



# EUROPEAN MICROFINANCE PLATFORM

NETWORKING WITH THE SOUTH



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## EDITORIAL

Dear Members and Friends,

We look forward to another exiting year in 2016 for e-MFP: Following the enthusiasm and dynamism of European Microfinance Week, we will continue to support you, our members, in transforming this energy into concrete projects and actions for your benefit and that of the whole microfinance sector. This first edition of our newsletter of the year looks back at some of the highlights of our annual event

and offers you an exclusive interview with Mr. Lamarana Sadio Diallo of Crédit Rural de Guinée, winner of the prestigious European Microfinance Award. Also included is an update on the activities of our Action Groups, a short presentation of our numerous new publications, an outline of the General Meeting of Members 2015 and an introduction to Johann Will, our new e-MFP Board member.

Let me take this opportunity to wish you in the name of e-MFP, a happy and prosperous new year. We look forward to working with you in 2016.

Kind regards,

**Christoph Pausch**  
Executive Secretary





## EUROPEAN MICROFINANCE WEEK – Financial Inclusion for Sustainable Development

European Microfinance Week (EMW) is the major annual event of the microfinance industry hosting in-depth discussions by all sectors of the European microfinance community working in developing countries. This year it brought together from 67 countries over 450 opinion-leaders, top management of banks, funds and other financial institutions, practitioners, academics, analysts, raters and industry commentators to present key innovations and challenges.

With a greater range of exciting debates, discussions and workshops than ever before, as in previous years, EMW kicked off with a day of Action Group meetings and other day-long workshops on 18<sup>th</sup> November. These Action Groups met to present their work conducted over the previous year and to plan their objectives for the coming 12 months. The sessions were followed by the e-MFP General Meeting of Members and the University Meets Microfinance Award Ceremony. The day rounded off with a convivial evening reception sponsored by the e-MFP Digital Innovations for Financial Empowerment Action Group.

November 19<sup>th</sup> and 20<sup>th</sup> were the dates of the conference proper, with plenary sessions, workshops, and the now-annual European Microfinance Award. The opening plenary, 'Assessing limits: towards sustainable growth in microfinance' led by the editor of MicroCapital, presented two leading projects developing early warning metrics for overheating markets and overindebtedness, with two important microfinance investors discussing strategies for managing these risks. Other plenaries included 'Sustainable Development Goals and financial



inclusion' – how financial inclusion fits within the next incarnation of development goals – the SDGs. The topic for the conference was *Financial Inclusion for Sustainable Development* and this plenary tackled the subject directly. With SDGs having been announced in September 2015, what is the role of financial inclusion in achieving these goals? Are there specific goals to which financial inclusion is particularly relevant? What is the mechanism through which greater financial inclusion helps achieve these goals? Are they a direct byproduct of greater financial inclusion, or are there specific steps that must be taken to insure that financial inclusion will contribute to achieving the SDGs?

The closing plenary on Friday, looked ahead to the future of microfinance, 'Where to from here?', with Blaine Stephens of the MIX Market, and Marc Labie of UMONS, was an unusually interactive final session. It involved a real-time



survey of participants' views, looking at the drivers of success and pitfalls ahead, with Marc Labie at UMONS responding to the audience's views, and outlining among other things the importance of replicability of technology innovations in increasing inclusion, access and sustainable development in the years to come.

The plenaries were supplemented, as usual, by a wide array of workshop sessions across different seven different streams: the theme of the European



Microfinance Award; Investors; Social Performance; Digital Innovations; Green Microfinance; Agri-finance; and Networks.

Throughout the conference, and with this year's attention on sustainable development, the conference workshops, Action Groups and plenaries addressed the various financial, social and environmental components of sustainability, including: identifying overheated and underserved markets to better target growth and increase sustainability; incentivising long-term financing by investors; new approaches to managing risk and

expanding outreach through better understanding of client needs and developing tools to reach them effectively and affordably; protecting clients from shocks in difficult contexts and providing them with a suite of financial services for sustainable livelihoods; and increasing environmental sustainability – through finance for clean energy products and improved agricultural practices.

Over the three days of the conference, each of these themes was covered by leading experts in the field. As Anne Contreras, Chairwoman of the European Microfinance Platform, observed



in her speech to close the conference, "what these themes have in common is long-term thinking about the future of the Financial Inclusion sector, and of its clients".

We would like to thank the sponsors of European Microfinance Week 2015 for their generous support:



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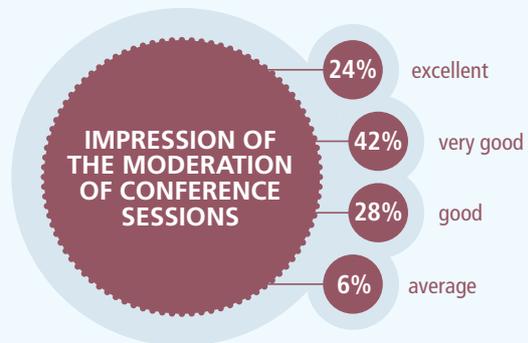
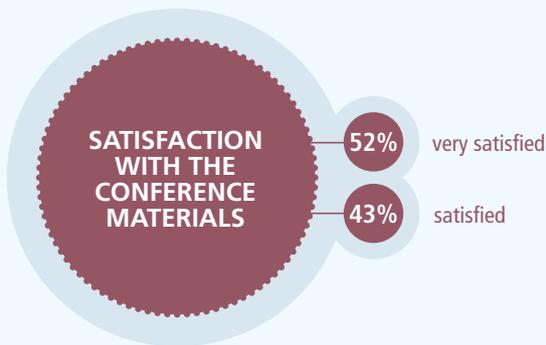
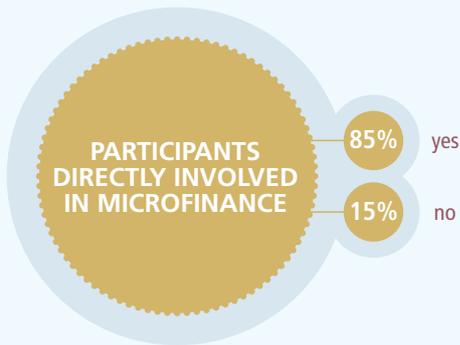


The presentations given at European Microfinance Week can be viewed at [www.e-mfp.eu/european-microfinance-week-2015/presentations](http://www.e-mfp.eu/european-microfinance-week-2015/presentations) and the detailed conference report will be available shortly.

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](mailto:contact@e-mfp.eu)



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





## 6<sup>TH</sup> EUROPEAN MICROFINANCE AWARD



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EUROPEAN  
MICROFINANCE  
AWARD

Crédit Rural de Guinée (CRG) was announced as the winner of the **6<sup>th</sup> European Microfinance Award on Microfinance in Post-disaster, Post-conflict Areas & Fragile States**, for its innovative response to the Ebola outbreak in Guinea. The Award was presented during European Microfinance Week by Her Royal Highness the Grand Duchess of Luxembourg, during a ceremony on 19<sup>th</sup> November held at the European Investment Bank headquarters in Luxembourg.

Crédit Rural de Guinée (CRG) was hit by the Ebola virus outbreak beginning in early 2014. Unlike many others, CRG continued to operate, while taking special measures to prevent infection and protect both clients and staff. This included contacting clients and processing payments by phone, rescheduling loans for affected entrepreneurs (including cancelling debt in cases of death), continuing disbursement of new loans, and providing clients with the means to withdraw their savings. CRG also provided grants to the families of staff who were victims of Ebola. In addition, CRG launched a national awareness campaign to inform clients and the general population of

measures to prevent the transmission of the virus. Over 4,000 people participated in these sessions. With support from the World Food Programme, CRG is currently distributing compensation to over 1000 Ebola survivors who continue to be stigmatised by their communities, as well as to 55,000 affected families.

CRG was one of three finalists for the Award, alongside First Microfinance Institution (FMFI-S) from Syria, which has been operating in the country since 2003, including throughout the civil war that has ravaged the country and its people for the past four years, and Taytay Sa Kauswagan Inc. (TSKI), from the Philippines, which suffered a devastating earthquake and Typhoon Haiyan in 2013. These three finalists were selected from an impressive list of semi-finalists, which in turn were selected from the original 47 candidates from 28 countries.

The Award highlights how MFIs can operate in post-disaster/post-conflict areas and provide critical financial and non-financial services to clients at a time of their greatest need. The importance of these services was highlighted during the ceremony by the inspiring keynote address of Mr. Maurer, President of the International Committee of the Red Cross (ICRC) who said: "At the ICRC, we

know that protecting vulnerable people in times of crisis and its aftermath is very challenging work. Providing hope and building resilience when all seems lost is crucial, and while relief agencies have an important role, so too do financial institutions, who help to build resilience in clients and help them get back on their feet through innovative adaptations to the most difficult circumstances".

Dr Werner Hoyer, President of the European Investment Bank (EIB), welcomed the finalists, dignitaries and microfinance practitioners from around the world attending the annual European Microfinance Week in Luxembourg. He said: "Microfinance is a powerful tool for helping local communities to increase their resilience even under the most difficult circumstances."

The audience appreciated the finalists' short films, which were followed by comments from Mr Romain Schneider, Minister for Development Cooperation and Humanitarian Affairs. Her Royal Highness the Grand Duchess of Luxembourg announced the winner, adding "Even in times of war, epidemics and natural disasters, institutions such as Crédit Rural de Guinée have continued not only to provide services to their clients, but also to adapt their services to the needs of their population."

## Interview with Lamarana Sadio Diallo, Directeur Général du Crédit Rural de Guinée S.A



Mr. Lamarana Sadio Diallo accepts the 6<sup>th</sup> European Microfinance Award on behalf of Crédit Rurale de Guinée S.A

### **How has the Award been received by your staff, your clients, and others in the country?**

**Lamarana Sadio Diallo (LD):** the reaction of employees and partners (clients) was a feeling of great satisfaction for the recognition of the international and national opinion of the good work done by Crédit Rural de Guinée S.A (CRG) during a very difficult and very risky period for everyone.

**The day before CRG was chosen for the Award, the last known Ebola patient in Guinea, a baby girl, was declared to have fully recovered. As of the time of this interview, no new infections have been discovered in the country. The country is clearly moving to a post-Ebola phase and you must surely be relieved. How has the epidemic changed the country and changed CRG? What do you do now that's different than from pre-Ebola days?**

**LD:** We are very relieved that the last case of the disease is

out of the hospital since November 16, 2015 and to date (early December) no new cases are reported. On the 28<sup>th</sup> December, 2015, if there no new cases, Guinea will be declared free of the disease Ebola Hemorrhagic Virus by WHO.

The epidemic has changed the country in the sense that border closures, closing of local weekly markets and the public health state of emergency, strongly penalized economic activities and aggravated increasing poverty within the population. The rate of economic growth (GDP) in 2014 was almost nil against an initial forecast of 4.5%, while the annual growth rate of the population is at least 2.8%. This epidemic has led to changes in citizens' behaviour. The transportation of bodies of people who died from one locality to another was totally forbidden. All burials are secured by Doctors Without Borders.

Hygiene measures are followed in all public places and in homes. This has in fact reduced other infections caused by

“dirty hands”. In hospitals and health care centres, there are significant changes in the organisation of reception, visiting and care of different patients. Doctors are more alert because more than 130 health workers were infected and died as a result of the Ebola disease.

At the level of CRG there have also been some changes. All our branches were equipped with sanitary kits and infrared thermometers when the disease was declared by the authorities. We made our procedures more flexible to help clients through this difficult period by facilitating access to their savings by, among others, the use of mobile phones (orange money), by rescheduling the loans of affected people, by granting new loans to customers in difficulty to restart their activities.

The things that are done now, that were not done before Ebola is routine hand washing before entering the premises, and checking temperatures.

#### **How do you plan on using the Award funds?**

**LD:** We intend to use the prize money to help our clients build resilience by supporting the direct losses caused by the disease. We intend to use some of it to build the resilience of the central structure by increasing equity.

#### **If Ebola or something similar were to hit another country, what would be your advice to financial institutions operating there?**

**LD:** Our advice would be that:

- The staff of these institutions do not abandon their clients in these difficult times;
- That staff assist in raising awareness and informing clients and non-clients: how do you get the disease, the precautions to take to avoid infection, how to behave in case of illness etc.



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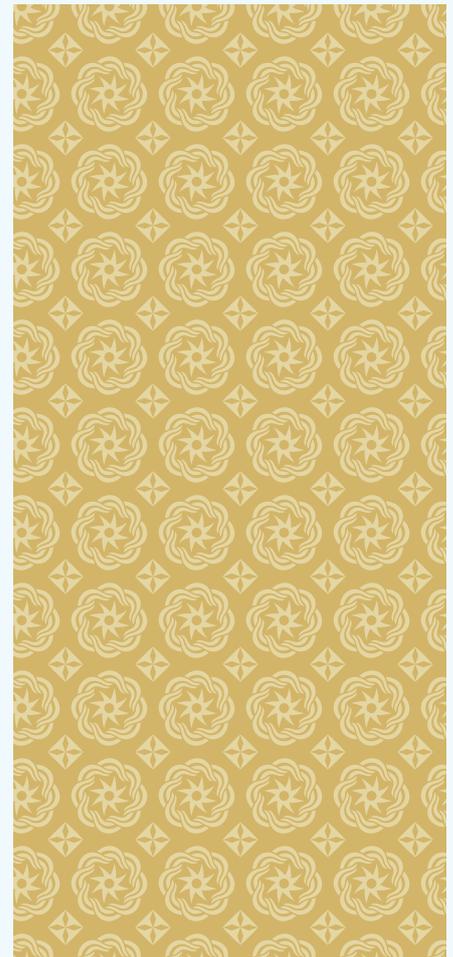
- Hygiene measures are respected;
- Procedures are flexible and adaptable to manage the crisis.

*During the Ebola epidemic, people stopped buying from street sellers, which badly affected businesses. CRG rescheduled loans for many clients to allow them to face the crisis and find solutions.*

**When it began, Ebola was all but unknown in Guinea, and an epidemic of its kind in fact has no modern precedent. You clearly had to improvise your response. Looking back, what would you change about your response? Are there actions you took that you wish you hadn't?**

**LD:** if there was one thing to change, it would be the slowness in the dissemination of information which led to some infections which might have been avoided.

I had a very personal realization of why this is important when at the beginning of the disease without knowing it, I greeted and shook hands with the family of a loan officer who died at Forecariah and after leaving, all the members of the family with whom I shook hands died within that week (eight people). We realised they were all Ebola cases. I was scared and I regretted the fact that I had shaken hands. But thank God, leaving the city of Forecariah, there was a roadblock where everyone passing through had to wash their hands. That's what saved me. Finally there was no regret.



## e-MFP GENERAL MEETING OF MEMBERS



Members of the e-MFP Board 2016

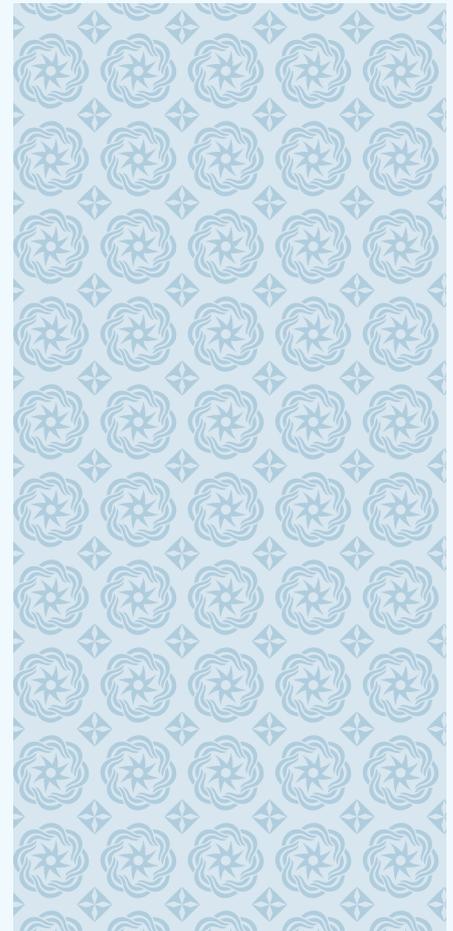


The e-MFP General Meeting of Members (GMM) took place on the 18<sup>th</sup> November during European Microfinance Week and we were delighted to see so many familiar faces and have the opportunity to welcome our new members too. Christoph Pausch, Daniel Rozas and Gabriela Erice of the e-MFP Secretariat gave an overview of e-MFP's activities during the year 2015 and an outlook on the year 2016.

e-MFP Chairwoman Anne Contreras took the opportunity to thank outgoing Board member Hans Dieter Seibel for his tremendous work and commitment during the last years. An election was held for five vacant seats and the e-MFP board now consists of:

- Anne Contreras, nominated by SOS Faim Luxembourg and SOS Faim Belgium
- Claudia Belli, nominated by BNP Paribas
- Marc Bichler, nominated by ADA, LMDF
- Pierre van Hedel, nominated by Rabobank Foundation
- Laura Hemrika, nominated by Credit Suisse
- Fiona Joyce, nominated by WSBI-ESBG
- Michaël Knaute, nominated by Oxus Group
- Alan Moore, nominated by ILCUF
- Martine Schommer, nominated by Luxembourg Ministry of Foreign and European Affairs – Development Cooperation and Humanitarian Affairs
- Josien Sluijs, nominated by NpM
- Johann Will, nominated by responsAbility

The e-MFP General Meeting also accepted nine new member organisations and one new individual member and agreed to keep the same membership fee for 2016: €150 for individual members, €800 for 'small' associate or full corporate members and €1000 for 'big' associate or full corporate members.





## INTRODUCING THE NEW e-MFP BOARD MEMBER

### Johann Georg Will

Johann has over 21 years' experience in the Luxembourg fund industry especially in the alternative investment fund sector. In addition he has extensive knowledge in relationship management with institutional investors as well as with DFIs.

He started at Commerzbank International AG Luxembourg and worked then for UBS Fund Services S.A. in the Private Label and Institutional Fund Department. He established different alternative fund structures in the private equity sector and was highly involved during his eight years with Oppenheim Asset Management Company S.A. Luxembourg in structuring, launching and managing the EFSE fund (European Fund for South East Europe). He was also involved in launching and managing the "Green for Growth Fund" as well as the "SANAD Fund for MSME". Before joining respons-

Ability he had a senior position at Warburg Invest Luxembourg S.A. as head of investment solutions Luxembourg.

Johann is currently the CEO and conducting officer of the responsAbility Management Company S.A. Luxembourg, which acts as the Alternative Investment Fund Manager (AIFM) of different development funds of responsAbility Investments AG, Zurich. The AIFM status of the management company acquired in 2015 enables responsAbility to distribute a large proportion of its investment products to professional investors throughout the EU.

responsAbility Investments AG is one of the world's leading asset manager in the field of development investments and offers professionally managed investment solutions to both private and institutional invest-



tors. The company supplies debt and equity financing to non-listed firms in emerging economies and developing countries. responsAbility currently has 3 billion of assets under management invested in over 500 companies in 93 countries. Founded in 2003, the company is headquartered in Zurich and has local offices in eight countries. responsAbility is regulated by the Swiss Financial Market Supervisory Authority FINMA.

## NEWS FROM THE SECRETARIAT

### New e-MFP publications



### A productive year for e-MFP

It is with great pleasure we present the 2015 European Microfinance Platform Activity Report which sets out what we have achieved in the past twelve months. It outlines our accomplishments and successes which could not have been achieved without the commitment and support of the e-MFP members, Board members, sponsors, funders and dedicated e-MFP Secretariat. Highlights included the production of more than 20 publications, activities of our numerous Action Groups, collaboration with new partners (e.g. MIX, SPTF), advocacy and communication activities and the preparation of the European Microfinance Week and the European Microfinance Award. The detailed activity report is available at [www.e-mfp.eu/resources/e-mfp-activity-report-2015](http://www.e-mfp.eu/resources/e-mfp-activity-report-2015)



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## NEWS FROM THE SECRETARIAT

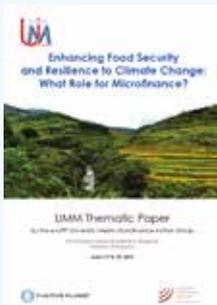
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### Report of the Fourth European Research Conference on Microfinance

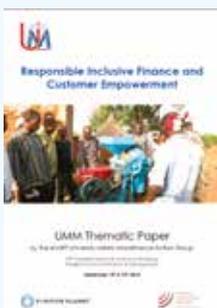
The Fourth European Research Conference on Microfinance held in Geneva, 1<sup>st</sup> – 3<sup>rd</sup> June 2015, was organised by the University of Geneva's School of Economics and Management and its Center for Microfinance and Financial Inclusion, in collaboration with the European Microfinance Platform. The conference brought together 160 participants from universities, investment funds and policy making institutions from 24 countries.

Further information on the event can be found in the conference report which is available at [www.e-mfp.eu/resources/fourth-european-research-conference-microfinance](http://www.e-mfp.eu/resources/fourth-european-research-conference-microfinance)



### 12<sup>th</sup> University Meets Microfinance Workshop: Enhancing Food Security and Resilience to Climate Change: What Role for Microfinance?

The 12<sup>th</sup> UMM Workshop on 'Enhancing Food Security and Resilience to Climate Change: What Role for Microfinance?' took place at the University of Bergamo in Italy, 11<sup>th</sup> – 12<sup>th</sup> June 2015. Over 50 participants including students, researchers and members of various international and European organizations participated in the two day event. To view and download the thematic paper visit [www.e-mfp.eu/resources/12th-umm-workshop-report-bergamo-june-2015](http://www.e-mfp.eu/resources/12th-umm-workshop-report-bergamo-june-2015)



### 14<sup>th</sup> University Meets Microfinance Workshop: Responsible Inclusive Finance and Customer Empowerment

The 14<sup>th</sup> University Meets Microfinance (UMM) Workshop on Responsible Inclusive Finance and Customer Empowerment was held 14<sup>th</sup> – 15<sup>th</sup> September, at the Frankfurt School of Finance & Management.

Over the past few decades the microfinance sector has experienced crises on almost every continent. The role of client over-indebtedness has been highlighted as a contributing factor and has led to a strong movement towards greater protection of microfinance clients. Responsible inclusive finance requires the engagement of various microfinance stakeholders to find regulatory, institutional and client level solutions and strategies that ensure both financial and social objectives are achieved and that no harm is done to clients. Client protection is key to the positive progress of the microfinance sector, but it is the development of empowered customers through complaint mechanisms, financial education and business development services that will truly enable the base of the pyramid to benefit from inclusive financial services. To view and download the thematic paper visit [www.e-mfp.eu/resources/14th-umm-workshop-report-frankfurt-september-2015](http://www.e-mfp.eu/resources/14th-umm-workshop-report-frankfurt-september-2015)



## FINCA Express Tanzania: Mobilizing Savings Through Agency Banking

The e-MFP Digital Innovations for Financial Empowerment (DIFE) Action Group released a new publication: the FINCA Tanzania Success Case. Prepared by PHB Development in collaboration with the DIFE Action Group, the FINCA Express (Tanzania) success story shows the example of a microfinance institution that succeeded in leveraging the Agency Banking channel in order to increase savings collection and drastically reduce the cost of funds.

The FINCA Tanzania Success Case can give microfinance practitioners who want to enter the Digital Finance market a better view of opportunities and challenges. To view and download the publication visit [www.e-mfp.eu/resources/finca-express-tanzania-mobilizing-savings-through-agency-banking](http://www.e-mfp.eu/resources/finca-express-tanzania-mobilizing-savings-through-agency-banking)



## Assessing Green Microfinance: Qualitative and Quantitative Indicators For Measuring Environmental Performance

This report is the first attempt in the microfinance sector to address the area of green performance monitoring in a comprehensive manner. While the sector currently abounds with a diverse set of qualitative tools for green performance monitoring, the same cannot be said of quantitative indicators. Recognizing this gap, MIX and the European Microfinance Platform (e-MFP) Microfinance & Environment Action Group designed a survey to explore a set of quantitative green microfinance indicators with the aim of assessing their ease of use and relevance for decision-making. For more information see page 16.

## Participation



On 9<sup>th</sup> December e-MFP attended the Kapuscinski Development Lecture in Luxembourg with 2011 Nobel Peace Laureate Leymah Gbowee, entitled "From war to development: Women leading the nation". Mrs. Gbowee, is a Liberian peace activist, trained social worker and women's rights advocate. She is Founder and current President of the Gbowee Peace Foundation Africa.



On 10<sup>th</sup> December e-MFP attended the Innovative Enterprise conference "Financing the Circular Economy", an event organized by the government of Luxembourg, the European Commission and the European Investment Bank (EIB) which took place at the EIB headquarters in Luxembourg.

On 15<sup>th</sup> December the e-MFP Secretariat participated in the Midi de la Microfinance organized by ADA and InFiNe. e-MFP members Franck Renaudin (Entrepreneurs du Monde) and Laura Foschi (ADA) debated the question "Small is powerful: how to support small businesses in Africa?"

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**FORUM**

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## Using customer behaviour to develop inclusive financial markets

Kameshnee Naidoo, UNCDF



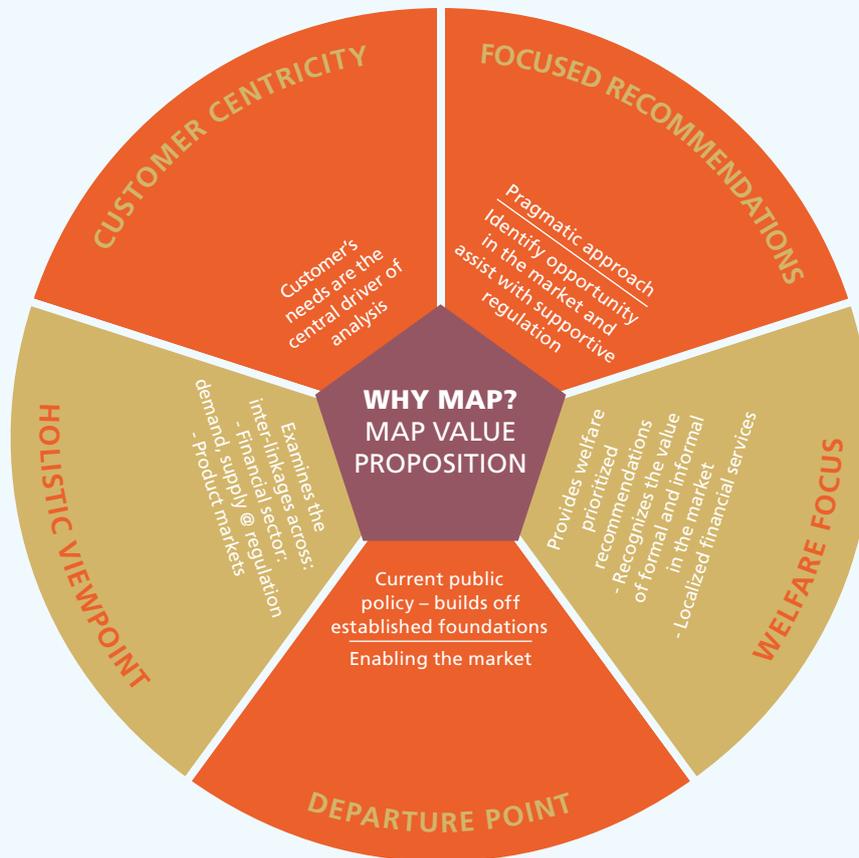
*Henri Dommel, UNCDF speaking at EMW 2015*

The U.N. Capital Development Fund's (UNCDF) Making Access Possible (MAP) programme released the first in their series of MAP Insight notes, "Decoding the Customer: First impressions from a more granular approach to client typology." Speaking at the European Microfinance Week in the panel on "Bringing financial services to underserved markets", Financial Inclusion Practice Director, Henri Dommel, said, "Markets are driven by people and our MAP programme seeks to connect to previously un and underserved segments of the population to facilitate market development, based on the needs of the people." He added, "We are extremely excited to launch the first of the MAP Global Insights Series as it highlights the lessons learned and shares the global findings from the first six MAP pilot countries."

Making Access Possible (MAP) is a UNCDF multi-country initiative to support financial inclusion through a process of evidence-based country diagnostic and stakeholder dialogue, leading to the development of national financial inclusion roadmaps that identify key drivers of financial inclusion and recommended action.

Through its inclusive approach and stakeholder engagement, a comprehensive diagnostic, and practical, action-oriented strategies/roadmaps, MAP can enable country governments and stakeholders to translate their high-level aspirations to reality. MAP generates key data that can be used in the effort to enhance decision-making and monitor progress as

called for by the GPMI. MAP is set apart from other financial inclusion initiatives in a number of ways that make it unique. MAP combines three key components: a country diagnostic, a country-level stakeholder process and roadmap, and a global learning, dissemination and advocacy drive to impact the financial inclusion agenda in a unique way. MAP is evidence based, customer centric and data driven, enabling factual and insightful discussions across a range of financial inclusion issues. The MAP analytical framework and methodology amalgamates three tested approaches including UNCDF's collaborative country-level programming framework (deployed across in 40 countries) that does not pre-conceive the role of different stakeholders but seeks to work within the practical realities to optimize and coordinate the



efforts, FinMark Trust’s experience in demand-side analysis including the FinScope Survey (deployed in 18 countries) and Cenfri’s experience with insurance diagnostics (14 countries) which emphasises robust evidence base and intense stakeholder dialogue.

The programme is currently running across 15 countries in Asia and Africa. The MAP Global Insights series takes a closer look at some of the unique market characteristics and customer insights uncovered from the work undertaken in Lesotho, Swaziland, Malawi, Mozambique, Myanmar and Thailand as part of the initial MAP countries. “Decoding the

Customer” unpacks the target market segmentation approach that is central to the MAP’s client-centric analytical methodology, providing a clear and concise look at the emerging cross-country customer typologies and the implications for donors, policymakers, and providers in this regard. Different types of clients behave differently and have different needs for financial services. Traditional financial inclusion analyses include statements such as ‘95% of adults in Myanmar earn less than \$10 a day’. This, however, does not allow for a granular understanding of the people within the group – their needs, their realities and the systematically different

policy approaches required to improve their welfare and achieve broader public policy objectives. Understanding the needs and demands of people and their households makes it possible to develop policy, product and service solutions that better serve the needs of such households and reduce inequalities of access. With greater access to a range of financial services, households and businesses can generate income, build assets, smooth consumption and manage risks. This is a key differentiation that is critical for financial service providers, policymakers, donors, and investors alike to understand before creating any kind of product or intervention.

Figure 1 below demonstrates the significant differences between these two main kinds of SMMEs.

An interesting segment that has emerged is the migrants, classified as adults that do not currently work in their home country. Although no data is available as they do not effectively live in their home county yet are crucial to maintaining income stability within the household. The migrant segment is likely to have higher incomes in the host country where they are working than they would get in the home country. While this group is an invisible target market from a national demographic perspective, 2 MAP finds that many adults are reliant on remittances sent from outside the country and that in several of the MAP pilot countries this constitutes a major source of income for adults. Migrants therefore have an important impact on financial services usage and income.

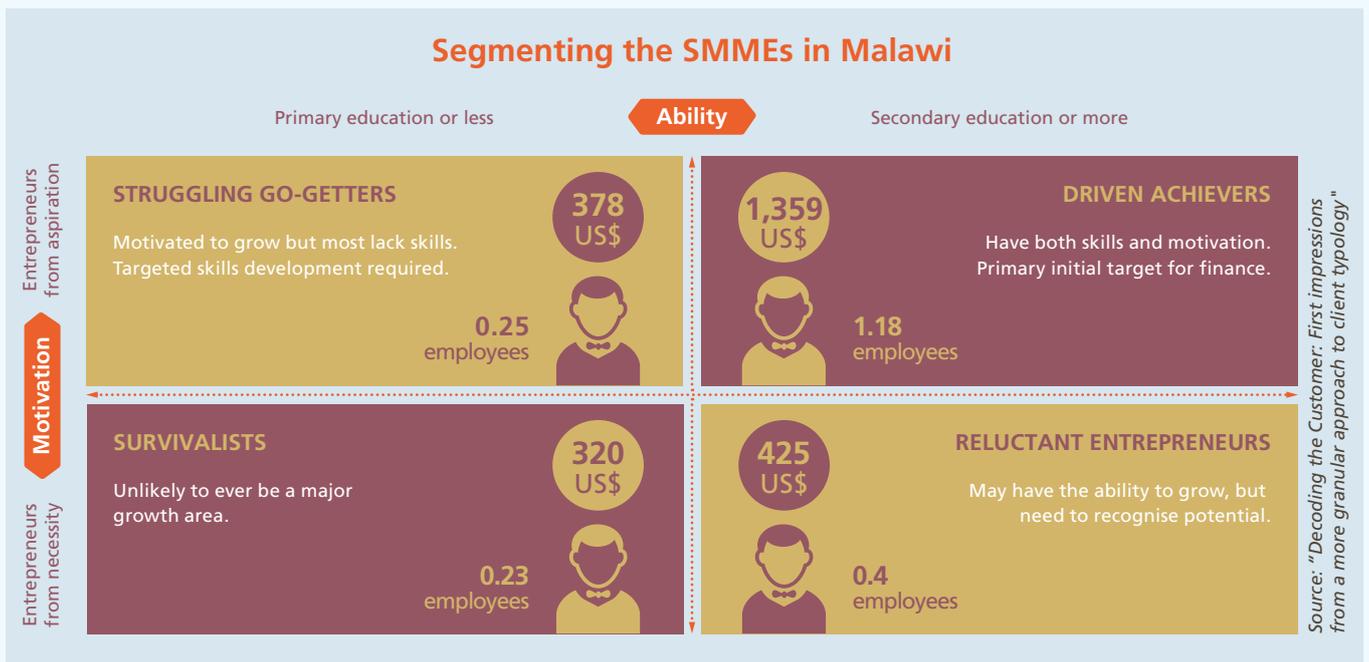
Market segmentation has traditionally been used by the private sector to determine the potential size of a market, estimate the business case for providing services, and better target the products and services offered to these segments. Dommel added that “our approach enables a detailed understanding of the needs and demands of the people which will assist policymakers and providers to design policies and products better suited to the needs of the people.

“Decoding the Customer” finds that the customer typologies that emerged from MAP research are in fact broadly similar across each of the pilot countries, despite obvious geographical, cultural, and contextual differences. The report identifies six unique client segments, comprising salaried workers, farmers, self-employed adults, irregular earners, dependents and migrants, each of which represents a different target market and as such pre-

sents different potential contribution to achieving financial inclusion policy objectives and market development opportunities for providers.

*MAP is a multi-country initiative that supports financial inclusion through a process of evidence-based analysis feeding into a financial inclusion roadmap jointly implemented by a range of local stakeholders. MAP was initiated by UNCDF and is implemented in partnership with FinMark Trust and the Centre for Financial Regulation and Inclusion (Cenfri). In each country, MAP brings together a broad range of stakeholders from within government, the private sector, and the donor community to create a set of practical actions aimed at extending financial inclusion tailored to that country.*

Figure 1





## NEWS FROM OUR ACTION GROUPS

### e-MFP Action Groups at EMW 2015



e-MFP Action Groups (AG) played a prominent role at European Microfinance Week 2015. During the AG Day on Wednesday 18<sup>th</sup> November, the Digital Innovations for Financial Empowerment AG (DIFE), e-MFP – SPTF Outcomes AG, Microfinance and Environment AG, Rural Outreach and Innovation AG, University Meets Microfinance (UMM) AG; and Youth Financial Inclusion AG took the opportunity to hold meetings in order to present the work done throughout the year and discuss the initiatives to be undertaken in 2016. Also, a meeting took place to explore the possibility to set up a new AG on Research, with the aim of providing e-MFP members doing research (both practitioners and academics) a platform to exchange about their research agendas, promote their research activities, and strengthen their relations in terms of research. On the same day, the Microfinance and Environment AG held their first training on “Environmental management and green products for MFIs”. Over 30 people attended the training that was targeted to stakeholders willing to learn about the status and development of environmental performance among MFIs and the tools to assess it. The Investors in Tier 2/3 MFIs also organized a training

for their investment officers on “How to assess the MIS during a due diligence process”. This was the second training organized by the AG, and 19 participants from 9 MIVs, a consultancy firm and an MFI attended it. At the end of the General Meeting of Members, the UMM Award Ceremony took place; a Master and a PhD student were rewarded for their outstanding research theses in the field of financial inclusion. The day finished with an evening reception sponsored by the Digital Innovations for Financial Empowerment AG.

The e-MFP Action Groups contributed to the programme of the EMW organizing several sessions. The Microfinance and Environment AG set up the conference green stream with two sessions: “Green Microfinance in Latin America and Caribbean (LAC): translating successes abroad” and “Clean cooking options to decrease mortality and mitigate climate change and air pollution”. The Digital Innovations for Financial Empowerment AG organized two sessions that were part of the conference digital finance stream: “Facilitating access to utility services through digital finance in emerging markets” and “Implementing DFS to empower the poor - success stories”. The Youth Financial Inclusion AG organized the session “More inclusive finance for youth: scalable and sustainable delivery models for financial and non-financial services” where they presented the publication the AG released in May 2015. Finally, the UMM AG organized the session “Risk management products for smallholder farmers and herders in the face of disaster” where the PhD UMM Award winner presented her research on “Index insurance payouts after disaster: Evidence from Mongolia.”



## Microfinance and Environment Action Group Measuring Environmental Performance in Microfinance

Armonia Pierantozzi, MIX



*Client makes use of her improved cooking stove financed by Contactar*

Three of the Sustainable Development Goals (SDG) for 2030 include: (1) Ensuring availability and the sustainable management of water and sanitation; (2) ensuring access to affordable, reliable, sustainable, and modern energy; and (3) promoting sustainable agriculture. But what is the role of the microfinance industry toward the reach of these goals? How can the industry integrate the principles of environmental sustainability into daily operations? How can microfinance become more 'green'? Of the 1,100 microfinance institutions (MFIs) reporting social performance information to MIX in 2014, 40% reported that they raised clients' awareness of impacts. Additionally, 34% claimed to have some form of environmental risk management in

place and 19% said they offer environmentally-friendly credit products.

However, the current approach guiding MFIs puts the focus on qualitative forms of measurement rather than on outcome and outreach indicators. The microfinance sector lacks a set of established metrics to track the outcome and outreach of their green performance management. For instance, some funders and networks promote an exclusion list among their partners and some MFIs are implementing pre- and post-disbursement assessments of the environmental risk of financed activities, yet we don't know how many loan applications are rejected because of their environmental risk. As for other areas such as poverty reduction, employment generation and

female outreach, microfinance stakeholders need to agree on and facilitate green reporting standards to measure the role of the sector in reaching the SDGs.

To this end, MIX and the European Microfinance Platform (e-MFP) Microfinance & Environment Action Group have taken the first step by testing indicators relative to six axes (Table 1) to establish which quantitative green indicators are easy to track and useful for decision making.

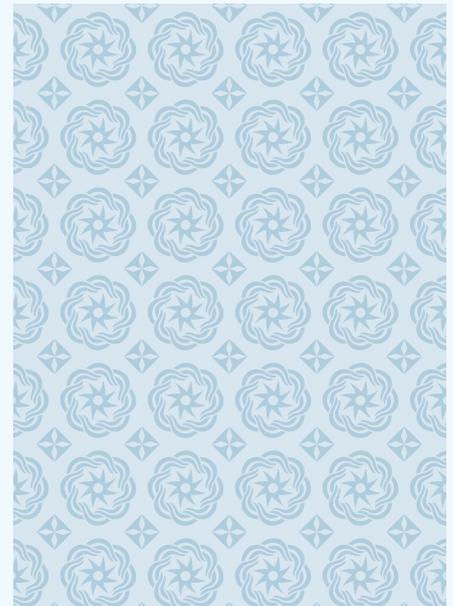
Invitations to take part in this survey were sent to representatives of 204 MFIs that had reported to MIX, or were already known for, implementing at least one type of environmental prac-





**Table 1:**  
**Green activities and indicators considered for the research**

Axis	Indicator
Policy	· Having a formal written environmental policy
Footprint	· Tracking the change in electricity consumption
Awareness-raising	· Offering awareness-raising/training activities for clients/community
Risk-assessment	· Assessing environmental risk at loan application · Assessing environmental risk of outstanding loans
Green products and services	· Providing green loans · Providing micro-insurance to increase environmental resilience



tice. The results of the survey, covering 87 MFIs from Latin America and The Caribbean (28%), Eastern Europe and Central Asia (24%), South Asia (24%), East Asia and the Pacific (11%), Sub-Saharan Africa (8%) and Middle East and North Africa (5%), are published on MIX's website<sup>1</sup> and summarized in a Tableau dashboard<sup>2</sup>.

Tracking the number and amount of green loans turned to be the first and easiest step towards green performance outreach monitoring: 89% of MFIs offering green loans reported the number and/or amount of outstanding green loans, and 60% and 85% of respondents consider these figures easy to track and useful for decision making, respectively. On the opposite side,

tracking the environmental risk of loans prior to or post-disbursement is decidedly the most difficult as it requires MFIs to put in place not only strict operational policies but also specific assessment and tracking tools in concert with support organizations. However, the fact that lending is the greatest indirect source of an MFI's environmental impact makes external risk management a key area to be addressed.

Our study found that an important gap persists between the usefulness of an indicator and the MFI's capacity to track it. For instance, 84% of MFIs consider assessing the environmental risk of outstanding loans to be useful for decision making, but 63% among them find it difficult to track. Support organiza-

tions, and notably technical assistance providers, have the opportunity to create training tools that enable these institutions to incorporate green quantitative indicators into their dashboards. At the same time, institutions do not always have enough incentives to track indicators even when they have the ability to do so. For instance, 53% of MFIs that offer green loans reported that they do not track the number and/or the amount of this type of credit product despite finding this information useful for decision making and easy to track. Therefore, funders have an important role to play in designing incentives that encourage MFIs to establish a comprehensive green management strategy and track progress towards their goals.

<sup>1</sup> [www.themix.org](http://www.themix.org)

<sup>2</sup> [http://243ewmp04.blackmesh.com/it/MRE/views/SPSurvey2/Introduction?%3Aembed=y&%3AshowShareOptions=true&%3Adisplay\\_count=no](http://243ewmp04.blackmesh.com/it/MRE/views/SPSurvey2/Introduction?%3Aembed=y&%3AshowShareOptions=true&%3Adisplay_count=no)





## UNIVERSITY MEETS MICROFINANCE

# Does index insurance help households recover from disaster? Evidence from IBLI Mongolia

Veronika Bertram-Hümmer, German Institute for Economic Research (DIW Berlin) and Leibniz University Hannover



Veronika Bertram-Hümmer

Veronika<sup>1</sup> is a development economist at the German Institute for Economic Research (DIW Berlin) and is currently in the process of completing her PhD at the Leibniz University Hannover. She holds a Master's in Economics (Diplom Volkswirtin) from Eberhard Karls University, Tübingen. Since 2011, she is a member of DIW Berlin's Development and Security department working on Coping with Shocks in Mongolia research project, where she collected household panel data in rural Mongolia. She has experience in the private banking sector and was visiting fellow at international institutions, including the World Bank and Transparency International, among others. Veronika is pursuing her PhD under the direction of Prof. Susan Steiner at

Leibniz University Hannover. Her work on index insurance is conducted in cooperation with Dr. Kati Krähnert of DIW Berlin's Development and Security Department.

In her PhD dissertation, Veronika focuses on micro-level index insurance and its impact on household welfare. Index insurance schemes transfer covariate weather risks to outside the local community, providing liquidity in the aftermath of a weather shock. In contrast to conventional insurance, the indemnity payment depends on a regional, exogenous and publicly observable index that cannot be influenced by those paying the insurance premiums, for example district-level precipitation. Index insurance products are increasingly promoted by the policy community as a promising tool to help agricultural households cope with weather risks. However, there is little academic evidence of whether index insurance is actually providing its desired benefits to the covered households.

Veronika investigates the impacts of indemnity payments from index insurance on household recovery following a catastrophic weather event. The focus of her study is on Mongolia's Index-Based Livestock Insurance (IBLI) – an unusual

index insurance scheme that generated very high uptake even during the pilot stage (with more than 20 percent of households insured in some provinces). Initially a government pilot, IBLI was rapidly scaled-up to the national level and transferred to the private insurance industry. Mongolian herders face extreme weather risks during winter (so-called dzud disasters in Mongolian) that are characterized by extreme cold, snow, and ice leading to excessive livestock mortality. The goal of IBLI is to "reduce herders' livelihood vulnerability caused by dzud disasters" (PIU, 2012, p. 12).

The study analyzes the effect of IBLI indemnity payments on livestock recovery after a once-in-50-year dzud disaster struck Mongolia in 2009/10. Veronika uses data from a large household panel survey designed and implemented by her and her colleagues at DIW Berlin in cooperation with the National Statistical Office of Mongolia. The socio-economic household survey of about 1,100 herding households includes 59 that bought IBLI in the disaster year. The data were collected from three provinces in western Mongolia between summer 2012 and summer 2014.

IBLI policies were sold by local insur-

<sup>1</sup> 1<sup>st</sup> place University Meets Microfinance (UMM) PhD Award Winner 2015



#### About the UMM Awards program

The UMM Awards program rewards outstanding master's theses and PhD articles in order to foster and promote new research on topics related to financial inclusion and recognize the work of young researchers. The UMM Selection Committee composed of qualified academics and practitioners working in the financial inclusion domain evaluate the master's theses and select the award winners. The 1<sup>st</sup> place award winners receive a cash prize of 500 Euros and are invited to present their research during European Microfinance Week in Luxembourg. Thanks to the European Commission, e-MFP, EIB-I, AFD, GIZ on behalf of the BMZ, the Frankfurt School of Finance & Management and the Freie Universität Berlin for supporting UMM.

ance agents, such that herding households decided independently whether or not to purchase IBLI. This implies a self-selection into insurance, thus not allowing simple comparisons of insured with uninsured households. To account for this self-selection into insurance, the study uses matching methods (Abadie and Imbens, 2002) and exploits the phasing-in of IBLI in the different provinces of Mongolia over time.

The estimation results show that insured herding households recovered faster

from the 2009/10 dzud disaster than comparable uninsured households: Insured herders had a significantly larger herd size one and two years after the disaster. In the medium term, three and four years later, the positive effect is less pronounced, becoming insignificant.

To understand the channels affecting IBLI on households' recovery, Veronika conducted complementary qualitative interviews and analyzed the shock coping strategies of households. Based on her investigation, the positive effect of

IBLI can be explained by two channels. First, insured herders received additional liquidity, not only due to IBLI indemnity payments, but also through increased access to credit during and after the disaster. Second, the insured households used the additional liquidity for necessary consumption expenditures, which helped them to avoid slaughtering or selling their livestock. Thus, IBLI helped herding households recover faster from the 2009/10 dzud disaster through relieved credit constraints and improved consumption and asset smoothing.

The study is available online as DIW Discussion Paper No. 1515 at [www.diw.de/sixcms/detail.php?id=diw\\_01.c.518177.de](http://www.diw.de/sixcms/detail.php?id=diw_01.c.518177.de)

#### References

Abadie, A. & G.W. Imbens (2011). *Bias-Corrected Matching Estimators for Average Treatment Effects*. *Journal of Business & Economic Statistics* 29(1), 1-11.  
Project Implementation Unit (PIU) (2012). *Index Based Livestock Insurance Project Implementation Report 2005-2012*. Ulaanbaatar: Project Implementation Unit.



## University Meets Microfinance in Rome



“Migrant Banking and Remittances for Entrepreneurship and Social Business: Where Do We Stand?” was the title of the University Meets Microfinance (UMM) conference organized on 27<sup>th</sup> October 2015 by Positive Planet with Unitelma Sapienza, University of Rome and Fondazione Roma Sapienza – International Cooperation in Rome.

The event was attended by around 80 people, including students, professors, and professionals from the public, private, and non-profit sector as well as from international organizations.

The speakers belonged to the following institutions and organizations: IFAD, Bank of Italy, CeSPI, BPER Bank, PerMicro, La Banque Postale, Microfinanza, Positive Planet, Planet Adam, Adie, CISV, Programma Integra, MakeSense, Project Ahead, AFIN, COSV, LUMSA University, La Sapienza University of Rome and University of Bergamo. After the welcome and introductory session, which gave an overview on the state of financial inclusion of migrants, the conference was divided into five different thematic panels: banking services for migrants and downscaling approaches; microfinance

and business models aimed at migrants; financial education and accompanying services for the development of entrepreneurial activities; remittances as a tool for co-development; social business and innovative projects in entrepreneurship of migrants.

The public event successfully fostered academic and professional exchange between various stakeholders as well as the identification of best-practice and development needs in the migrant banking and remittances sector.

Presentations from the conference can be found at:

[www.universitymeetsmicrofinance.eu/rome-october-27th-migrant-banking-and-remittances.html](http://www.universitymeetsmicrofinance.eu/rome-october-27th-migrant-banking-and-remittances.html)



## NATIONAL PLATFORMS

### Relaunch of the Swiss Microfinance Platform



Over 50 participants followed the invitation to relaunch the Swiss Microfinance Platform (SMP) on 26<sup>th</sup> November 2015. They represented NGOs, banks, MIVs and other agencies based in Switzerland active and interested in microfinance. Switzerland is a country with one of the highest concentration of actors in microfinance. The proximity of international organizations and important private banking firms underline the opportunities for a national professional association in the field of microfinance.

The half day meeting consisted of several succinct presentations on the current status of investment, capacity building and research in microfinance. René Azokly (PAMIGA) gave an outside perspective on the current challenges of microfinance in a market like Switzerland and the scenario for the next ten years to come.

The responses to the relaunch initiative were positive and encouraging. All participants see a need for regular exchanges, an up-to-date yearbook ("who does what?") and networking. There is a view that Switzerland has a comparative advantage in blending investing and capacity building in the field of microfinance.

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The SMP will hold its next meeting in March 2016. For further details, please contact Alain Vergeylen at [a.vergeylen@fig-igf.org](mailto:a.vergeylen@fig-igf.org)



## NEW MEMBERS



### Boulder Institute of Microfinance

Boulder Institute of Microfinance is a NGO based in the US and has offices in Chile and since last year, also one in Luxembourg (in the House of Microfinance). Boulder is dedicated for over 20 years to broadening financial inclusion systems through sustainable microfinance training programs. The programs are tailored to training senior and mid-level professionals from an array of institutions dedicated to providing microfinance services as a way to fight poverty. With over 5,000 alumni, their clients are microfinance institutions, commercial banks, cooperatives, central banks, ministries of finance, development organizations, donor agencies, investors, and support organizations. Several of e-MFP's members are partners or faculty members of the Boulder Institute.

The Boulder Institute is currently diversifying its offer: it just started a new Rural and Agricultural Finance Training, and is developing a "Back to Boulder" training which will provide MFT alumni with the opportunity to build on their initially acquired skills and continue their career development. In addition, Boulder Institute is exploring new venues and new content for programs tailored to the highly specialized practitioners of microfinance as well donors, regulators and government representative, soon to be announced.

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



### Impulse Europe

Impulse Europe is a Brussels-based investment manager (founded in 1985) with special expertise in social investments and microfinance institutions. The French Bank Crédit Coopératif is the majority shareholder of the company.

From a core expertise in cooperative equity financing (via the SOFICATRA Fund), Impulse Europe developed a strong experience in managing alternative investment funds providing dedicated and tailored financing to microfinance and socially driven financial institutions. By managing CoopEst and CoopMed funds, Impulse Europe acquired a strong expertise in bringing long-term financial solutions to social financial institutions (including MFIs, credit unions, cooperatives banks) through senior and subordinated debts in local and foreign currencies.

Funds managed by Impulse Europe cover the following types of expertise:

- Equity
- Loans (senior and subordinated)

Impulse Europe's activities are at the moment predominantly dedicated to Central and Eastern Europe and the Caucasus (through the CoopEst investment fund). In addition, Impulse Europe is already active in some Maghreb and Mashreq countries with the CoopMed investment fund. Currently Impulse Europe advises the development of another fund for Sub-Saharan Africa to be launched by the end of next year.

For more information visit [www.coopest.eu](http://www.coopest.eu)



## The Social Performance Task Force

The Social Performance Task Force (SPTF) is a membership organization with more than 2,600 members from all over the world, organized along and comprising every stakeholder group in inclusive finance: practitioners, donors, investors, associations (global, national and regional), technical assistance providers, rating agencies, researchers, regulators and others.

SPTF engages with these stakeholders to develop, disseminate, and promote standards and good practices for social performance management and reporting.

### **The SPTF achieves this by:**

- Providing a platform for dialogue, learning and collaboration.
- Facilitating engagement and advocacy across the industry at all levels – practitioners, networks, support agencies, donors, investors, regulatory authorities.
- Setting industry standards for social performance management, measurement, monitoring, reporting and training.
- Promoting good practices and demonstrated success of FSPs engaged in social performance management.

Please visit the [SPTF Strategic Plan<sup>4</sup>](#), which details recent achievements, and describes the six core areas of work the SPTF is focusing on in the three-year period 2015-2017.

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For more information visit [www.sptf.info](http://www.sptf.info)

<sup>4</sup> [www.sptf.info/images/strategic%20plan%20executive%20summary.pdf](http://www.sptf.info/images/strategic%20plan%20executive%20summary.pdf)





**European Microfinance Week** will take place **16<sup>th</sup> – 18<sup>th</sup> November 2016** in Luxembourg. In Spring e-MFP members will have the opportunity to submit proposals for sessions for this year's prestigious event.

The theme of the **7<sup>th</sup> European Microfinance Award** is "Microfinance and access to education" and is intended to recognise the role of microfinance in enabling families to access education for their children as well as facilitating adult education to enhance job opportunities. Further information on the Award and how to apply will be available in Spring 2016.

The **Frankfurt School of Finance & Management** e-learning programmes, the LinkEd courses are 6-month part-time trainings, designed to be conducted along full-time work or other obligations. The courses follow a very flexible approach, allowing participants to follow their own study schedule. The next course period will start on **1<sup>st</sup> March 2016** for the following:

- Certified Expert in Microfinance
- Certified Expert in Microinsurance
- Certified Expert in SME Finance
- Certified Expert in Risk Management
- Certified Expert in Climate & Renewable Energy Finance

For more information visit, [www.frankfurt-school.de/linked/en.html](http://www.frankfurt-school.de/linked/en.html)

**7<sup>th</sup> Conference on Innovative Trends Emerging in Microfinance (ITEM 7): Pumping up Innovations In and Around Microfinance - Microfinance, Crowdfunding and Community Development Finance** will take place **15<sup>th</sup> – 17<sup>th</sup> March** in Shanghai, People's Republic of China. It is organized by the **Banque Populaire Chair in Microfinance of the Burgundy School of Business**, Dijon, France in collaboration with The Chinese Association of Microfinance and Shanghai Jiao Tong University Centre for Financial Inclusion

For more information visit [www.bmicrofinance.org/item7.html](http://www.bmicrofinance.org/item7.html)

**MFC** will hold its 19<sup>th</sup> annual conference on **22<sup>nd</sup> – 24<sup>th</sup> June 2016** in Tirana, Albania.

For more information visit <http://www.mfc.org.pl> in the coming months.

Registration is now open for the **22<sup>nd</sup> Annual Boulder Microfinance Training (MFT) Programs** in English and French, **July 18<sup>th</sup> to August 5<sup>th</sup>, 2016** in Turin, Italy. **Boulder Institute of Microfinance** strives to achieve broader financial inclusion and sustainability by helping participants develop their management and analytical skills in order to improve performance and design innovative strategies. With more than 60 courses offered by world renowned experts in English and French, the Boulder MFT is regarded as a standard in microfinance training. In parallel with the Boulder MFT programs, the 2<sup>nd</sup> edition of the Rural and Agricultural Finance Program (RAFP) will be held in English for experienced rural and agricultural finance practitioners and institutions. Register now and join a network of more than 5,300 alumni from 153 different countries:

- Boulder MFT in English:  
[www.bouldermicrofinance.org/boulder/EN/MFT\\_EN](http://www.bouldermicrofinance.org/boulder/EN/MFT_EN)
- Boulder MFT in French:  
[www.bouldermicrofinance.org/boulder/EN/MFT\\_FR](http://www.bouldermicrofinance.org/boulder/EN/MFT_FR)
- Boulder RAFP:  
[www.bouldermicrofinance.org/boulder/EN/RURAL](http://www.bouldermicrofinance.org/boulder/EN/RURAL)

For more information about Boulder Institute of Microfinance, visit [www.bouldermicrofinance.org](http://www.bouldermicrofinance.org) or contact [info@bouldermicrofinance.org](mailto:info@bouldermicrofinance.org)



## CALENDAR OF EVENTS

**25<sup>th</sup> February**

e-MFP Board meeting, Brussels

**16<sup>th</sup> – 18<sup>th</sup> November**

European Microfinance Week, Luxembourg

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

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THE GOVERNMENT  
OF THE GRAND DUCHY OF LUXEMBOURG  
Ministry of Foreign and European Affairs

Directorate for Development Cooperation  
and Humanitarian Affairs



THE GOVERNMENT  
OF THE GRAND-DUCHY OF LUXEMBOURG  
Ministry of Finance