the confidence of some of the MFIs' funders, making access to liquidity particularly critical.

Despite these challenges, MFIs have shown that they can successfully operate in post-conflict/post-disaster situations and play a key role to reduce poor

The Philippines, 2013

Haiti, 2010

peoples' vulnerabilities, address exclusion, strengthen the countries' economic fabric, and enhance the resilience of the communities in which they operate. The financial intermediation of microfinance can play an important role to restart the local economy and accelerate rebuilding, while reducing the risk of poverty traps for the affected populations.

MFIs serve mainly self-employed people, whose informal businesses and micro-enterprises in services and petty trade are common activities after disaster and conflict. Through such activities, the poor can sustain their households and create a safety net for themselves, their families, and the local communities. The proximity of MFIs to their clients can help rebuild trust and social ties among households and communities. In some instances, the particular legal status and operations of MFIs allow them to operate also in the absence of a strong institutional environment. The ability of certain MFIs to provide additional non-financial services, such as training and financial literacy programs, likewise help their clients adapt to post-disasters/post-conflict situations, modifying existing businesses or establishing new activities in response to the changes in the local market. In some cases, MFIs can link with health or education service providers, thus strengthening the overall resilience of their clients.

Who can apply?

Organisations based in a developing country offering a diverse range of financial services and technical assistance are eligible: MFIs (NGO, NBFI, cooperatives, banks, or other), savings banks, MFI networks, local investment funds, etc.

Applications with joint initiatives from a financial service provider in a developing country and a European partner are encouraged in order to strengthen the links with Europe. However, the Award money shall be given to the partner based in the developing country.

How to apply?

Application forms (in English, French and Spanish) and more detailed information are available on our website, **www.e-mfp.eu**.

The deadline for applications is 5pm CET, 3rd June 2015. All applications must be supported in writing by an e-MFP member.

e-MFP wishes all its members and their partners best of luck with their applications!

* *See eligibility criteria for details.*

European Microfinance Award

The European Microfinance Award was launched in October 2005 by the Luxembourg Ministry of Foreign and European Affairs – Directorate for Development Cooperation and Humanitarian Affairs, to support innovative thinking in the microfinance sector. Awarded for the first time in 2006, it is jointly organised by the Luxembourg Development Cooperation, the European Microfinance Platform (e-MFP) and the Inclusive Finance Network Luxembourg in cooperation with the European Investment Bank (EIB).

The prize of € 100,000 will be presented to the winning organisation in a ceremony on 19th November 2015 in Luxembourg.

NEWS FROM THE SECRETARIAT

European Microfinance Week 2014 conference report goes digital

The new European Microfinance Week 2014 conference report is now accessible online. Designed with a fresh new look and smart phone compatible, it contains the much appreciated discussions and exchanges from the conference which gathered 400 microfinance professionals from 56 countries in Luxembourg.
The conference report is available at www.european-microfinance-week.eu

New e-MFP publications | 5th European Microfinance Award on Microfinance and the Environment

Two publications on the 5th European Microfinance Award have been released:

Brochure – presenting the three finalists and their initiatives.

European Dialogue No. 7 – featuring the ten organisations and their projects shortlisted for the Award. Green microfinance is small, but it is growing rapidly. More and more MFIs, investors, donors, and networks get interested in and implement new and innovative initiatives. This is an exciting future for green microfinance in terms of opportunities, innovations and development and the candidates for the 5th European Microfinance Award, 2014 are a microcosm of what committed MFIs can do to foster environmental sustainability.
The publications can be viewed at www.e-mfp.eu/resources

Investors in Tier 2/3 MFIs Action Group Annual Survey

For the third consecutive year, the e-MFP Investors in Tier 2/3 MFIs Action Group published their Annual Survey. In this edition, the Survey presents the results of the consolidated analysis of the portfolios of the participants as of end 2013 by tier, type of investment and geographical location and the trends for years 2012-2013.
More information on the publication is available on page 9

European Microfinance Week 2015

Save the date for European Microfinance Week 2015 which will take place at the Abbaye de Neumünster, Luxembourg, 18th – 20th November 2015. European Microfinance Week is a superb opportunity to network, be kept informed about important sector developments and make those vital new contacts. The theme of this year's event is "Financial inclusion for sustainable development". European Microfinance Week is unique as the content is decided by you, as e-MFP members and reflects your current interests, activities and concerns regarding the microfinance sector. A request for proposals for sessions was sent to all members and the deadline for submission is 11th May. We look forward to receiving your proposals and to welcoming back our members and friends in November for another dynamic event.

Interested in sponsoring this year's event and positioning your organisation at the forefront of the microfinance sector?

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

Impact Investing & Microfinance conference, 29 April 2015

Is the creation of an environmental or social impact by a company or an organization no more than a by-product that, at best, pays off indirectly through a positive corporate image? To what extent should asset managers encourage corporations they invest in to create social impact? Can a company actually generate additional income by directly marketing the social impact it is creating? Is the active marketing of social impact even a precondition for achieving a return on impact investing – and for making social impact investable? And if so, how can social impact be priced?

What matters really: generate measurable social and environmental impact or a financial return?

These are only a few of the questions that will be discussed at the 2015 Impact Investing and Microfinance Conference organized by the Association of the Luxembourg Fund Industry (ALFI) in collaboration with the Global Impact Investing Network (GIIN), the European Microfinance Platform (e-MFP), and the Luxembourg Fund Labelling Agency LuxFLAG. The conference that will bring together industry professionals, practitioners and researchers from a broad variety of national and supranational organisations, banks and asset management companies, investment funds and Microfinance Institutions, will be held on Wednesday, 29 April in Luxembourg.

Speakers and panelists will come amongst others from the European Microfinance Platform (Luxembourg), BNP Paribas (France), Triodos Investment Management (The Netherlands), European Investment Fund (Luxembourg), PHB Development (Belgium), M-Kopa (Kenya), the Consultative Group to Assist the P – CGAP (USA), Urwego Opportunity Bank Ltd (Rwanda), Triple Jump Advisory Services (The Netherlands) and Bridges Venture LLP (United Kingdom), Circularity Capital LLP (United Kingdom), Arendt & Medernach (Luxembourg), Bamboo Finance Group (Switzerland), the Global Impact Investing Network (USA) and the Social Venture Fund (Germany).

For more detailed information and registration, please visit the dedicated ALFI website, *http://www.alfi.lu/node/2792*

Special e-MFP members' benefit

e-MFP is very pleased to announce that through the partnership agreement supporting the upcoming ALFI conference, e-MFP members can benefit from the ALFI member reduced registration fee.

e-MFP participation

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Risk management excellence in microfinance

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Navigate your way through responsible investing

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The role of social finance for the Luxembourg of tomorrow

Meeting with SPTF

Christoph Pausch attended the opening of the European Year for Development in Luxembourg on 14th January.

On 27th January e-MFP participated in "Risk Management Excellence in Microfinance – Connecting Luxembourg to Leading MFIs" organised by our members ATTF and InFiNe.

e-MFP was present at "The role of social finance for the Luxembourg of tomorrow" organised by EIIL (European Impact Investing Luxembourg) on 29th January.

Anne Contreras and Daniel Rozas spoke at the ALFI/InFiNe conference "Navigate your way through responsible investing" on 4th February 2015.

On 26th February e-MFP participated at the Midi de la Microfinance organised by ADA, on "Ebola: What impact does the outbreak have on microfinance?". Aboubacar Demba-Sankhon and Lamarana Sadio Diallo, respectively CEO and Chairman of the Board of Crédit Rural de Guinée S.A., accompanied by the representative of the Institute for Research and Application of Development Methods (IRAM), Gilles Goldstein, testified about the impact of the epidemic on the largest microfinance institution in Guinea.

e-MFP attended a roundtable organised by InFiNe.lu and ABBL on "The Challenges of Financial Education" during The Money Week on 2nd March where Philipp von Restorff and Jessica Thyrion presented an initiative to make school children financially aware.

The e-MFP Secretariat and e-MFP Board members participated in the Social Performance Task Force (SPTF) social investor group meeting which took place in Luxembourg on March 11th -12th hosted by the European Investment Bank. The e-MFP Secretariat supported the SPTF by forwarding invitations to our investor members.

On 13th March, Laura Foose, Director of SPTF, visited e-MFP in the House of Microfinance in Luxembourg to exchange on SPTF and e-MFP's activities and to discuss possible further cooperation between the two organisations.

Collaboration with Microfinance CEO Working Group: Daniel Rozas participated in an interesting meeting of the Working Group in the USA discussing what MIX is going to look like in a decade. It was also the occasion to meet the new CEO of MIX, Mr. Jeffrey Binstock.

Gabriela Erice participated in the Convergences Working Group 'Microfinance - Nord et Sud' which is working on the content of the Convergences conference and of the annual publication, Microfinance Barometer. In the framework of this work she also has contacts with the Microcredit Summit.

Fourth European Research Conference on Microfinance

The Fourth European Research Conference on Microfinance will take place 1st – 3rd June 2015 at the University of Geneva. The conference is organised by the University of Geneva in cooperation with e-MFP and in association with the University of Fribourg, the University of Zurich and the Graduate Institute of Geneva.

Nearly 200 proposals for papers have been received to date. The review process has started and a number of papers have already been accepted to be presented at the Fourth European Research Conference on Microfinance. The authors of these papers come from all continents and are mostly associated to academic institutions: University of Agder, Basel University, University of Bath, Bocconi University, University Libre de Brussels, University of Cambridge, Frankfurt School of Finance and Management, University of Groningen, University of Kent, New York University, Oslo University, Purdue University, University of Regensburg, Yale University, University of Zürich and many others.

The interest expressed by researchers confirms the role played by the European Research Conference on Microfinance as the major platform for the presentation, debate and critical analysis of research on microfinance. We expect some 300 participants.

The conference will consist of a combination of plenary sessions and six parallel sessions. Four parallel working groups will be devoted to the following issues: institutional topics, the client, impact and policy issues. There will also be sessions on green microfinance, gender and the history of microfinance.

Amongst the keynote speakers are Dean Karlan, Jonathan Morduch and Vijay Mahajan.

For more information about the conference visit
www.unige.ch/emfc/en

FORUM

Responsible Microfinance Facility

Laura Foose


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In January, the Agence Française de Développement (AFD) and the Social Performance Task Force (SPTF) launched the Responsible Microfinance Facility, aiming to strengthen social performance management practices in sub-Saharan Africa and the Middle East and North Africa. The facility, which will last three years, provides trainings and co-funds a variety of SPM-focused activities in these regions.

Industry implementation of social performance management is at a critical junction. Much of the groundwork necessary to help institutions improve SPM practices has been put in place: the industry worked together to develop the Universal Standards for Social Performance Management; financial service providers (FSPs) have access to a free tool – the SPI4 – to assess their practices against the full set of Universal Standards; FSPs and investors can report and benchmark social data via MIX Market; and rating agencies have developed products to allow FSPs to demonstrate progress.

Despite this infrastructure, there is still a discrepancy between those institutions that are aware of the Universal Standards and those that are beginning to improve practices. Last year, SPTF's Annual Implementation Survey showed that more than 90 percent of respondents are familiar with the Universal Standards. However, only 20 percent have started implementing them to improve practice.

By funding the Responsible Microfinance Facility, AFD is aiming to bridge that gap. The facility offers a variety of free trainings to help build social performance management capacity in Sub-Saharan Africa (SSA) and Middle East and North Africa (MENA). These include introductory trainings on responsible inclusive finance, trainings for technical assistance providers on client protection and SPM, and trainings to become a Smart Campaign assessor or an SPI4 auditor.

Additionally, the facility co-funds a variety of activities to help financial service providers begin to improve practices. Co-funded activities include accompanied SPI4 assessments, client protection assessments, upgrade projects and Smart Campaign certification and/or social rating missions.

At least half of the total project funds must be allocated to AFD priority countries: Benin, Burkina Faso, Ghana, Madagascar, Mali, Niger, Senegal and Togo. Additionally, AFD and SPTF have agreed that the facility may also work in Cameroon, Ethiopia, Jordan, Kenya, Morocco, and Uganda. If successful, SPTF hopes to replicate the facility in additional regions. SPTF manages the facility, with close coordination from the Smart Campaign on client protection issues.

For more information on the facility and how to apply, please visit
http://sptf.info/sp-task-force/responsible-microfinance-facility

NEWS FROM OUR ACTION GROUPS

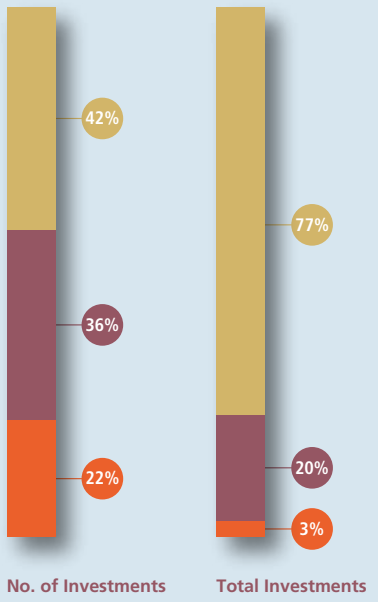
Investors in Tier 2/3 MFIs
Action Group Annual Survey

In January 2015 for the third consecutive year, the e-MFP Investors in Tier 2/3 MFIs Action Group published their Annual Survey. The Survey presents a consolidated analysis of the portfolios of the participants as of end of 2013 by tier, type of investment and geographical location and the trends for the years 2012-2013.

The 11 investors participating in the Survey provided a sample of 505 investments and a total portfolio in Tier 2/3 MFIs of 404 M EUR, which represents 23% of their total microfinance portfolio (1,734 M EUR). The average investment in Tier 2/3 MFIs is 0.79 M EUR (1.09 M EUR in Tier 2 MFIs & 0.31 M EUR in Tier 3 MFIs).

The Survey revealed a concentration of Tier 2/3 investments by volume in Eastern Europe & Central Asia (191 M EUR, almost 50% of total investment) and Latin America & the Caribbean (103 M EUR, 25%). Debt is the main instrument used by the Survey participants, with more than 90% of the funds invested through debt for Tier 2/3 MFIs (390 M EUR). 5 out of the 11 investors offered 44 Technical Assistance (TA) programmes that reached 8.7% of investment transactions. TA programmes were also directed to smaller institutions; with an average size of 0.48M EUR, or nearly 40% less than the average investment amount. The main target for TA is in Governance and Risk Management.

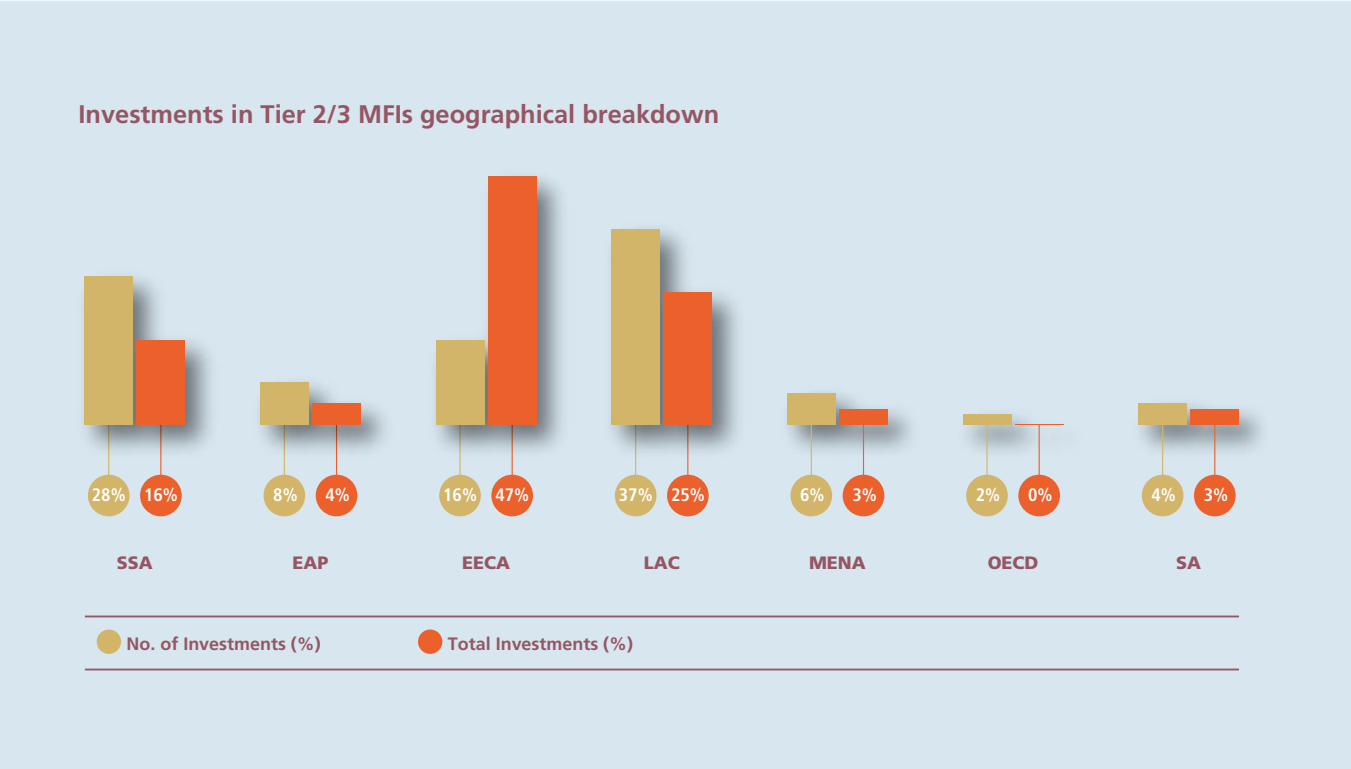
A trend analysis was carried out for the 10 investors who had provided data for both 2012 and 2013. It showed an increase in the total amount invested in Tier 2/3 MFIs (+6.7%), but a decrease in the number of investments (-5.2%),



Sample breakdown by Tier

Tier 1 Tier 2 Tier 3

	No. of Investments	Total Investment (Million EUR)
Tier 1	366	1,330.03
Tier 2	317	345.52
Tier 3	188	58.15
Tier 2/3	505	403.67



resulting in an increase of +12.6% of the average investment size. Moreover, in four out of the six world regions the number of investments in Tier 2/3 MFIs has decreased.

Finally, the Survey shows that Sub-Saharan Africa (SSA) continues to be relevant to the Survey participants. It ranks 2nd in number of investments in Tier 2/3 MFIs (139), after Latin America & the Caribbean (186); SSA ranks 3rd in volume of investments in Tier 2/3 MFIs (16%, 67 M EUR). If only Tier 3 MFIs are considered, it's the 1st region by number of investments (40% - 75 out of 188) and volume of investments (40%, 24 M EUR out of 58 M EUR). In terms of trends (sample of 10 investors), SSA is the only region where both the total number of investments and the amount of investment in Tier 2/3 MFIs has increased between 2012 and 2013: 21.8%, from 87 to 106, and 24.2%, from 49 M EUR to 61 M EUR.

e-MFP would like to thank the Survey participants for their collaboration and support: ADA & LMDF, Luxembourg; Alterfin, Belgium; Babyloan, France; Etimos, Italy; Fefisol, France; Grameen Crédit Agricole Microfinance Foundation, France; KIVA, USA; Norwegian Microfinance Initiative, Norway; responsAbility, Switzerland; SIDI, France; TripleJump, The Netherlands.

The e-MFP Investors in Tier 2/3 MFIs Action Group gathers a collaborative group of microfinance investment organisations who, since 2011, have been sharing information about their investment practices and partners in order to avoid overlap and duplication of efforts. By combining available resources and capacities the Action Group members wish to further support and develop partner tier 2/3 MFIs.

The Survey can be downloaded on the Action Group website page:
http://www.e-mfp.eu/actions-groups/investors-tier-23-mfis

Youth Financial Inclusion Action Group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The e-MFP Youth Financial Inclusion Action Group is about to release a new publication on "More Inclusive Finance for Youth: Scalable and Sustainable Delivery Models for Financial and Non-Financial Services". This edition builds and expands on the 2012 e-MFP publication* on youth financial inclusion, which laid out the state of the field in Youth financial services and offered key insights in program design and implementation. At that time, the combined outreach from 13 financial service providers documented in the publication added to just over 100,000 youth receiving services. There was little known about the potential sustainability of the services since most of the projects were in their early years of implementation.

In this second publication focused on youth financial inclusion, the e-MFP Youth Financial Inclusion Action Group agreed to hone in on youth financial services that are integrated with non-financial services. Over the past decade there has been a surge in investment to advance youth financial inclusion, with various organizations around the world testing and evaluating a variety of financial instruments targeting young people in low-income countries. The majority of the projects have incorporated a non-financial component, mainly financial education or business and vocational training, aimed at further strengthening young people's financial capability and business skills. The projects have resulted in numerous publications analyzing policies, business case arguments and impact. Some of the publications are in the form of technical guides that provide step-by-step practical guidance for designing financial products and incorporating non-financial components.

Most of the initiatives, including the ones documented in this publication, have received significant external grants, primarily from private foundations. With many subsidies coming to an end, there is a need to determine how those services, over time, can be continued and replicated with little or no external funding. In addition, the diversity of the projects in context, types of Youth financial services and non-financial services (NFS), and delivery mechanisms, calls for a synthesis of common factors that may contribute to an effective integration approach. This edition includes case studies that have a combined outreach of over a half million youth and offer insights on common factors that enable or prevent financial service providers in offering integrated services sustainably and at scale. The objective of this publication is to provide guidance to financial services providers, youth serving organizations, donors and government authorities that want to advance youth financial inclusion by analyzing and compiling what is known to date on scaling up financial products along with NFS and assessing the potential for long-term sustainability.

The Action Group would like to thank Rossana Ramírez for her work on this publication as well as Al Amal (AMB), Freedom from Hunger, Institution Marocaine d'Appui à la Microentreprise (INMAA), Micro Options, PlaNet Finance and Al Majmoua, UNCDF YouthStart and Women's World Banking for their cases studies and their continued support to the publication. Also, we'd like to thank the team of case study reviewers for their valuable contributions: Jared Penner and Ignacio Bianco, CYFI; Benjamin Mackay, ADA; Sévérine Deboos, ILO; Ata Cisse, UNCDF; Aymeric Fuseau, PlaNet Finance; Eva Halper, Credit Suisse; and Gabriela Erice, e-MFP.

If you would like more information on this publication or the Youth Action Group, or if you are interested joining the Youth Action Group, please contact Gabriela Erice at *gerice@e-mfp.eu*

** See http://www.e-mfp.eu/sites/default/files/resources/2014/02/Dialogue_European_No.5.pdf*

UNIVERSITY MEETS MICROFINANCE

Research on financial literacy for South Pacific Business Development's clients

Gemma Daffarra

Gemma Daffarra holds a Master's Degree in International Cooperation and Development Studies from the University of Trieste (Italy). In 2014 she graduated from the European Microfinance Programme (EMP) at Solvay Brussels School of Economics and Management with a thesis on the evaluation of financial literacy programs in microfinance, based on research conducted during her internship at SPBD Samoa, which was partially supported by a University Meets Microfinance Scholarship in 2014. Currently she is a trainee at the European Parliament working for the Committee on Development (DEVE) with a particular focus on development finance and the role of the private sector.

South Pacific Business Development (SPBD) is a network of MFIs working in Fiji, Samoa, Tonga and Solomon Islands which aims at creating a network of micro-enterprise development organizations in the South-Pacific and neighbouring regions to empower women through financial access and economic development. SPBD mainly targets women living in rural areas and offers a variety of financial products.

In 2012, SPBD Samoa launched its Financial Literacy Program (FLP) with the objective of providing fundamental financial education to their clients, enabling them to understand and assess their own financial situation and empowering them with tools to maximize their credit potential. SPBD provides financial training sessions to clients entering the program and then provides them with diaries to keep track of their weekly financial transactions.

During my internship, I implemented an evaluation and clients' satisfaction study on SPBD financial literacy program. This study was undertaken with the purpose of determining if the program is achieving its set goals and expected outcomes. The objective was to identify clients' general satisfaction with the program, understand their perception of the

training effectiveness on their financial situation and learn participants' self-assessment of their financial knowledge, skills and behaviour before and after the training.

Data was collected through specifically designed questionnaires administered to a sample representing 5% of SPBD client base. Results pointed out that more than two thirds of the women interviewed were directly involved in taking financial decisions in their families. This information suggests that, by targeting women, the program has a great potential for impacting the actual financial situation and management of clients' households. If the sample is somehow representative of SPBD client base, we can assume that such a program has the potential of making a difference in many Samoan households and communities.

The study showed a great level of satisfaction with the program. Clients particularly appreciated how the content of the training sessions was adapted to their needs and provided them with useful insights and tools to better manage their finances. In particular, the analysis of the financial diaries, along with the questionnaires, showed evidence of a sizable decrease of household and business expenses and overall improved financial management as a result of the training.

The findings of this study recognized the strong potential of the SPBD Financial Literacy Program, particularly with regards to the design of the program, which is characterized by a strong focus on client perspective and a high flexibility and is able to adjust itself according to clients' needs and feedback.

For more information on University Meets Microfinance visit
http://www.universitymeetsmicrofinance.eu/

Upcoming UMM events

12th UMM Workshop at the University of Bergamo, Italy, June 11th -12th, 2015 (in parallel to the Expo Milano 2015) will tackle the issue of "Enhancing Food Security and Resilience to Climate Change: What role for Microfinance?".

Research Meets Africa - UMM Workshop in Africa in the framework of African Microfinance Week, 29th June - 3rd July (tbc).

14th UMM Workshop at the Frankfurt School of Finance and Management, 14th - 15th September 2015, will focus on microfinance consumer's protection and empowerment, fostering responsible finance.

Responsible digital finance: Global and local perspectives on emerging opportunities and risks

How far has digital finance gone in providing valuable services to people living in poverty? What are the challenges which the actors of the digital financial ecosystem face while trying to expand access to their services in a responsible way from the consumers' point of view? What are the sector's expected developments? These were a few of the questions which were discussed at the University Meets Microfinance (UMM) Public Event on "Responsible Digital Finance" held in Frankfurt on the 16th of March. Organised by Planet Finance, GIZ and the German Ministry for Economic Cooperation and Development (BMZ) and hosted by Frankfurt School of Finance and Management, the event gathered around 50 interested representatives from 7 European Universities and 15 private institutions engaged in fostering financial inclusion in developing countries. The event was also broadcasted online, giving the possibility to a small audience from Europe and Africa to follow the event and directly participate in the debate.

The floor was opened by the welcoming words of Xavier Bertrand, Managing Director of PlaNet Finance, who briefly described the strategic value, in PlaNet Finance's operations, of supporting financial access through digital services. The discussion then started with Tillman Bruett (UNCDF Mobile Money for the Poor Program – MM4P), in charge of the moderation, who gave an overview of the event's topic and described the promising trend of digital financial services in developing countries, which has reached 229 million mobile money users. These figures set what is, in Bruett's analysis, the actual main challenge to further develop digital financial services for the poor: turn inactive clients into active ones, or from "unaware" to "regular users". And to successfully achieve this objective, new accessible, reliable, appropriate, appealing and affordable products should be made available to them. At the same time, the right, country-specific, assessment of the risks related to digital finance should be understood, starting from a distinction between client concerns (e.g. network downtime, agent liquidity and transaction support) and industry concerns (e.g. data protection or transaction safety). Clients should then be put at the centre of the enlarged digital finance ecosystem which comprises not only service providers, but also regulators, mobile operators and agent networks.

Marius Rauh, from the German Federal Ministry for Economic Cooperation and Development (BMZ), subsequently described the German government's commitment to financial inclusion and highlighted the importance of making use of the opportunities of digital finance in a responsible manner. He described the responsible finance approach, which is founded on three pillars: consumer protection regulation; self-regulation of the industry; and financial education/capability of the consumers. Having the capacity to leverage a direct access to national regulating authorities, the BMZ, through the GIZ, provides them with advice about design-

ing and implementing appropriate regulation for digital financial services (e.g. in Mozambique and Uganda). Establishing an effective and responsible infrastructure for information sharing is essential to achieve transparency for different actors (e.g. market prices for the farmer; performance information for the trader etc.) and enable the design or provision of appropriate financial services based on the shared information. An example of the BMZ's work in this direction is the support of the Public Private Partnership between GIZ and SAP in the agricultural value chain of Uganda, where information about coffee transactions among the chain's actors are registered and shared with relevant actors in order to improve the chain's efficiency and value-capturing at the origin of the chain. Ultimately, the development of products aiming at safeguarding the consumers, e.g. insurances, strengthens the third pillar, as well as supporting actions which target consumers' empowerment, e.g. financial education programmes.

Philippe Breul, from PHB Development, detailed the digital financial services value chain for the poor through his work in developing digital loan repayment and savings products in Rwanda with Urwego Opportunity Bank (UOB) using the mVisa platform. In this context, issues with the mobile network, agent liquidity constraints, PIN safety and money disappearing have emerged as some of the main challenges to successful implementation; and, these are exacerbated by the fact that, in many cases, financial institutions serving the poor do not have real-time or weekly check-ins with mobile money agents, which only occur every 4 months at the end of the operational cycle. At the same time, the potentially negative impact of complex issues, as e.g. the difficult cooperation and incentives alignment between mobile money agents and credit officers, has been effectively managed by PHB Development through simple solutions such as the establishment of daily meetings between these key actors. Clients should be able to access relevant information needed to safely benefit from digital financial services. Consequently, effective call centres play a crucial role, as well as financial institutions, which should take a more proactive role in improving their products according to client feedback.

To finally understand the risks perceived by customers and experienced when using digital financial services, Matthew Soursourian (CGAP - Consultative Group to Assist the Poor) presented the results of a CGAP study analyzing consumers' perceptions in Colombia, Uganda, Bangladesh and the Philippines. The consumers' perceived risks range from the inability to complete transactions derived from network downtime, which causes possible fraud, or limited agent liquidity which, for example in Uganda, is often solved by agents sharing the customer's PIN with other "liquid" agents to complete the transaction. Moreover, complex interfaces and lack of transparency of fees and terms and conditions are some further vulnerabilities in the digital financial services ecosystem. In Bangladesh, the complicated interface is the main reason why customers still prefer over the counter transactions, whereas in Uganda, Tanzania, and Colombia people do not know how to submit a complaint or to whom, or they must pay for the airtime used to call the helpline. Mystery shoppers in Uganda and Bangladesh revealed that fee charts are often not displayed at agent shops. In Uganda, the lack of transparency has led customers to believe that all fees charged by agents are fraudulent.

The panelists' presentations triggered a number of thought-provoking questions from the audience present in the room, and in the online webinar.

For further information, the panel presentations are available at
http://www.universitymeetsmicrofinance.eu/responsible-digital-finance.html

NEWS FROM OUR MEMBERS

LMDF celebrates its fifth anniversary and looks back to evaluate its social performance

Luxembourg Microfinance and Development Fund

The Luxembourg Microfinance and Development Fund (LMDF) started operating at the beginning of 2010 with a capital of EUR 5 million after a design phase of more than a year. LMDF was built on the investment activity of ADA, a microfinance NGO.

Two key characteristics distinguish LMDF from other microfinance funds: (1) a focus on emerging, or Tier 2 MFIs with strong social missions and (2) a structuring as a multi-shareholder fund combining public, institutional and retail investors.

The public-private partnership allows LMDF, as a regulated investment fund to pursue a strong social vision:

> "LMDF aims to contribute to the alleviation of poverty by supporting organizations that empower people and stimulate entrepreneurship, with a particular focus on the most excluded. The Fund facilitates access to responsible finance by building sustainable links between investors, microfinance institutions and ultimate beneficiaries."

After five years of activity, the Fund's net assets reach EUR 20 million. With an investment portfolio of 31 microfinance institutions (MFI's) in 17 countries, LMDF reaches more than 30,000 micro-entrepreneurs in Central and South America, North and Sub-Saharan Africa and South East Asia.

On the occasion of the fifth anniversary LMDF undertook an evaluation of its social performance documented in a comprehensive social performance report. The report covers three key areas: (1) the Fund's impact objectives and understanding of microfinance, (2) how these objectives translate into action and corporate structures and finally (3) what were the outcomes.

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The team behind the report spent considerable time on the last area: How to measure results across a diverse portfolio of MFIs. The approach which was taken was to identify eight measurable indicators falling into two broad dimensions: (a) the extent of LMDF's poverty and exclusion focus and (b) the quality of services MFIs provide and their responsibility towards clients and staff. For most of the eight indicators chosen, microfinance benchmarks are available which allow situating the fund in relation to other actors.

The results are encouraging in terms of confirming LMDF's relative poverty and exclusion focus and demonstrating that the vast majority of partners provide adequate services in a responsible manner. The area where improvements are needed is the treatment of employees.

The process greatly helped in clarifying LMDF's social mission beyond the concrete outcome of individual indicators and serves to further improve the social performance. Three main areas were identified as important vectors in the future: (1) the emergence of standardized social performance data through the universal standards process and incorporation of these into all steps of the Fund's operations, (2) the likely – and desirable - emergence of independent verification of social performance at MIV level and (3) the importance of communication on social performance as a common objective of all of the Fund's stakeholders.

So beyond celebrating LMDF's achievements, the fifth anniversary serves to lay down the foundations for the next phase of its development.

LMDF's social performance report can be downloaded at:
http://www.lmdf.lu/index.php/fr/report/reports-download-page
LMDF informs all interested parties regularly about its activities through a newsletter
see *www.lmdf.lu*

New WSBI report on youth financial inclusion In Kenya: Co-creating a way forward

WSBI in collaboration with WSBI member Kenya Post Office Savings Bank (KPOSB) has carried out a study within the programme: 'Working with savings banks in order to double the number of savings accounts in the hands of the poor'. This study carries out a quantitative and qualitative analysis of why 75% of the current 80,000 youth savings accounts held by KPOSB are inactive or have gone inactive or dormant and many have not received deposits after the original opening deposit. The study concludes with a series of solutions to address these issues which have emerged from a co- creation process between youth and KPOSB staff.

The report is available at *http://www.savings-banks.com/SiteCollectionDocuments/_ESBG_BRO_RESEARCHPAPER.pdf*

For more information contact *weselina.angelow@ wsbi-esbg.org*

African Microfinance Week 2015: See you in Dakar!

The Government of Senegal and the Government of the Grand Duchy of Luxembourg are pleased to announce that the next African Microfinance Week will be held in Dakar, Senegal, from the 29th June to the 3rd July 2015.

The theme of this conference will be: Accelerating Innovative Rural Finance in Africa. Registrations will be open in the course of April 2015.

HIGHLIGHTS of the event:

AMT's 7th Investors' Fair, traditionally reserved for rated MFI's, will now be open to all African MFIs (Tiers 1, 2 and 3).

For the first time, the African Microfinance Week will host an Innovation Fair which will welcome new technologies and MIS solution providers. The products presented will be specifically designed to accelerate the development of the inclusive finance sector in rural Africa.

The African Microfinance Week 2015 is organised by the African networks AMT, AFMIN, AFRACA and MAIN, and is supported by ADA, the Government of Senegal and the Government of the Grand Duchy of Luxembourg.

For more information visit
www.microfinance-africa.org

How microfinance develops decent work

Entrepreneurs in the informal economy, and the employees that work in those businesses, are often exposed to difficult and dangerous working conditions. The tools used to identify, prevent and rectify such conditions in the formal economy – including social dialogue between employers and employees, labour inspection and other applications of labour law – generally do not apply to the unregistered enterprises that proliferate in many emerging economies. Alternative approaches are required to help these entrepreneurs. But how can one reach these enterprises and influence their conditions?

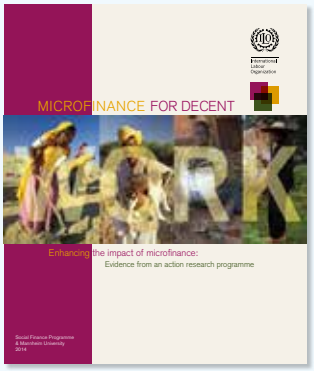
Financial institutions as pathways to Decent Work

New ILO research backs up the idea of reaching and helping these businesses through microfinance institutions (MFIs): Microfinance for Decent Work – Enhancing the impact of microfinance: Evidence from an action research programme was led by the ILO's Social Finance Programme in collaboration with the University of Mannheim in Germany.

In many emerging markets, MFIs have significant outreach, providing financial services to thousands, if not millions of small and micro enterprises. Since their primary relationship with these entrepreneurs often involves an enterprise loan, they were able to use that leverage to improve conditions in the business.

Why would microfinance institutions be interested in doing that? Many MFIs have a social agenda, or a double bottom line approach that strives to combine social and commercial objectives. These organizations are often looking for new tools and approaches that allow them to efficiently enhance their social impact, especially since recent research has raised serious questions about the welfare benefits derived from microfinance. It is also possible that such interventions could also enhance business objectives, which would be of interest even to MFIs without a social agenda.

From 2008 to 2012 the ILO collaborated with 16 microfinance institutions to test a range of approaches to foster social impact through the delivery of innovative financial and non-financial services. Eliminating child labour, fostering the formalization of enterprises, reducing vulnerability and enhancing business performance through improved working conditions – these are decent work objectives that MFIs addressed in the framework of the "Microfinance for Decent Work" (MF4DW) action research programme.



The publication is accessible in 3 languages:
http://tinyurl.com/nphmy3r

The financial institutions developed an innovative way to address the decent work deficit that most affected their clients during a pilot study. Three MFIs launched a new financial service, nine introduced a non-financial service, four offered a package of financial and non-financial services, and one restructured its operations. The impact studies showed that all innovations affected the target outcomes; however, not all with the same intensity and not always in the intended direction. The results highlighted one key message: that MFIs can achieve desired results if they identify an issue and then focus on that area to help their clients.

Remarkable results

Some remarkable results in each cluster include:

- Child labour: the coverage of the entire family by a microinsurance product decreased child labour incidence for boys and girls by almost 7 per cent and lowered the risk of hazardous occupations by 5 to 6 per cent in Pakistan.
- Formalisation: interventions increased the awareness about formalisation by 93 per cent and formalisation itself by roughly 70 per cent for clients in India.
- Vulnerability: emergency savings reduced taking a loan to repay another loan by 22 per cent, plus resulted in a 7 per cent drop in repayment difficulties and a generally lower level of indebtedness of clients in the Philippines.
- Business Performance: the package of women entrepreneurship training and start-up loans resulted in increased self-employment and business expansion for female microentrepreneurs in Tajikistan. In India, training on productivity and occupational safety and health resulted in an 11 per cent reduction of work related injuries and enhanced productivity leading to an increase in monthly net income of USD $37.

By sharing the positive findings and experiences from this action research project, the ILO hopes microfinance practitioners, researchers, policymakers and donors will look for innovative ways to help more entrepreneurs and their workers to experience decent work.

NEW MEMBERS

Centre for Microfinance and Financial Inclusion at the Geneva School of Economics and Management

UNIVERSITÉ DE GENÈVE

The Centre for Microfinance and Financial Inclusion is a centre of competence and innovation at the Geneva School of Economics and Management (GSEM). It expresses the University's strategic commitment to strengthen competencies on issues related to finance and society (Vision 2020). Against the backdrop of the global financial crisis the Centre will focus on innovations for inclusive finance.

Microfinance has a double bottom line. Institutions involved in microfinance seek to serve the needs of the poor and at the same time become self-financing. In contributing to financial inclusion microfinance strikes a balance between financial and social performance, between profitability and impact. Research in this field focuses on issues such as impact on clients (notably measurement by randomized control trials), institutional development, technological innovations to compress transaction costs, market power and competition, regulation, smart subsidies and public policy to facilitate the emergence of a diversified, efficient microfinance industry.

Microfinance is a global phenomenon. It is interdisciplinary, using tools and methods of economics and social science. Within the GSEM the Centre works closely with the Institute of Economics and Econometrics and the Geneva Finance Research Institute (GFRI). The Centre regularly contributes to the European Microfinance Programme at the Université Libre de Bruxelles. The Centre also supports the Université de Paris Dauphine in its management development course with a one week seminar on selected topics in microfinance institutional development. There are close collaborations also with the Frankfurt School of Finance and Management, the University of Zürich's Center of Microfinance, the Graduate Institute, the University of Bath (UK) and Simon Fraser University (Canada).

The Centre is part of a consortium (Univ. Bordeaux, Univ. Dublin, Univ. Geneva) that was awarded a research contract by the Institute of the European Investment Bank in December 2014. This three year project will examine the employment effects of microfinance in EU member countries.

The Centre for Microfinance and Financial Inclusion at the Geneva School of Economics and Management (GSEM) which is headed by Prof. Bernd Balkenhol is organizing this year's 4th European Research Conference on Microfinance (1-3 June 2015 at the University of Geneva).

ANNOUNCEMENTS

WSBI member FEPCMAC (Peruvian Federation of Municipal Savings and Credit Banks) will host a 3 day International Microfinance Seminar in Huancayo, Peru from **23th – 25th April 2015**. The seminar will focus on the innovation status and trends in microfinance and aims to explore strategies that improve efficiency, productivity and sustainability for microfinance businesses. Participants and speakers from relevant organisations and academia in Latin-America will enrich the sessions with different views on and experience of microfinance.

For more information visit http://icm.fpcmac.org.pe/hyo2015 or contact cespinoza@fpcmac.org.pe or Laurie.dufays@wsbi-esbg.org

"Assessing the Impact of Microfinance: Empowerment through Microfinance". Paper presentation by Prof. Olaf Weber (University of Waterloo, CA) at 4.15pm, **28th April 2015** in the Seminar Room R42.2.110 of the Solvay Brussels School of Economics and Management (ULB, Brussels).

Please confirm your attendance to cermi@ulb.ac.be at the earliest

The Department of Banking and Finance at the **University of Zurich** is pleased to announce a number of executive courses for professionals in 2015: the "Emerging Markets Finance" course (**16th – 17th April 2015**) and the "Social and Environmental Risks

in Lending and Underwriting" course (**24th September 2015**) will be introduced for the first time. The "Microfinance" course (**29th June – 1st July 2015**), the "Microinsurance" course (**2nd – 3rd July 2015**) as well as the "Socially Responsible Investments (SRI)" course (**25th – 27th November 2015**) have been well established and will be offered again.

For more information please visit: www.cmf.uzh.ch/teaching.html

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"The Importance of Geographic Access for the Impact of Microfinance". Paper presentation by Nargiza Alimukhamedova (CERGE-EI / Charles University, CZ) at 4.30pm **5th May 2015** in the Seminar Room R42.2.110 of the Solvay Brussels School of Economics and Management (ULB, Brussels).

Please confirm your attendance to cermi@ulb.ac.be at the earliest

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"Are Social Banks Really Different? Evidence from Europe". Paper presentation by Simon Cornée (Université de Rennes 1, FR) at 12.15pm **19th May 2015** in the Seminar Room R42.2.110 of the Solvay Brussels School of Economics and Management (ULB, Brussels).

Please confirm your attendance to cermi@ulb.ac.be at the earliest

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The 4th Annual **Child and Youth Finance International Summit** and Awards Ceremony will be held **9th – 11th June** in Abu Dhabi, United Arab Emirates. The Summit will focus on the relevance and significance of financial inclusion and education for young people, hi-lighting innovations and opportunities in economic citizenship for children and youth around the world.

For more information please visit http://childfinanceinternational.org/news-and-events/summit-and-awards or contact summit@childfinance.org

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"Summer School Experiments in Developing Countries: Methods and Applications", **5th – 10th July 2015**, Groningen, the Netherlands. (Level: MPhil, Phd, Postdoc). Until recently, empirical testing of the impact of development projects was extremely weak, and controversial. Most research on the impact of development projects suffered from severe methodological problems. This summer school aims to provide a better understanding of the theory and practice of field experiments in developing countries. Students will learn how to design randomized experiments, quasi-experiments, so-called lab-in-the-field games and how to analyse the data and interpret the findings. Special attention will be given to microfinance projects.

For more information visit http://www.rug.nl/education/summer-winter-schools/summer-schools-2015/experiments-in-developing-countries/ or contact t.e.raster@rug.nl

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Responsible Banking Challenge. The Instituto de Estudios Bursatiles (IEB) in partnership with the **World Savings and Retail Banking Institute (WSBI)** and in association with the LSE (London School of Economics) Custom Programmes have launched an Executive Master in Responsible Banking and a Responsible Finance Management Programme. If you are interested by one of these programmes and want to benefit from a scholarship, please join the responsible banking challenge and send us a proposal for improving responsible management and polices in the banking sector. The best suggestions will receive a 40% scholarship to follow the online Executive Master in Responsible Banking, and a 25% scholarship for the Online Responsible Finance Management Programme.

For more information visit http://www.ieb.es/estudios/masters-on-line/executive-master-in-responsible-banking/ or contact mrb@ieb.es

CALENDAR OF EVENTS

19th - 20th May

e-MFP Board Meeting

1st – 3rd June

Fourth European Research Conference on Microfinance

18th – 20th November

European Microfinance Week

19th November

European Microfinance Award

J	F	M
A	M	J
J	A	S
O	N	D

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