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EUROPEAN MICROFINANCE AWARD 2016

Microfinance & Access to Education

Investing in Tomorrow

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EUROPEAN
MICROFINANCE
PLATFORM

NETWORKING WITH THE SOUTH

FOREWORD

Microfinance & microenterprise: the two words have been inseparable for forty years. Though the past decade has seen significant diversification in the sector, the notion that microfinance is primarily a service to tiny businesses has been hard to break.

Breaking that barrier is an important goal for the European Microfinance Award. Every year, it highlights a practice in the sector that has a substantial impact on clients' lives and wellbeing, but remains largely unknown or underappreciated by many practitioners. In 2016, the Award focused on education – an issue so central to development that it needs no explanation. Throughout the world, the main priority for most families is to give their children an adequate education, yet too many families are unable to do so – decent education is either too rare or too difficult to afford.

The applicants to the 2016 Award show that microfinance institutions can address both challenges. They can provide financial services – loans, savings, insurance, payments – to families to enable them to pay for the costs of education, from kids going to primary school to youth seeking to build their future through college or by mastering the vocational skills needed to become productive adults. And it doesn't stop there. By serving schools, particularly the ubiquitous low cost private schools catering to millions of poor families in developing countries around the world, financial providers can substantially improve both the availability and quality of education.

The European Microfinance Award is more than a prize and an opportunity for recognition. Our applications demanded extensive information and a battery of indicators about the institutions, their education programmes, as well as any partnerships with key stakeholders in education that enable MFIs to deliver the best education programmes. We would thus like to warmly thank not just the institutions featured in this paper, but *all* applicants and congratulate them for the important work they are carrying out.

Sifting through all this information is likewise no easy task, and we would like to express our gratitude to the Award consultants, Micol Guarneri and Francesca Agnello, our colleagues at InFiNe.lu, and finally all the members of the Selection Committee and the High Jury. Over the course of a six-month selection process, they have not only helped choose the winner, but more importantly, they have identified the elements that financial institutions can deploy to build excellent education programmes. And finally, a big thank you to Sam Mendelson for bringing together all this knowledge into a single document.

We are honoured to have the opportunity to manage the European Microfinance Award in a way that not only recognizes the best, but also uses their experience to bring together a body of knowledge of how the sector can serve all the needs of their clients, including Access to Education.

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THE CHALLENGE OF INCREASING ACCESS TO EDUCATION

Finding ways to deliver and promote access to education, and to ensure that youth and adult education is relevant to labour market needs, is one of the great challenges of our times. But this has to be achieved in countries where governments face severe budget constraints and many, if not most, parents are too poor to cover the costs of their children's education, with children forced to work and missing out on even minimal schooling.

Major progress has been made towards increasing access to education at all levels. During the fifteen-year implementation period of the Millennium Development Goals (MDGs), there has been an increase in primary education access to 91% (although short of Goal 2's 2015 target of universal access), but much more, including under the aegis of the Sustainable Development Goals (SDGs), needs to be done. At present, nearly 57.8 million primary school-age children and 62.9 million lower secondary-age children remain out of school[1]. Demographics in certain countries means population growth will outpace efforts to reduce these numbers.

Education is by far the largest determinant of future economic status and self-reliance and one of its benefits is the lower risk of unemployment. However, young people worldwide are three times more likely than their parents to be out of work, with an estimated 75 million young people currently unemployed[2]. This number potentially triples if estimates of *underemployment* are included. Paradoxically, however, very few employers can find enough skilled entry-level workers, highlighting a critical skills mismatch. Enhancing skill development programs that are relevant to labour market needs is thus critically important.

Governments in developing countries have struggled to develop effective responses but often they are unable to keep up with population trends. This, coupled with insufficient public funding to education, has generated a practical need for private financial resources to support education access.

The cost of education is one of the major barriers to a quality education that students, parents, and providers face, regardless of the level of education. Therefore, financial innovations could participate in reducing the number of out of school children by balancing the quantity and quality of education provided by state and non-state providers (on the supply side) with the demand for education from students and their parents (demand side).

But what has this got to do with microfinance?

1 Fixing the Broken Promise of Education for All, UNESCO Institute for Statistics, 2015.
2 Education to employment: Designing a system that works, McKinsey Centre for Government, 2013.

THE EUROPEAN MICROFINANCE AWARD AND ACCESS TO EDUCATION

The microfinance sector has moved in many directions beyond the familiar, one-size-fits-all microenterprise loan in the last decade. Virtually all stakeholders now look to increase financial inclusion and access among low-income populations with a suite of financial and non-financial services that transition people into the (semi-) formal sector, giving them options to affordably and securely save, borrow and send money, and protect their families from shocks.

As more and more microfinance institutions look to health, energy, food security and other ways[3] to help clients' lives and livelihoods while diversifying their product offerings, so too is the sector increasingly supporting education needs by assisting families and students in managing their education-related financial needs, providing financial services to educational providers, and supporting both through non-financial support, including training and capacity-building. To this end, the European Microfinance Award 2016 invited applications from institutions that are innovating, experimenting, being bold or taking risks in this area – this time around on the subject of "Microfinance and Access to Education".

Given the importance of the financial barriers in accessing quality education, microfinance can play an important role in supporting the education system in developing countries.

On the supply side, improving the financial capacity of the education system is one of the best options to address the lack of schools, teachers and equipment, as well as ineffective teaching practices that lead to poor school performance. Microfinance institutions (MFIs) have been active in providing financial resources for the creation of new schools, the expansion of existing ones, and the improvement of education quality.

On the demand side, barriers to school entry disproportionately impact the poorest children and youth, increasing their probability of never entering the education system or dropping out before completion. Parents in poor communities often cite household economic hardship as well as direct and indirect costs of education as the main reasons for non-attendance at school. MFIs have shown that they can successfully adapt the traditional microfinance model to provide financial services in the form of credit, savings, insurance, remittances and training, which help expand education access by enabling students to fund their studies and parents to afford their children's educational expenditures.

So the European Microfinance Award 2016 sought to ask and solicit practical answers to a number of questions, including:

3 Many of these have been subjects of previous European Microfinance Awards see page 31

- When governments are unable or unwilling to ensure universal access to quality, affordable, education, how can the microfinance sector help alleviate this stress?
- How can the sector help ensure that education curricula indeed prepare children and young adults for employment with opportunity for advancement, and not just drudgery and a generational cycle of poverty?
- How can the sector ensure young adults have the skills to succeed in fast evolving work environments?

These are the crucial questions to answer to let education – what Nelson Mandela once described as "the most powerful weapon you can use to change the world" –achieve its goal.

The response to this invitation for submissions involved 30 applications from 19 different countries, representing a broad spectrum of context-focused solutions to the equally broad problem of lack of education access.

ADDRESSING LACK OF ACCESS TO QUALITY EDUCATION BY SERVING DIFFERENT TARGETS

The objective of the European Microfinance Award 2016 was to highlight opportunities for microfinance to improve **access** and **quality** of education and to recognise microfinance institutions that respond to the educational challenges in their countries by helping families and schools provide access to quality education for children and skills training for young adults.

This objective was broad by design. It implicitly recognised that the needs of families with young children in rural Africa are not the same as the needs of owners of private schools in south Asia, or young adults in the Americas who can't afford to go to university. It therefore focused on the challenges and the MFIs' response to them. And especially so with the 2016 Award, that response can take many forms: it can include financial products and non-financial services that have a tangible impact on children's school education or on programmes aimed at creating employment opportunities for young people and adults.

All applicants were expected to demonstrate "institutional **commitment** to achieving education objectives with education programmes that are **embedded** in the overall institutional strategy and operations". So merely

allocating some corporate social responsibility (CSR) funding to an educational charity would not qualify. Different institutions have different capabilities, too, so top line impact numbers would not be the only measure of success either. Rather, the commitment of the MFI was assessed against the human resources allocated to the initiatives and their suitability to deliver, as well as the systems put in place to monitor client satisfaction and education outcomes.

The 2016 Award also assessed the **effectiveness** and **quality** of the programs in terms of quality of design and delivery, scale and outreach, results for the end-beneficiaries (outcome), sustainability of the operations, and good partnerships with relevant actors to enhance institutional capacity and improve impact on the final beneficiaries.

MFIs' core services and products are financial, and so it is natural that the clearest path to an education access intervention should be financial too. In this sense, MFIs can design education-focused financial products that address the lack of funding and liquidity which many schools suffer (supply side), and the inability of poor families to pay for expensive, lump-sum tuition fees, materials, or the economic opportunity cost that is attached to sending children to (or keeping them in) school rather than sending them off to work (demand side).

To mitigate this, **demand side education finance products** (often coupled with non-financial services and support) can include education loans, for students and their families to pay for tuition fees, transportation, exam-related preparation expenses, or uniforms and other school materials. Dedicated savings products can prepare clients for school fees, uniforms, school material or books. Microinsurance products can be linked to education saving plans or loan products to cover school fees for children in case of shocks. Remittance programmes can encourage migrants to use remittances for educational purposes by matching funds, linking remittances with an education loan from an MFI, or providing a reliable means for family members to support a student at a far-off school.

As in microfinance more broadly, **credit** is the 'low hanging fruit' – the most direct (and commercially viable, in some cases) way to smooth

consumption for low-income families and meet lump sum expenses such as tuition fees, transportation fees, exam-related preparation expenses, or school materials (stationary, uniforms, books, etc.). Funds can be used for partial or complete payment of school expenses and to pay services provided by formal public or private schooling, community colleges and vocational training.

But just like in microfinance, **savings** products are valuable too. Savings products can be short term products to meet foreseeable expenses like school fees, whether term deposits that help set aside bulk earnings such as harvest income or commitment savings to help accumulate the necessary amounts over a period of a few months. Whatever the product, the idea is the same – help clients ensure that they have the cash they need when school fees are due.

The microfinance sector has long since recognised that because poor people usually have variable incomes and few assets, their vulnerability to shocks is much greater, and a discrete event – such as a death or severe injury suffered by a family's earner – can be catastrophic. Among the consequences can be an immediate inability to meet educational expenses, meaning that the shock will reverberate into the next generation with knock-on effects on employability and earning for years. **Insurance** can therefore be linked to education savings plans or loan products to cover school fees for children in specific circumstances, such as the death or disability of a parent. These are generally offered through partnerships with insurance companies.

Finally, **remittances**, which make up by far the greatest transfer of liquidity to poor families worldwide, are an important potential avenue for increasing access to quality education among low-income groups. Affordable remittances along established corridors can allow diaspora migrants to pay for schooling of a child or younger sibling, or for parents to remit money to older students studying away from the family.

Finance for education is of course not just needed by families with children, but by educational providers themselves, in markets where the government is unable to adequately ensure quality, universal access. More and more, low-cost private schools (LCPS) are emerging as alternatives to failing and overcrowded public schools, but these alternative institutions can only survive with access to finance.

To this end, **supply side finance to schools** can include education provider loans – infrastructure or cash-based credit to schools to address school overcrowding, low-quality educational materials, poor physical infrastructure, and other challenges that limit both school access and student educational attainment, including school drop-out. Beyond LCPS, credit can be provided to vocational colleges and institutes and coaching and training centres, to improve access-to-education indicators and for increasing enrolment and providing quality learning and teaching environment for pupils. Funds often allow expansion in marginalised areas (such as rural areas) reaching poor communities with limited access to education. Non-credit products, such as payment processing services, can also prove valuable to education providers.

There are also several non-financial ways that microfinance institutions can address educational challenges. They can support the formal educational system by seeking to reduce the number of out of school children and ensuring young people are well equipped with the skills to be contributing economic actors in adulthood, for example through addressing skill gaps with **demand-side, non-financial services** such as **education-to-employment** initiatives.

> Education-to-employment: the provision of any education service targeting youth and adults with a view to fostering employment. It usually occurs at the last stage of the education career/curriculum of a student. After attending the programme, successful beneficiaries of the initiatives should be well positioned to gain employment suited to their newly acquired skills.

MFIs can do this by directly delivering or facilitating (through partnerships with affiliated/external institutions) training initiatives leading to employment or self-employment such as vocational or entrepreneurship education. The education provider is in most cases a vocational school, or a training and coaching centre external to the MFI that works in partnership with it. The target beneficiaries can be young students, students graduating from university

or vocational schools or adults who need entrepreneurial or technical training in order to find a job or create their own business. After completion of the training, the trainees are linked with employers for an internship/apprenticeship. After completing the program, trainees who have not been employed can receive start-up loans from the MFI in order to create their own business.

MFIs can also provide **non-financial services** (invariably coupled with financial services) to address **supply-side challenges**. Often, schools are under-funded, with crumbling infrastructure, lack of qualified teachers, materials and management expertise to provide quality education to children. This can mean capacity-building services aimed at increasing scale, depth, and quality of educational activities in schools and vocational training centres, such as teacher training, education and financial management training for school owners/entrepreneurs, curriculum development support or enhancing school safety standards. Capacity building and other non-financial services can be provided in partnership with external institutions or affiliated entities or can be directly provided by the MFI staff.

So there is a spectrum of potential interventions by MFIs to increase access to education, from focusing on schools, mentors, universities and vocational training institutions on the one hand, to working with children, their families and young adults on the other. These approaches are further split between a focus on financial products, non-financial services, or – as the next section will illustrate is common in practice – a combination of the two.

LANDSCAPE OF MICROFINANCE INTERVENTIONS

	Demand-side **Families & students**	**Supply-side** **Schools & education centres**
Financial services	School fee/tertiary tuition loans Commitment savings Term deposits Insurance Remittances Post-apprenticeship start-up loans	Education provider loans Payment processing services
Non-financial services	Community organising Vocational counselling Apprenticeships (education-to-employment) Entrepreneurship training	Capacity building Pedagogy training School management training Sanitation, infrastructure, materials supply/ improvement

THE AWARD SELECTION PROCESS

The selection of applicants comprised three phases: A Preselection Phase in which applicants were preselected on the basis of the eligibility criteria, a sound financial and social performance and the project presented for the Award; a Selection Phase where the preselected applicants were evaluated by the Award Selection Committee to select the semi-finalists and the three finalists; and a Final Phase in which the High Jury selected the winner from the three finalists; the winner was announced at the Award Ceremony.

30 APPLICATIONS FROM 19 COUNTRIES

Preselection Phase

Committee composed of the e-MFP and InFiNe.lu Secretariats and the Award consultants:

- Eligibility criteria
- Sound financial and social performance
- Meaningful and significant education finance responses and strategies

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PRESELECTED APPLICANTS

Selection Phase

Committee composed of members of Luxembourg Ministry of Foreign and European Affairs, e-MFP and InFiNe.lu

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10 SEMI-FINALISTS

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3 FINALISTS

Final Phase

High Jury

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WINNER

The applications submitted for the Award are good examples of the broad spectrum of interventions by MFIs in education, including the ten semi-finalists (see Table 1). Most combined financial and non-financial services in their education initiatives, recognising the importance of a holistic approach to a challenge as complex and nuanced as this. Where most differentiation in models came was in the target of the intervention. There are three broad ways that the MFIs can address issues:

- Working with Schools for Children;
- Working with Families, Children and Communities; and
- Working with Young Adults

TABLE 1: SEMI-FINALISTS OF THE EUROPEAN MICROFINANCE AWARD 2016

Institution	Country	Award
Kashf Foundation	Pakistan	Winner
Opportunity Bank Uganda Ltd	Uganda	Finalist
Fundación Génesis Impresarial	Guatemala	Finalist
Cantilan Bank	Philippines	Semi-finalist
Crystal Microfinance	Georgia	Semi-finalist
FUNDAPEC	Dominican Republic	Semi-finalist
National Rural Support Programme	Pakistan	Semi-finalist
ProCredit Bank Congo	DR Congo	Semi-finalist
Sinapi Aba Savings and Loans	Ghana	Semi-finalist
TrustCo Finance[4]	Namibia	Semi-finalist

4 TrustCo Finance declined to be part of the publication.

1

WORKING WITH SCHOOLS FOR CHILDREN

The most popular supply-side intervention among the semi-finalists' initiatives was support for schools. As described in the first section, public schools in many low-income countries are beset with problems, from chronic funding shortages, lack of materials, crumbling infrastructure, poor quality teaching, overcrowding, out-dated curricula, and failure to provide an environment which is safe, respectful and conducive especially for the education of girls – who already suffer many disadvantages in education quality and access.

Despite the extensive need, for MFIs there is less obvious scope to provide services – financial or non-financial – to government schools. A different approach is to support the fast-growing number of low-cost private schools (LCPS) which seek to address the education gap for the most vulnerable groups, minimising many of the bureaucratic inefficiencies of public education, and with lower barriers to entry – meaning they can be set up in more remote areas where there is greater need.

But like their government-funded counterparts, LCPS are often beset with funding challenges, which have knock on effects on teacher quality, curricula and materials. The winner of the 2016 Award, **Kashf Foundation** of Pakistan, exemplifies how the twin needs of liquidity and capability building can be successfully combined, just as financial education training bundled with a microenterprise loan can reduce the portfolio risk.

Kashf's initiative is called "Kashf School Sarmaya", or "Kashf Education Finance Program" (KEFP). It is a holistically designed credit facility providing access to finance to LCPS as well as capacity building and training for teachers and school owners, and a training of trainers on Financial Education for Youth. The initiative helps LCPS improve school infrastructure, teaching methods and school management skills.

What distinguished Kashf's initiative from some other supply-side solutions was the high level of integration of the non-financial support such as pedagogy training and school management training with the credit facility, as well as the exceptional level of partnership required and sourced to be able to deliver that level of professional training. The Pedagogy Training, for example, focuses on three main aspects:

- Teaching (roles and responsibilities of a teacher, effect of teacher belief, values and attitude on teaching practices, lesson planning, students assessments and testing);
- Classroom Environment (managing the classroom, classroom setting, using soft-boards to aid the learning process, and child friendly environment); and
- Child Psychology and Learning (learning styles, teaching styles to match learning, managing child behaviours and qualities of a good teacher).

By the same token, the School Management Training for school owners focuses on:

- Quality education (importance of having a school mission/vision; understanding data/ reports generated on school quality);
- School Environment (health, hygiene and safety);
- Financial Practices (record keeping and managing school expenses; categorising revenues; calculating profit; increasing profits while cutting costs);
- Human Resources Management (hiring, firing and people management; incentivising teachers; importance of team building); and
- Marketing (how to better market schools to increase attendance).

Kashf Foundation

The winner of the 2016 Award, Kashf Foundation was established in 1996 and currently serves 247,000 microfinance clients across 183 branches in Pakistan. Its education programme addresses the problems of teacher absenteeism, unsafe schools, poor school sanitation and water, very low girls' enrolment rates and very low basic education standards within public schools, by supporting Low-Cost Private Schools (LCPS) through its "Kashf School Sarmaya", or Kashf Education Finance Program (KEFP).

KEFP offers credit facilities to LCPS in conjunction with capacity building sessions for school teachers, school management and students, and a training of trainers on Financial Education for Youth curriculum. Schools can use the loans for different purposes, including basic infrastructure (new classrooms, toilets), maintenance and repair costs, or furniture and computer systems for students or resource materials for the schools.

And with Pedagogy training including components on teaching, classroom environment, child psychology and learning, and School Management Training including components on school environment, financial management, human resources and marketing, the programme takes a holistic response to the many demands which LCPS face.

Kashf launched KEFP in 2013 and piloted it in ten schools in Lahore, before rolling it out in four additional districts of Pakistan. To maintain its focus on vulnerable populations, loan disbursement criteria means it works only with schools with under EUR 10 class fees per month, and minimum female enrolment of 40%.

The education program is implemented in 162 out of the 187 branches of Kashf. As of December 2015 there are 727 active school clients; 428 school loans were disbursed in 2015 (850 cumulatively). The average loan size is about USD 900.

With its initiative, Kashf was able to reach more than 150,000 students, out of which 75% are female students (77,000 students reached in 2015). A majority of school owners are female entrepreneurs (77%); it is an institutional objective to maintain this ratio at no less than 70%.

To achieve this, Kashf partners with several institutions. Collaborations are established with the Beaconhouse School System for the development of training content and the delivery of Training Of Trainers in the Kashf education team; Training is delivered by 10 school development associates (SDAs) based in the field and responsible also for quality monitoring and data collection. It generally consists of a three-day session that can be delivered either on individual basis or in clusters of 2-3 schools (depending on the geographical location and school preference). All training material is translated to Urdu.

There is always the risk of mission drift when working with the poorest target populations (the families who send their children to these schools). To monitor this and ensure the program caters to the more disadvantaged populations, the loan disbursement criteria includes selection of schools that are operating on less than PKR 1,200 (EUR 10) class fees per month and with a minimum female enrolment of 40% (minimum 80 students) in the school.

The results are positive. LCPS that have completed a loan cycle report an increase in: enrolment (average increase of 37 students per school, with increased percentage of female students); schools using lesson plans (11%); schools with library corners (15%); schools using time-tables in class (11%); schools that display children's work in class (7%); schools with school mission and vision visibly displayed (27%); schools with first aid boxes available (16%); schools with an opinion/feedback box (24%); and schools with visible emergency exits (29%).

Loans to low cost private schools are also offered by one of the Award finalists: **Opportunity Bank Uganda Limited (OBUL)**, a member of the Opportunity International Network (OI).

OBUL offers a similar supply-side credit facility to LCPS as Kashf Foundation, but with a broad range of other services to families too. OBUL's core products that support schools are School Improvement Loans (SIL), targeting affordable low cost private schools. Like Kashf, OBUL's loans are coupled with non-financial services, in this case School Leadership Professional Development Trainings, targeting proprietors in schools receiving the SIL to learn better ways to manage and operate high-quality schools; and 'School Clusters'.

School Clusters (also called the Self Improving School System) is unique to OBUL among the applicants. OBUL creates networks between geographically proximate low-cost schools, usually clustering 5-15 schools together. The objective is to create a community for joint practice development between school leaders and teachers. The schools in question are supported with content (provided by OBUL's parent organisation Opportunity International's EduFinance wing), visits from education specialists, Technical Assistance on staff productivity, and tools for assessment and school development planning. Representatives from the schools in each cluster meet regularly, and are joined by the education specialists at least once per term, who also present quarterly reports of consolidated impact of the program.

OBUL offers a particularly broad range of products and services within its education initiative – including financial products for families, as will be seen below. But what is distinctive about the Cluster model is it leverages two elements: the network effect that can emerge when groups with compatible goals are created; and the benefit OBUL has from its relationship with its parent organisation, which allows considerable resources to be put aside for the program, including a dedicated Education Manager (plus an Assistant Manager) who oversees all education-related operations at OBUL, a Monitoring and Evaluation Officer working 50% time to collect feedback from clients about quality of services, 9 dedicated Relationship Officers supporting the education finance loan products, and 9 Marketing Officers whose focus is on mobilization of the education finance products for families. Moreover, another 33 standard relationship officers are currently involved in the delivery of education finance. In this context, OBUL can be seen as a standout model – what an MFI with the buy-in of an international parent organisation and the talent to match it, can do to support schools in poor areas.

OBUL is one example of combining a variety of products and services to address educational access issues – including working with schools. **ProCredit Bank** in the Democratic Republic of Congo is another. ProCredit combines financial and non-financial services and offers them to schools, families and employers. ProCredit's loan facility to schools involves much larger loans (EUR 10,000 to 100,000) than Kashf's (typically USD 570-3,000). These loans are aimed at investment in infrastructure and teaching facilities, and like Kashf and OBUL, the loans are bundled with non-financial support, including training and support to school owners.

ProCredit Bank Congo

ProCredit Bank
Filiale du Groupe Equity

ProCredit Bank in the DRC was established in 2005 and in 2015 had 159,000 clients across 22 branches. The DRC faces major education challenges: primary education is neither free nor compulsory, there is a large number of out-of-school children due to poverty (35% enrolment rate), the quality of education is low and it is easy to "buy" diplomas given the high levels of corruption. Unemployment is widespread, and there is a high need for schools, professional institutions and universities to all increase quality as well as access to their education services.

To address these challenges, ProCredit offers a combination of financial and non-financial services. Loans to schools are offered, as well as a bank payment system so that participating schools can receive tuition fees directly into their bank account, minimising the risk of fraud. Dedicated education loans to families can assist in paying tuition fees. A student bankcard was launched in 2016. And a Young Bankers Program offers free training in banking for university graduates or young adults with some relevant work experience – and has served as a recruitment channel for ProCredit itself.

As of year-end 2015, ProCredit had provided 572 loans to schools, amounting to over EUR 4.5 million disbursed, and 242 tuition loans for families.

2

WORKING WITH FAMILIES, CHILDREN AND COMMUNITIES

Another common way that MFIs can address issues of education quality and access is on the demand side – helping families to afford tuition, materials, transportation, or defray the opportunity cost of children going to school instead of working.

As seen earlier, Award finalist **OBUL** offers a suite of financial and non-financial services within its education initiative, including financial services to families of children.

OBUL offers a combined savings and insurance product called EduSave – a dedicated savings account for educational expenses, with insurance in case of a parent's death or serious illness, so that education expenses can be still met and the child can remain in school.

More typical of demand side interventions are loans for parents to afford school fees. OBUL's School Fee Loan aims at mitigating widespread absenteeism in Uganda and ensures parents send children to school without eroding their assets. Adapting good microfinance practices from the Opportunity International network, these loans can be either individual or group based, with clients charged an interest rate of 26-27% per annum, with 2-3.1% total fees.

An external baseline study and mid-term evaluation has identified positive outcomes: The School Fee Loan has assisted parents in paying upfront for school fees at the beginning of the term, and is correlated with a 13% reduction in students' absenteeism, a 13% improvement among standardised literacy scores among participating households' children; a 17% increase in secondary enrolment and a 25% increase in girls' enrolment among participating schools compared to control schools.

OBUL is not the only institution to make a concerted effort to think outside the credit box. **Cantilan Bank** in the Philippines has a long-standing culture of promoting savings among its clients, with its microfinance loan products including mandatory regular savings, embedded in their instalments. By embedding savings into the design of the loan product, loan clients are introduced into the bank's deposit services. They set aside a minimum of 30-50 pesos (USD 0.6-1.00) per week to deposit in their savings account.

Cantilan's approach is an illuminating real-world application of a burgeoning concept in behavioural economics called 'Nudge theory'. Popularised by Richard Thaler and Cass Sunstein, Nudge theory holds that if poor decision-making is a function of biases or cognitive boundaries (simply put, that people don't or can't understand what is good for them) then they may be "nudged" towards behaviour which is better for them by incentivising and changing contexts – including by timing those incentives so they have maximum impact, subtly encouraging people to change habits.

Cantilan's approach is to push a culture of savings by organising people, incentivising them, and thinking carefully about when people are most open to these positive messages. Providing safe and convenient savings facilities encourages prudence and good financial planning. So back in 1999, Cantilan introduced the Student Savers' Club (SSC), a micro-deposit product designed for children. So that children and parents will be encouraged to save, an affordable amount of only 100 pesos (~USD 2) is required as a minimum initial deposit, with the child receiving a free lockbox for savings at home, which is collected by a bank representative each month. For the first few years, the SSC program also included free insurance coverage.

Opportunity Bank Uganda Limited

One of the Award finalists, Opportunity Bank Uganda Limited (OBUL) has an education support programme that is especially broad. Recognising the many issues that prevent access to formal education at pre-primary, primary and secondary levels in Uganda, this programme is implemented as part of the Opportunity International Education Finance programme, which was established globally in 2007 to further access to quality education through microfinance institutions. The Bank was established in 1995 and had 155,000 clients as of 2015, with a majority of them savers. OBUL, with its parent organisation Opportunity International, has responded to the high primary dropout rates, low secondary enrolment rates, lack of gender-sensitivity infrastructure in schools, and chronic underfunding of public education, with a suite of education support services launched in 2012.

In terms of credit, School Improvement Loans (SIL) are aimed at affordable low cost private schools and School Fee Loans (SFL) are designed for parents and families unable to pay the full upfront cost of education. A savings product – EduSave – is tailored to help families save for education costs, as well as incorporating an insurance policy covering parents' death or illness – ensuring children can continue to study in the event of a financial shock.

Beyond financial services, the School Improvement Loans are coupled with capacity building support in the form of School Leadership Professional Development trainings for school owners, and School Clusters that group together 5-15 school leaders and teachers to gather and learn

from each other, in a community of joint practice development for quality improvement.

As of 2016, 496 schools had received School Improvement Loans; almost 48,000 families had received School Fee Loans; and over 3,500 children and youths had Child & Youth Savings Accounts in 2015. Overall, 67,000 students were reached by these education support services in 2015, with 315,000 benefitting cumulatively since the programme's start in 2012.

After its successful outreach to students in schools, the SSC model was expanded to microfinance clients, with loan officers encouraging loan clients to open a SSC account for their children's education.

In 2011, Cantilan Bank became a distribution channel for a Philippine government program that provides Conditional Cash Transfer (CCT) services to the country's poorest families. Cantilan has leveraged the outreach created by the CCT program to encourage parents to open and use savings accounts for their children's education needs.

Cantilan also schedules regular gatherings of SSC members, from parties and summer workshops to career guidance sessions. These events are meant to improve the saving-for-education behaviour of the depositors - both the parents and the students - through financial education. The free events that the Bank holds for SSC members are meant to promote further the commitment savings objective of this program, and only clients who have made sufficient and regular 'locked in' deposits are eligible to attend. Most importantly, and crucial to the success of 'nudging', Cantilan schedules these events to coincide with the school calendar, especially times of higher educational expenses for families (start of term or graduation, for example).

In this way, Cantilan Bank successfully demonstrates the importance of inculcating a savings culture among loan clients, involving clients' children in this behaviour, leveraging network effects, incentivising regular savings, and timing incentives for maximum impact.

Cantilan's savings groups work because they pull people together, driving friendly competition as well as group support – the same reason Self Help Groups, Joint Liability Groups, and rural savings group models can be successful in microfinance.

Working not just with individual families but with communities is something that the **National Rural Support Programme (NRSP)** in Pakistan also focused on.

Established in 1991, NRSP is the largest Rural Support Programme in Pakistan in terms of outreach, staff and development activities and focuses on organising households and villages in rural areas.

NRSP's approach is unique among the semi-finalists, in that the initiative's 'entry point' is neither through schools nor end beneficiaries, but through community groups. NRSP attempts to improve the availability and quality of education with so-called 'Organised Communities' of different levels: Community Organisations at the Settlement level; Village Organisations at the Village level; and Local Support Organisations at the Union Council level – as well as through skilled community-based Village Education Committees and School Management Committees and School Councils.

The premise of this approach is that these granular organisations navigate the behemoth of the Pakistani bureaucracy to more efficiently express the needs and demands of the community to their local education officials. Once these needs are expressed, the education department works directly with organised communities on school construction (especially for establishing community schools if no public school or LCPS is available within a radius of 2km), increasing availability of trained teachers, and addressing shortcomings in facilities at schools – especially if facilities are unsafe or lack safe drinking water or sanitation.

The *quid pro* quo is that education departments are able to streamline monitoring operations, receiving support from organised communities to ensure schools are well run, teachers well versed in the curriculum and the teaching environment is conducive for learning – especially for girls.

OBUL, Cantilan and NRSP all one way or another all work with families to address issues of access, affordability and quality. **Fundación Génesis Impresarial (Génesis)**, the remaining finalist, also has an education initiative that necessitates working with families, visiting students' homes, and focusing on demand-side solutions. But Génesis focuses on older students: young adults who without finance cannot afford higher education.

Cantilan Bank, Inc.

Cantilan Bank, Inc. is a rural bank in the Philippines, established in 1980. With 80,000 microfinance clients across 23 branches, Cantilan began a Saving for Education programme in 1999.

Cantilan recognises that one of the main challenges of the education sector is the prohibitive costs of schools and colleges. In response Cantilan's Saving for Education Programme seeks to encourage students, parents and other family members to use savings to meet the costs of education. The programme comprises Student Savers' Clubs (SSC), multiple marketing and awareness events, and linkages to the Philippine government's Conditional Cash Transfers (CCT) programme for the poor. Moreover, these efforts are designed in ways that maximise the likelihood that Cantilan's clients will make use of these savings accounts.

For example, Cantilan reminds clients about the education accounts during the CCT payout sessions. Its promotional events are pegged to school-related calendar events, such as school fairs and the start of school term. Compulsory savings is also part of the product, with the aim of promoting a habit and mental framework towards saving, especially among parents. By 2016, Cantilan had activated over 12,000 of its Student Savers' Clubs.

National Rural Support Programme

National Rural Support Programme (NRSP) is a Pakistani NGO established in 1991 with almost 600,000 microfinance clients across over 600 branches across rural Pakistan. NRSP is currently working with more than 2.9 million poor households organised into a network of 185,766 Community Organisations.

NRSP works with the government to support its public education work, in a context of inadequate physical infrastructures, unmotivated and under-qualified teachers, lack of school buildings in villages or girls in school, child labour due to poverty, children dropping out of school, and a low level of awareness about the importance of education.

NRSP sets up "Organised Communities" (Community Organisations, Village Organisations, Local Support Organisations, Village Education Committees and School Management Committees) to create a channel for them to express their local needs and demands to relevant government officials, as well as the building of community schools (financed with donor funding initially, with the view to sustainable community-level management after some time), training of teachers and other capacity building activities, and provision of monthly scholarships for students and grants to parents to send children to schools.

Over 20 years, NRSP has implemented approximately 500 education-development interventions requested by the communities, reaching over 43,000 students in 2015, and 390,000 over the duration of the projects.

3

WORKING WITH YOUNG ADULTS

Most of the semi-finalists' education initiatives focus on lack of access to basic – primary and secondary – education for children, caused by poor quality schools and teachers, and the inability of poor families to afford quality basic education for their children.

Two of the semi-finalists – **Génesis** and **Fundación APEC de Crédito Educativo, Inc. (FUNDAPEC)** from Guatemala and the Dominican Republic respectively, instead address the unaffordability of higher education in those countries.

Guatemala suffers from a very high level of poverty, which adversely affects education enrolment and retention. 15-years olds attend on average only 5.5 years of schooling, and indigenous and rural populations fare much worse still. In higher education, the gaps are clear: 87% of students are from urban areas and only 14% are indigenous. Cost, naturally, is a barrier to higher education, and one that is relatively increasing. The decreasing affordability of higher education, especially for low-income, rural and indigenous families, means access to affordable and appropriate student loans is important.

Génesis launched its Programa Crédito Educativo (CREE) in 2014. CREE offers education financing for higher education (university and technical studies) to students from low-income families, along with continuous career mentoring and orientation, financial education, academic counselling and monitoring, job fairs, and direct employment opportunities through partnerships. It can also finance equipment for starting a career after studies.

The focus on tertiary rather than primary or secondary education doesn't abrogate the institution's need to work closely with families – just like many of the initiatives addressing primary or secondary access. The CREE promoter visits the student's residence to discuss their needs, help in filling out the necessary documentation and to define the loan amount needed to finance the studies. The credit is generally disbursed within 72 hours after the visit. Students can repay the loan at any moment without being charged penalties, thus reducing the cost of the loan.

Génesis has built partnerships with 185 higher education institutions, of which 13 are foreign and national universities. These partnerships enable Génesis to discount students' fees with upfront payments along with allowing marketing of its education loan and enabling the collection of information about the students' academic performance, which improves monitoring of the program outcomes.

Génesis also organises job-placement days, higher education and career orientation, and financial education for the students. It facilitates students' job placement through alliances with specialised institutions and other enterprises.

Génesis is also in the process of establishing a scheme to enable students to purchase equipment for technical careers at low cost in order to optimise students' study budgets. In addition, for the rural areas, the institution is working on a project to enable students to use a computer with a television as a monitor so that even without an Internet connection, students have access to encyclopaedias, English language courses and other resources.

Interviews in 2015 conducted with graduated CREE students indicate that 86% of them have seen an increase in their income, 87% found a job in less than 5 months, and 79% finished their studies on time.

The CREE program was launched in partnership with the Higher Education Finance Fund (HEFF), managed by Omtrix. HEFF provides Génesis with soft long-term loans and technical assistance supporting the institution on the development of the education loan methodology, compiling market analysis, producing lending manuals, training materials, and tools, digital marketing, and

Fundación Génesis Impresarial

One of the finalists, Fundación Génesis Impresarial (Génesis) is a Guatemalan NGO, founded in 1988, offering loans, training and consulting, microinsurance and fund transfer services, to a predominantly female and rural client base of 90,000 across 60 branches.

Guatemala suffers from very high poverty levels, with all the negative developmental effects that come with that. Indigenous people are especially disadvantaged, with high levels of malnutrition and illiteracy. To address this, Génesis piloted its Programa Crédito Educativo (CREE) in 2013, and launched it in 2014. CREE offers education financing for higher education (university and technical studies) to students from low-income families, along with continuous career mentoring and orientation, financial education, academic counselling and monitoring, job fairs, and direct employment opportunities through strategic alliances in a few sectors. The programme can also finance equipment for starting a career after studies. Loans can cover a great diversity of education-related expenses (school fees, books, health costs, transport, etc.) and students can pre-pay the loan at any moment without being charged penalties, thus reducing the cost of the loan.

Génesis has successfully built partnerships with 185 higher education institutions (of which 13 are foreign and national universities). These partnerships enable Génesis to discount students' fees with upfront payments along with allowing marketing of the education product and enabling the collection of information about the students' academic performance, which improves monitoring of the program outcomes.

Génesis is also in the process of establishing a scheme to enable students to purchase equipment for their technical careers at cheaper costs in order to optimise their study budget. In addition, for the rural areas, the institution is working on a project to enable students to use a computer with a television as a monitor so that, without an Internet connection, students have access to encyclopaedias, English language courses, and other materials.

As of 2016, Génesis had provided higher education loans to 685 students.

Fundación APEC de Crédito Educativo, Inc.

Fundación APEC de Crédito Educativo, Inc. (FUNDAPEC) is an NGO in the Dominican Republic, established in 1967 and with roughly 7,000 clients across three branches. Unlike most of the other applicants, FUNDAPEC's sole focus is providing education finance, specifically for higher education.

There are 32 universities, 11 other higher education institutions, and five technical institutions in the Dominican Republic. Although a large number of students enrol in higher education, low income families face particular challenges, driven by the high cost of tuition and access to both public and private institutions, as well as a additional costs of study materials, food and transport. As most students, especially the poorest, need to work while studying, many can only attend class in the evening. And quality is uneven – institutions that cater for the lower-income segments are often low quality, and are unable to address the specific needs of working with lower-income students from deprived or vulnerable backgrounds.

To this end, FUNDAPEC offers education loans for undergraduate and technical students. It partners with several of the country's universities and technical institutions, signing partnership agreements to manage the credit services to the students who wish to enrol. In addition, FUNDAPEC manages education funds aimed at employees of certain private firms and bursaries for higher education institutions, as well as basic education and employment orientation services for students and young people. FUNDAPEC has served 108,000 young people since its creation in 1967, and 8,600 in 2015.

building the capacity of Génesis' staff on how to provide student loans.

FUNDAPEC shares Génesis' focus on helping prospective higher education students afford their studies. FUNDAPEC also works with students to assess their financial needs, assist with a budget, and propose a tuition loan model appropriate for their needs. FUNDAPEC too has built the necessary relationships with universities and technical institutions, but also works with the private sector to facilitate bursaries and scholarships; offers consultancy services to analyse aspects of higher education feasibility studies or labour market analysis; manages education funds aimed at employees of specific private firms, and offers education and employment orientation services for students and young adults.

Finally, FUNDAPEC is also a member of the Public Office for Higher Education, tasked with improving policies in the sector, and so can lobby the national government on the importance of affordability and availability of quality higher education – especially in low-income communities.

While university may be an aspiration for many, in most low-income countries it is the trade apprenticeship that is the more commonly accessible gateway to employability. Nevertheless, there are often considerable obstacles to even this. In Ghana, despite school education being nominally free, in reality absenteeism is widespread because of parents or guardians not being able to meet other basic educational needs of the child, such as uniform, food, shoes, learning books, or obstacles such as long distances to school, especially in rural areas.

A shortage of public university places and poor education-to-employment options mean most high school graduates who do manage to find a job despite high unemployment, enter work directly. But many are ill equipped for this too; the Ghanaian curriculum is 95% theory-based, meaning students are left with few employable skills or trades after graduation. Some end up going into menial jobs, others into petty trading and teenage girls often get pregnant, further preventing opportunities for education or career development. With few other options, some end up in prostitution.

There is a national body to coordinate vocational training to equip young people with marketable skills, the National Vocational Training Institute (NVTI), but this solution is limited because of the time and financial costs of undergoing training like this. Many young adults from the poorer backgrounds just cannot afford to study or work for free.

Sinapi Aba Savings & Loans Ltd (Sinapi) is a Ghanaian MFI with a strategic goal of addressing this skills deficit among young people, providing decent livelihoods, and minimising the vulnerability of girls. To this end, Sinapi set up the Youth Apprenticeship Programme (YAP) to train and certify vulnerable youths with marketable skills, ensure that more than 60% of these beneficiaries are women, offer at least ten different trades to choose from, and equip these participants with business management skills to ensure proper management and growth of their businesses.

The cost for entry is willingness to complete three years of vocational training. Many are put off from vocational training generally because apprenticeships aren't typically paid (in fact, apprentices often have to pay their trade masters), placing burdens on families who have to provide room and board while having one less earner in the household.

The YAP addresses this by selecting, registering, training and orienting the trade master and paying him or her directly, selecting youths who will benefit the most, offering loans to participants for living expenses, operating a project management committee (with youth representatives, trade master representatives, and parent representatives) for each tranche of apprentices, coordinating the implementation of the apprenticeship, and organising the graduation ceremony.

At the end, Sinapi offers capacity building workshops (in health and business), assistance in purchasing of materials and equipment after graduation, and interest-free loans to the graduates to support them in starting a business or going into employment.

823 students participated in the program in 2015, and 2,042 students have cumulatively been enrolled since 2006. The YAP is a highly replicable and scalable example of how the transition between education and skilled employment, with the livelihood, self-control and self-respect that comes with that, can be organised in countries which have a young population, a demographic bubble, and a jobs shortage.

Beyond tertiary study or an apprenticeship, the final path to employment for young people with a sense of

Sinapi Aba Savings & Loans Ltd

Sinapi Aba Savings & Loans Ltd. (Sinapi) is a Ghanaian non-bank financial institution established in 1994, with over 142,000 clients across the country, using 47 branches. While in the last decade Ghana has made huge progress against many social and economic metrics, including the Millennium Development Goal of universal education access, and almost 6% of GDP spent on education, there remain 500,000 out-of-school children, high rural/urban disparities, high dropout rates, inadequate infrastructures, teachers, and education materials.

Instead of the broader approach of some of the other semi-finalists, Sinapi's approach has been to address one particular issue - the mismatch between the needs of the labour market and the skills taught by only a few government vocational training programs and training centres. Traditional, informal apprentices are common in Ghana, but typically involve a fee paid to the trade master, no salary for the (usually) three-year period, and uneven standards.

Launched in 2006, Sinapi's Youth Apprenticeship Program (YAP) is a three-year program for selected young people from disadvantaged contexts, allowing them to be trained on the job by professional trade masters and receive a certification from the government and be assisted in finding a job or opening a business.

The YAP involves: analysis of the target area and segment, selection of poor youths, selection of professional trade masters, training and orientation of trade masters, setting up a project management committee (with youth representatives, trade master representatives, and parent representatives) for each tranche of apprentices, coordinating the implementation of the apprenticeship, and organising the graduation ceremony. The YAP also includes capacity building workshops (in health and business) and assistance in purchasing of materials and equipment for apprentices. Trade masters are paid EUR 200 per student by Sinapi, which offers interest-free loans to the graduating youths to support them in starting a business or going into employment.

entrepreneurship can be starting up a business. **JSC MFO Crystal (Crystal Microfinance)** in Georgia has addressed high youth unemployment and a lack of entrepreneurial culture, career counselling or internship opportunities, to launch a donor-funded, CSR Education-to-Employment initiative in 2015 - the Young Entrepreneurs' School (YES).

Georgia suffers from very low youth labour force participation, much lower than the regional average, and the duration of the school-to-work transition for girls is almost twice as long as that of boys: 13.5 years versus 8.6 years. Factors include: a post-Soviet lack of entrepreneurship knowledge, attitude and culture; practically no formal, non-formal or informal opportunities which facilitate and support youth entrepreneurship; lack of funding; apathy and scepticism among young men and women about entrepreneurial and employment opportunities in Georgia, including a mistrust of internships and a belief that they don't lead to employment or acquisition of practical skills; stereotypes and a lack of confidence among SME owners, preventing them from seeing the benefits of recruiting beyond their circle of family and friends; and lack of management experience to organise quality recruitment or offer jobs tailored to the circumstances of young men and women, carry out on-the-job training and adequate performance management. This challenge is even more acute among the micro and small enterprise sector, which has little culture of growth or expansion.

Moreover, there is little effective career development counselling at tertiary education level and quality internship opportunities offered by large companies due to a lack of understanding on how to structure the process to make it mutually beneficial for both young people and employers. This in turn reinforces an apathy and scepticism among youth, creating a negative feedback loop.

To address this challenge, Crystal Microfinance's Young Entrepreneurs' School (YES) was launched in September 2015 with the purpose of advancing youth self-employment opportunities in the regions of Georgia and the capital Tbilisi. At the time of the 2016 Award application the programme was in early implementation phase with approximately 200 young people taking part across 21 Young Entrepreneurs' Schools in 19 towns and rural areas in Georgia.

Because of the lack of 'start-up' culture, there was no relevant curriculum in the country that Crystal could adapt for the YES programme. Crystal introduced the 'Customer Discovery and Development' methodology as a substantial part of its curriculum, a methodology based on the US-led 'Lean Launchpad' approach for start-ups, widely adopted in US business schools, the private sector, and the National Science Foundation (the US government agency supporting research and education in all non-medical fields of science and engineering).

Crystal's objective for 2015-2018 is to target 600 young people in 20 municipalities of Georgia, including those populated by ethnic minorities. Each participant will go through the open-source, white-labelled Youth Enterprise Course, which consists of 10 sessions over the period of 2.5-3 months, for free. The course offers a mix of best-in-class training approaches and the range of activities, which help young people grasp the basics of entrepreneurship and what it make being an entrepreneur; translate their business ideas into the viable business models through the 'Customer Discovery and Development' methodology; and learn how to pitch potential business propositions to investors.

Participants have an opportunity to obtain seed funding from Crystal's Start-up Fund, which can be matched by funds raised through a crowdfunding platform started by a partner Fund specifically for the YES-Georgia programme. Participants will also benefit from mentoring opportunities throughout the course and while operating start-ups.

At the time of application, Crystal had committed EUR 67,500 to finance at least 30 start-ups, and 189 students participated in the programme's first year. While CSR and donor-funded, and therefore not commercially scalable at this stage, the YES programme nevertheless offers an interesting and promising alternative to higher education finance and trade apprenticeships for young adults transitioning from education to employment, particularly in countries which have not had a long culture of entrepreneurship, and which are ripe for a dynamic start-up culture to invigorate an apathetic youth.

JSC MFO Crystal

JSC MFO Crystal (Crystal Microfinance) is a non-bank financial institution in Georgia founded in 1998, with 47,000 clients across 31 branches. Addressing the critical problem of youth unemployment (33% among 15-24 year olds) in that country, and the lack of entrepreneurialism, career counselling or internship opportunities, Crystal Microfinance launched a donor-funded CSR Education-to-Employment initiative in 2015 - the Young Entrepreneurs' School (YES).

YES offers entrepreneurship courses to unemployed youth, piggybacking on the "Lean Launchpad" for start-ups approach (a methodology used by some American universities and entrepreneurs). This program comprises 10 sessions over 10-12 weeks. Students have an opportunity to obtain seed funding from Crystal's Start-up Fund, which can be matched by funds raised through the crowdfunding platform. The programme also includes training and mentoring services provided by Crystals' staff during the courses and while implementing the students' start-up projects. 189 students participated in the programme's first year, with targets of 600 by 2018.

FACTORS FOR SUCCESS

What is arguably most interesting about the field of applicants for the European Microfinance Award 2016 is how diverse their education initiatives are, unlike in microfinance more generally, where there is a fairly standardised core microenterprise loan which, improvements in product design and client protection notwithstanding, still dominates.

In education, however, and reflecting the relative newness of this sub-sector, the semi-finalists don't show replication of a standard model, but a range of different approaches, responsive to contexts that are particular to their countries, local markets, and clients. However, there are identifiable commonalities among those initiatives strong enough to have reached the semi-finalist stage or beyond.

First, almost all the education initiatives, rather than just offering **financial** or **non-financial** services, in fact offer **both**. There is a clear recognition that a holistic approach is by far the best. Credit is useful, but it is best combined with training, capacity building, counselling or community organising.

Second, several of the semi-finalists' initiatives involved both **demand-** and **supply-side** interventions. This reflects a consensus that obstacles to quality education access seldom result just from families' poverty, or schools' poor infrastructure or teaching. The answer, as with many policy challenges, is complex, context-dependent, and requires an attack on multiple fronts.

Thirdly, it is clear that the best education initiatives, like the best microfinance products, are **client-centric**. The most successful responses to a challenge require a starting point of "what do the prospective beneficiaries of this initiative actually need?" (and not what consultants or investors or practitioners just assume they need, or think will be a profitable new business opportunity). Start with the client's needs, and then work out how to build a sustainable initiative. Not the other way round.

Fourth, the strongest initiatives all have a high level of **embeddedness** and **institutional commitment**. Education initiatives cannot be CSR budget line items.

The semi-finalists all have strong buy-in from their management and governance teams, and high motivation to see the initiatives succeed. Put simply, if you're going to do it, do it properly.

Finally, almost all the semi-finalists recognise the importance of **partnerships** – whether with central or local government, education specialists, tertiary or technical institutions, NGOs, or funders. Education is never the core specialty of an MFI, and improving education access will require leveraging partnerships with those who specialise in education or are responsible for its provision.

ABOUT THE 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 and since 2014 an annual award, it is jointly organised by the Luxembourg Ministry of Foreign and European Affairs, the European Microfinance Platform (e-MFP) and the Inclusive Finance Network Luxembourg (InFiNe.lu).

Previous editions addressed the following subjects:

- **2015, Microfinance in Post-disaster, Post-conflict Areas & Fragile States.**
  Recognising institutions that operate in exceptionally difficult environments and circumstances, helping to increase the resilience of the affected communities. Winner: Crédit Rural de Guinée S.A (Guinea), for its innovative response to the Ebola outbreak in Guinea.
- **2014, Microfinance and the Environment**
  Integrating environmental governance into the DNA of the MFI and promoting initiatives to improve environmental sustainability. Winner: Kompanion (Kyrgyzstan), for its Pasture Land Management Training Initiative.
- **2012, Microfinance for Food Security**
  Microfinance initiatives contributing to improve food production and distribution conditions in developing countries. Winner: ASKI (The Philippines), for its micro agriculture loans for smallholder farmers and agribusiness and support to market linkages to private sector enterprises.
- **2010, Value Chain Finance**
  Outstanding microfinance initiatives in productive value chain schemes. Winner: Harbu (Ethiopia), for an initiative financing a soybean value chain.
- **2008, Socially Responsible Microfinance**
  Innovative microfinance initiatives to promote social performance. Winner: Buusaa Gonofaa (Ethiopia), for the development of its client assessment system.
- **2006, Innovation for Outreach**
  Microfinance breakthrough initiatives deepening or broadening rural outreach. Winner: The Zakoura Foundation (Morocco), for its programme on rural tourism.

The Award Selection Process

The ten semi-finalists whose education programs are profiled on pages 13-28 had to pass through a rigorous series of checks and evaluations to get that far. In terms of eligibility, they had to be financial institutions, in the financial inclusion sector, with activities that enable access to education for children and/or skill training for youth and adults to enhance their employment and self-employment opportunities.

Various types of institutions were eligible including NGOs, cooperatives, commercial banks, local development banks, leasing firms, insurance companies, and other institutions that directly serve retail clients. Financial education training and general business development training (increasing sales, product marketing, business planning etc.) were not eligible. Eligible programs had to show evidence of client demand and use, and the program had to be active and ongoing at the time of the application. And eligible institutions had to provide audited financial statements as well as be based in a Least Developed Country, Low Income Country, Lower Middle Income Country or an Upper Middle Income Country as defined by the Development Assistance Committee (DAC) for ODA Recipients.

Finally, eligible applicants had to be supported in writing by an e-MFP member.

Selection of applicants comprised three phases:

1. **Preselection Phase** in which applicants were preselected on the basis of the eligibility criteria, a sound financial and social performance and the project presented for the Award by a Committee composed of the e-MFP and InFiNe.lu Secretariats as well as the team of consultants supporting the Award selection process.

2. **Selection Phase** where the preselected applicants were evaluated to select the semi-finalists and the three finalists by the Award Selection Committee composed of members of the Luxembourg Ministry of Foreign and European Affairs, e-MFP and InFiNe.lu (see list of members on page 33).

3. **Final Phase** in which the High Jury selected the winner from the three finalists; the winner is announced at the Award Ceremony (see list of members on page 33).

High Jury Members

PRESIDENT

Her Royal Highness the Grand Duchess of Luxembourg

MEMBERS

Greta L. Bull, CEO Consultative Group to Assist the Poor (CGAP)

Edvardas Bumsteinas, Head of Microfinance Unit, European Investment Bank

Anne Contreras, e-MFP Chairwoman

Jean Martin Coulibaly, Minister of National Education and Literacy, Burkina Faso

Lamarana Sadio Diallo, CEO Crédit Rural de Guinée S.A (2015 Award winner)

Andreas Schleicher, Director for the Directorate of Education and Skills,
The Organisation for Economic Co-operation and Development (OECD)

Selection Committee Members

Organisation	Representative
ADA	Matthew Genazzini
Arc Finance	Sam Mendelson
BlueOrchard Finance S.A.	Maria Teresa Zappia
BRS - Belgian Raiffeisen Foundation	Kurt Van den Neste
Centre for European Research in Microfinance (CERMi)	Carolina Laureti
Consultative Group to Assist the Poor (CGAP)	Lauren Braniff / Antonique Koning
Credit Suisse	Laura Hemrika
Elvinger Hoss Prussen	Marc Elvinger
European Investment Bank (EIB)	Hannah Siedek
Fondation de Luxembourg	Petra Penders
House of Training	Josée Thyes
International Labour Organization (ILO)	Patricia Richter
KPMG Luxembourg	Mickael Tabart
LuxDev	Alexis Hoyaux
Luxembourg Microfinance and Development Fund (LMDF)	Kaspar Wansleben
LuxFLAG	Sachin S Vankalas
Luxembourg Ministry of Foreign and European Affairs	Philippe Mores
NpM Platform for Inclusive Finance	Josien Sluijs
SOS Faim Belgium	Marc Mees
The Microinsurance Network	Annalisa Bianchessi

ORGANISERS OF THE EUROPEAN MICROFINANCE AWARD

Luxembourg Ministry of Foreign and European Affairs

Directorate for Development Cooperation and Humanitarian Affairs

www.cooperation.mae.lu

The inclusive finance sector has been actively supported by Luxembourg's Directorate for Development Cooperation and Humanitarian Affairs of the Ministry of Foreign and European Affairs over the last 20 years. The Ministry works closely with civil society stakeholders and networks specialised in microfinance to fund conceptual innovation, research and the development of new tools as well as political action in national and international fora, by focussing particularly on integrating the most vulnerable into the financial inclusion sector. Long term commitment and strategic support have led to Luxembourg being globally recognised as a centre for financial inclusion.

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

Directorate for Development Cooperation
and Humanitarian Affairs

Inclusive Finance Network Luxembourg

www.InFiNe.lu

The Inclusive Finance Network Luxembourg Asbl (InFiNe.lu) was created in March 2014 as a continuation of the former Luxembourg Microfinance Round Table, an informal initiative since 2004. The uniqueness of InFiNe.lu is to bring together key stakeholders from the public, private and civil society sector in Luxembourg around the common objective of promoting financial inclusion. The network includes 26 members. InFiNe.lu aims to develop knowledge and expertise by stimulating exchange and collaboration amongst its members and capitalises on Luxembourg's leading position in the financial and development sectors.

InFiNe
Inclusive Finance Network
Luxembourg

The European Microfinance Platform

www.e-mfp.eu

The European Microfinance Platform (e-MFP) is the leading network of European organisations and individuals active in the microfinance/financial inclusion sector in developing countries. Now in its tenth year, it has grown to 130 members from all geographic regions and specialisations of the European microfinance community, including consultants & support service providers, investors, multilateral & national development agencies, NGOs and researchers. Up to two billion people remain financially excluded. To address this, the Platform seeks to promote co-operation, dialogue and innovation among these diverse stakeholders working in developing countries. e-MFP fosters activities which increase global access to affordable, quality sustainable and inclusive financial services for the un(der)banked by driving knowledge-sharing, partnership development and innovation.

EUROPEAN
MICROFINANCE
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NETWORKING WITH THE SOUTH

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