



 **PAGE 1 - 2**  
European Microfinance Award

 **PAGE 3 - 9**  
News from the Secretariat

 **PAGE 10 - 12**  
Forum

 **PAGE 13 - 14**  
News from our Members

 **PAGE 15**  
New Members

 **PAGE 16**  
Announcements

 **PAGE 16**  
Calendar of events



## Strengthening Resilience to Climate Change

Education, Housing, Technology... the themes of the annual European Microfinance Award change each year, reflecting new approaches and innovation underway across different areas of financial inclusion. But there's perhaps never been an Award as relevant, as 'of the moment' as this year's: *Strengthening Resilience to Climate Change*. Its objective is to recognise organisations active in the financial inclusion sector that provide financial and non-financial products and services aimed at strengthening the resilience of vulnerable communities to the effects of climate change. There may be no issue more important in financial inclusion today.

Based on feedback from previous applicants, the Award process has evolved and is a bit different this year. This time, there was a preliminary Round 1, launched in mid-March, with a shorter, simplified application form used to verify eligibility, basic relevance and innovation. We were delighted with the response – 41 organisations from 27 countries applied to this preliminary round, including 18 non-bank financial institutions, 5 banks, 4 NGOs, 2 cooperatives/credit unions, 2 insurance companies, 2 networks/associations, 2 social enterprises, 2 companies, 1 technical service provider, 1 private foundation, 1 insurance broker, and 1 agricultural organisation.

These 41 applications were evaluated by the pre-selection committee in April, and 28 were invited to proceed to Round 2, which closed on 29<sup>th</sup> May. The response was outstanding, and 26 have now completed the full application, providing much greater detail about their initiative, including supporting documentary and financial data. These selected applicants offer a fascinating glimpse at how increased resilience to climate change touches on so many areas of development finance. Among the applicants we find innovations in index insurance, improved agricultural practices, value chain development, enhanced nutrition, education, clean energy, use of technol-



© IFAD/Amadou Keita

a variety of other criteria including replicability, outreach, quality, innovation and diversity of their solutions, before a smaller number are passed on to a larger selection committee of experts in September.

The European Microfinance Award process is rigorous. The Award team acknowledges its important responsibility to ensure fairness, transparency and integrity commensurate with how much is at stake for the applicants. The semi-finalists, and especially the finalists and winner receive, besides the €100,000 for the winner and the €40,000 for the runners-up, considerable exposure via e-MFP's communication channels, its media partners, the *European Dialogue* publication, and the introductions to new potential partners that are a key value of attending European Microfinance Week, when the three finalists are widely promoted, and the winner announced on 21<sup>st</sup> November.

ogy such as geo data, disaster preparedness... the list goes on. Helping low-income and vulnerable communities adapt to climate change invites a broad range of responses, specific to the context, the people, and their needs.

These 26 will be evaluated by a pre-selection committee in the coming weeks for social and financial performance as well as

We are delighted by the preliminary success of the amended Award process this year, and the fascinating array of initiatives that we received in Round 1. The Award team would like to thank all those who applied, to congratulate those who were invited to apply to Round 2, and we wish everyone good luck in the months ahead as the process continues.



The **European Microfinance Award** is a prestigious annual € 100,000 award, which attracts applications from organisations active in financial services around the world that are innovating in a particular area of financial inclusion. The Award was launched in 2005 by the Luxembourg Ministry of Foreign and European Affairs – Directorate for Development Cooperation and Humanitarian Affairs, and is jointly organised by the Luxembourg Ministry of Foreign and European Affairs, the European Microfinance Platform (e-MFP) and the Inclusive Finance Network Luxembourg, in cooperation with the European Investment Bank. It serves two parallel goals: rewarding excellence, and collecting and disseminating the most relevant practices for replication by others.

For more information visit <http://www.european-microfinance-award.com/>



---

## NEWS FROM THE SECRETARIAT

---

### Introducing our new e-MFP Board member

During its May 2019 meeting the e-MFP Board coopted Ms. Marie-Anne Marx of the Luxembourg Ministry of Foreign and European Affairs – Directorate for Development Cooperation, to replace her colleague Mr. Claude Faber. We would like to thank Mr. Faber for his support and commitment during his term and we warmly welcome Ms. Marx and look forward to collaborating closely with her.



bourg and holds the position of Deputy Director for Development Cooperation at the Ministry of Foreign and European Affairs. She is also the Luxembourg delegate at the OECD Development Assistance Committee (DAC) in Paris.

Prior to working at headquarters in Luxembourg, Marie-Anne was Deputy Head of Mission at the Embassy of the Grand Duchy of Luxembourg in Kosovo for three years. She was also First Secretary for Development Cooperation at the Luxembourg Embassy in Nica-

ragua for nearly 5 years (2006-2011). She worked as a Programme Officer at the United Nations Development Programme (UNDP) in El Salvador (2001-2003) and the Lao PDR (1999-2001). She started her career at the Luxembourg Ministry of Economics in 1995, where she managed the Unit “Foreign Direct Investment” at the “External Economic Relations” division.

Ms. Marx is a graduate from Tufts University, The Fletcher School for Law and Diplomacy, USA (GMAP’11). She also holds an MSc in International Trade from Lancaster University, UK, and a *Maîtrise en Sciences Économiques* from Université d’Aix-Marseille III, France.

Marie-Anne Marx has been working for the Luxembourg Government since 1995. She is currently based in Luxem-

---

### Latest e-MFP Offsite Session in London Outlines Threats and Opportunities that Technology Presents to MFIs

Technology in financial inclusion is everywhere nowadays. The ability to predict the weather; contact vendors or customers; send, save, receive or borrow money affordably and immediately; find new markets – these are disruptive and revolutionary opportunities for low-income populations, but they come with significant challenges too.



## Launch of *Digital Pathways in Financial Inclusion*

In 2018, the Award highlighted the role of technology in advancing financial inclusion, showing how technology-enabled services and solutions can help financial services providers such as MFIs increase outreach to low-income and vulnerable segments, offering products and services capable of responding to clients' needs for trust, speed, low cost, security, usability, and transparency.

*Digital Pathways in Financial Inclusion*<sup>1</sup> is the latest in e-MFP's *European Dialogue* series, and like previous editions, summarises the theme, process and big issues of that year's Award and intersperses case studies of the top ten applicants. The report outlines **three main categories of technology-led interventions** from within these ten initiatives:

1. **Increasing Institutional Efficiency and Improving the Client Experience** – institutions implementing back office or client-facing solutions that reduce costs and time of operations;
2. **Offering Digital Financial Services** – institutions offering solutions for clients to use new and better services, more conveniently and securely; and
3. **Responding to Specific Challenges** – institutions that, because of particular contexts in which they operate, mitigate the challenges of that context by implementing a technology solution.

The paper concludes by extracting a few 'factors for success' that the best applicants have in common, lessons that pave the way for how advances in technology can enable other providers, as well as innovators, entrepreneurs, engineers, developers and investors, to follow suit.



ecosystem previously excluded segments – especially women, rural communities and the very poor – that brick-and-mortar MFIs struggle to sustainably reach.

The innovations that make these opportunities possible are provided by a diverse range of new entrants into the rapidly-evolving financial inclusion landscape. They can offer, as Sam outlined in his introduction, an equally diverse array of technology-led products and services: credit, savings, insurance, payments or transfers, as well as institution-side delivery solutions and non-financial services.

**Aurélie Wildt Dagneaux** from PHB Development then gave a more detailed overview of the emergence of this new landscape, from the first microfinance institutions of 30-40 years ago to the emergence of mobile money and digital financial services for low-income groups in the last ten years, to the fintech aggregators with their exploitation of new sources of client data. So much of increased access to financial services has been driven by technology, with growth in mobile money usage far outpacing uptake of bank accounts in many markets.

**Graham Wright** of MSC is well known to e-MFP, most recently for his keynote at EMW 2018<sup>4</sup> in which he exhorted MFIs to 'digitise or die!' in the face of the threat from new entrants that risk serving only urban, high-value customers, leaving traditional MFIs with low-value rural clients in an unsustainable business model. Also profiling what can happen when digital transformation is done well was **Audrey Joubert** from Advans International, and formerly of Advans Cote d'Ivoire – the winner of the EMA 2018. Audrey pre-

These were the messages at a joint e-MFP/Financial Inclusion Forum UK Off-site Session held at Allen & Overy in London on 23<sup>rd</sup> May. The event was entitled *Financial Inclusion through Technology* – the theme of the European Microfinance Award 2018<sup>2</sup> – and served to summarise the process and takeaways of that Award and bring together a panel of experts to debate the biggest issues in the financial inclusion and technology sector.

The event began with a short slide presentation<sup>3</sup> by e-MFP's Financial Inclusion Specialist (and lead author of the report) Sam Mendelson. Sam opened with a big picture look at 'why technology matters': the reduced costs compared to human-intensive traditional microfinance; improvements in communications, information exchange, and the speed and reliability of financial services in remote areas; and the potential to bring into the financial

<sup>1</sup> <http://www.e-mfp.eu/resources/european-dialogue-financial-inclusion-through-technology>

<sup>2</sup> <http://www.e-mfp.eu/european-microfinance-award-2018>

<sup>3</sup> <https://bit.ly/2JLT9d3>

<sup>4</sup> <http://www.european-microfinance-week.eu/2018/PROGRAMME-SESSIONS-26/Plenary-Financial-Inclusion-through-Technology>



sented the Advans CI's digital credit and savings initiative for cocoa farmers via cooperatives<sup>5</sup>.

There are success stories such as these, as well as cautionary tales, that exemplify what the three panelists termed the **'necessity to digitise'**. Graham gave examples of the trends underway in some markets of digital lenders, without the core expertise in credit assessment and working with low-income segments, posing existential threats to socially-focused MFIs that are stuck in unsustainable, traditional models.

How can this necessity be made real in practice? Aurélie introduced the 'How to Succeed in your Digital Journey'<sup>6</sup>, a six-part toolkit developed with UNCDF Microlead and Mastercard Foundation, which outlines six overlapping models for digitally transforming financial institutions. These start with basic operations (use of tablets for credit assessment, for

example) via partnerships all the way up to mobile banking.

**Partnerships** are a critical part of digital transformation in financial institutions. Advans CI works with various partners such as MNOs Orange and MTN, the latter which enabled Advans CI to implement its own USSD Mobile Banking menu where rural customers can check their balance and carry out transactions from their Advans account to another Advans account. Aurélie pointed out the importance of partnerships in scaling up, pricing, and how digital transformation is an opportunity for MFIs to sustainably offer individual loans that wouldn't be possible without efficiency increases. But there are sometimes unforeseeable consequences to such transformations: PHB has worked with MFIs where on the request of clients, they had to re-introduce the group meetings typical of the traditional microfinance model. There remains a need for the human touch

and the social cohesion of group lending and savings models that can be lost in a switch to automation and branchless individual banking.

The **challenges or risks in digital transformation** was the final topic. Graham is a vocal critic<sup>7</sup> of some of the trends underway in the sector, including the proliferation of consumer lenders using poor credit appraisal models that lead to high write-offs, ignoring of actual client data, blacklisting of millions of clients for tiny defaults, a failure to protect consumers<sup>8</sup>, endemic multiple borrowing, and barriers to mobile internet access in rural areas<sup>9</sup> exacerbating the digital divide. Audrey gave examples of Advans CI's own challenges – notably the need for financial and technological education for cash-acustomed clients in how to protect private data and safely use (and trust) mobile banking.

A vibrant series of questions from the audience looked for the panellists' ideas on what needs to be done to address the many challenges ahead. In key markets, a focus on consumer finance has led to a failure to innovate in serving (M) SMEs. There needs to be support from other stakeholders for digitally transforming FIs, especially in disseminating best practice and helping FIs with a comprehensive digital strategy. Mobile Internet must be brought to rural, more remote clients. Finally, there needs to be a re-focus on what financial inclusion is *for*. Is it the Findex-type<sup>10</sup> focus on bank accounts, or is this making the sector lose sight of whether technology increases the quality and value of financial services to those who need it most?

<sup>5</sup> <https://www.youtube.com/watch?v=1S58hd0eEYg>

<sup>6</sup> <https://www.phbdevelopment.com/toolkits/>

<sup>7</sup> <http://blog.microsave.net/2018/11/16/the-digital-transformation-four-opportunities-and-three-threats-for-traditional-financial-institutions/>

<sup>8</sup> <http://blog.microsave.net/2018/10/24/consumer-protection-in-the-digital-age/>

<sup>9</sup> <http://blog.microsave.net/2018/07/30/mobile-internet-access-the-next-frontier-for-tech/>

<sup>10</sup> <https://globalfindex.worldbank.org/>



## e-MFP at European Development Days 2019



Organised by the European Commission, the European Development Days (EDD) bring the development community together each year to share ideas and experiences in ways that inspire new partnerships and innovative solutions to the world's most pressing challenges. With the overarching title for EDD 2019 "Addressing inequalities: building a world which leaves no one behind", e-MFP was delighted to share expertise and experience on the panels of two Lab Debates.

### **Gabriela Erice in Lab Debate: Financial Inclusion: A Catalyst for Reducing Inequalities**

Financial inclusion is a target in 8 of the 17 goals of the 2030 Agenda for Sustainable Development. Financial inclusion reduces inequalities by reducing the number of unbanked people, estimated today at 2 billion, most of whom are underserved. It also spurs economic growth.

On Tuesday June 18<sup>th</sup> at EDD 2019, in a Lab Debate organised by Convergences,

the European Commission and e-MFP, panellists Gabriela Erice, e-MFP; Craig Churchill, ILO; Karel Vanderpoorten, European Commission; Sophie Maysonave, French Ministry for Europe and Foreign Affairs; with moderator Carine Valette, Convergences, discussed the link between financial inclusion and reducing inequality in the context of the Sustainable Development Goals in Europe and in developing countries. The role that social enterprises can play in finding sustainable solutions was addressed and the panellists delved into how financial inclusion tools and policies can target underserved populations, such as women and migrants, and highlighted how digitalisation is both an opportunity and a threat to greater financial inclusion.

### **Daniel Rozas in Lab Debate: A Business Case for Housing Microfinance**

Housing shortages and poor housing affect developing countries at large. Rapid urbanisation is stretching the limited supply of adequate housing and

urban land. Authorities are increasingly searching for solutions to house the lower-income households. Mortgage markets tend to be shallow and frail, hampered by political and economic instability. This hinders families from being able to afford decent homes. Housing microfinance, micro-insurance and micro-mortgages are innovative products that could offer solutions. They can achieve profit, strengthen the business environment and help low-income households access housing.

Habitat for Humanity hosted on June 19<sup>th</sup> at EDD a debate to discuss housing microfinance and micro-mortgages and looked at how to attract more investment into the sector. The debate was moderated by Zoé Tabary, Property rights editor, Thomson Reuters Foundation. Speakers included: e-MFP's Daniel Rozas; Werner Wallner, Hilti Foundation; Ruth Odera, Habitat for Humanity and Christophe Bochatay, Triple Jump.

For more information on European Development Days visit <https://eudevdays.eu/>





## e-MFP out & about

On 11<sup>th</sup> April Gemma Cavaliere attended a meeting of the Convergences Working Group *Finance responsable et inclusive* in Paris.



© InFiNe.lu

On 16<sup>th</sup> May e-MFP participated in the InFiNe.lu presentation of Fabio Mandorino, Economic Adviser ABBL, on the Oxford Impact Investing Programme 2019 and its main take-aways.



© MFC

Christoph Pausch took part in the 2019 MFC annual conference which was held 29<sup>th</sup> – 31<sup>st</sup> May, in Istanbul. Christoph also represented e-MFP at the MFC membership meeting which was held during the conference.



© ADA

On 5<sup>th</sup> June e-MFP attended the 47<sup>th</sup> Midi de la Microfinance organised by ADA on the topic of 'Optimising impact: pairing inclusive finance and insurance'. It was the occasion to learn more about how, with the Women's World Bank as a case study, MFIs are using insurance services to increase their impact and strengthen their business models at the same time. Speakers were: Gilles Renouil, Director of Microinsurance, Women's World Banking, and Annet Mulindwa, Managing Director, Finance Trust Bank Uganda. The panel was moderated by ADA's Matthew Genazzini.

On 5<sup>th</sup> June Gabriela Erice participated in a meeting of the editorial committee of the Microfinance Barometer in Paris.



The Inclusive Finance Network Luxembourg organised on 11<sup>th</sup> June in the House of Microfinance, Luxembourg, an interac-

tive workshop on The "Financial Inclusion Compass – e-MFP's Survey of Financial Inclusion Trends". e-MFP's Sam Mendelson, Financial Inclusion Specialist and author of the report, presented the project background, process, methodology and key findings. Vibrant questions and feedback from participants stimulated lively discussion on the implications for the sector and future steps for the *Compass*.



Niamh Watters attended LuxFLAG's breakfast seminar on 18<sup>th</sup> June 2019 at KBL Luxembourg which focused on social investments and how to address the imperative of creating measurable impact.

Christoph Pausch joined in LuxFLAG's networking summer reception on 20<sup>th</sup> June.



On 26<sup>th</sup> June the e-MFP Secretariat participated in the 2<sup>nd</sup> Sustainable Finance Forum, organised by Luxembourg For Finance in Luxembourg.

## 6<sup>th</sup> European Research Conference on Microfinance



Best PhD paper Award at the 6<sup>th</sup> European Research Conference on Microfinance

Paris Dauphine University, Montpellier Business School and Institut pour la Recherche en Développement (IRD) were delighted to host and organise in cooperation with the European Microfinance Platform and CERMI, the recent 6<sup>th</sup> European Research Conference on Microfinance from 3<sup>rd</sup> to 5<sup>th</sup> June 2019, in Paris, France, with over 130 delegates attending the event.

A mix of established international researchers and leading practitioners infused the debate around the “New Tools, New Actors: Which aims, values and beneficiaries?” in microfinance. One of the main focuses of the discussions was the challenge of industrialisation and massification, which has been fueled by the increasing use of new technologies as allegedly efficient instruments for fostering financial inclusion worldwide.

The event was opened by the Vice Rector of Paris Dauphine University, Elyès Jouini; David Ettinger, Head of LEDa, Paris Dauphine University; Baptiste Venet, Paris Dauphine University and Christoph Pausch, European Micro-

finance Platform. In the opening session, chaired by Arvind Ashta (Burgundy School of Business) and Baptiste Venet (Paris Dauphine University), perspectives were shared by Maria Elisa Balen (Universidad Nacional de Colombia), Susan Johnson (University of Bath), Jonathan Morduch (New York Uni-

versity) and Matthew Soursourian (the Consultative Group to Assist the Poor). Following the opening panel, two parallel sessions allowed for the presentation of 34 research papers distributed over five streams. Next, the panel ‘Microfinance in developed countries, from the cooperative movement to microcredit’ extended the issue of financial inclusion to Europe and North America. The panel was moderated by Anastasia Cozarenco (Montpellier Business School) and valuable contributions were made by Jean-Louis Bancel (Crédit Coopératif), Marcella Corsi (Sapienza University of Rome), Maria Nowak (ADIE), Timothy Ogden (New York University), Ariane Szafarz (CERMI, Université Libre de Bruxelles).

Closing the first day, Lucia Spaggiari presented the Microfinanza Rating Data Platform project.

The second day opened with a panel discussion on the local and rural development. Chaired by Patricia Richter (International Labour Organisation) this session brought together panelists

including Johan Bastiaensen (University of Antwerp), Claire Stoeckel (SOS Faim Belgium), Supriya Garikipati (University of Liverpool), Pierre Casal Ribeiro (Université Paris Nanterre/Fondation Grameen Crédit Agricole) providing a dialogue on the ongoing quest for innovation for financial inclusion in rural areas.

The third parallel session of presentations included 20 different research papers and preceded the afternoon plenary session, chaired by Marc Labie (CERMI, Université de Mons) who together with Olivier Edelman (European Investment Bank), Marek Hudon (CERMI, Université Libre de Bruxelles), Solène Morvant-Roux (Université de Genève) and Tara Nair (Gujarat Institute of Development Research) explored public and social policies in terms of market inclusion, social inclusion and citizenship.

This session ended with a very special moment, the Best PhD Paper Award ceremony. Elena Reboul (IRD-Cessma, French Institute of Pondicherry) received second place for her paper “The gender of debt and the financialisation of development. Insights from rural southern India” co-authored with Isabelle Guérin (IRD-Cessma, French Institute of Pondicherry) and Christophe Jalil Nordman (IRD-DIAL French Institute of Pondicherry). The first place was awarded to Jonathan Fu (University of Zürich, Department of Banking and Finance) for his paper “Preparing fertile ground: How does the business environment affect outcomes from microfinance?”, co-authored with Annette Krauss (University of Zürich, Department of Banking and Finance). The winners

receive € 500 and € 1,000, respectively and will present their work at the next European Microfinance Week taking place 20<sup>th</sup> – 22<sup>nd</sup> November in Luxembourg.

The final parallel session of the day revolved around five streams where 18 research papers were presented.

The conference highlights also included the social event held on Tuesday, June 4<sup>th</sup>, evening where delegates had a chance to take time to meet old and new colleagues, during a cocktail dinner cruise on the Seine around the most beautiful monuments of Paris.

The final day started with the last parallel session with 13 further paper presentations followed by the presentation and review of the book “Research Agenda for Financial Inclusion and Microfinance” edited by Marek Hudon (CERMi, Université Libre de Bruxelles), Marc Labie (CERMi, Université de Mons) and Ariane Szafarz (CERMi, Université Libre de Bruxelles). Marc Labie (CERMi, Université de Mons) and Daniel Rozas (e-MFP) presented and reviewed the chapters of the book.

The conference concluded with a challenging panel on “Microfinance: What next?” with Niels Hermes (University of Groningen), Cécile Lapenu (CERISE), Roy Mersland (University of Agder), Jonathan Morduch (New York University), Vong Pheakyny (AMK Cambodia) and Isabelle Guérin (Institut de Recherche pour le Développement) and Philippe Guichandut (Fondation Grameen Crédit Agricole) who moderated the session.

The three days of the conference passed very quickly. They were full of new ideas, new approaches to old issues and emotions and hopefully they will shape new projects and collaborations in a near future.

## Save the Date - European Microfinance Week, 20<sup>th</sup>-22<sup>nd</sup> November

Join us during 20<sup>th</sup> to 22<sup>nd</sup> November for European Microfinance Week (EMW) 2019. EMW is one of the top events in the inclusive finance calendar which gathers 500 leading experts from all over the globe to tackle the sectors most pressing challenges. Widely recognised for its high quality sessions on front line topics, we'd like to thank all our members who submitted proposals for EMW 2019. In the coming weeks we'll be drawing the ideas together, so stay tuned for details of the stimulating programme with exciting line-up of prestigious speakers in store!

Participants consistently rate EMW as the must-attend event in Europe for networking and knowledge sharing. So join us for 3 days of exchange and debate and don't miss this excellent opportunities to engage with industry peers.



Registration on [www.e-mfp.eu](http://www.e-mfp.eu) will open during the summer - block the dates **20<sup>th</sup> to 22<sup>nd</sup> November 2019** in your calendar, we look forward to welcoming you back to Luxembourg.

Interested in sponsoring this year's event and positioning your organisation at the forefront of the inclusive finance sector? The e-MFP Secretariat would be happy to discuss the opportunities available [contact@e-mfp.eu](mailto:contact@e-mfp.eu)

Silver sponsor



Other sponsors



Media partners



## FORUM

## A New Code for Consumer Protection in the Off-grid Solar Sector



© Joanna Pinner / Ripple Effect Images / Solar Sister

### About GOGLA

GOGLA is the global association for the off-grid solar energy industry. Established in 2012, GOGLA now represents over 150 members as a neutral, independent, not-for-profit industry association. Its services assist the industry to build sustainable markets and profitable businesses delivering quality, affordable off-grid electricity products and services to as many customers as possible across the developing world.

Over the past decade, the off-grid solar sector has come to play an increasingly important role in providing a path for the electrification of poor, largely rural, areas that have little or no access to electricity. The solar home systems (SHS) that provide lighting, phone charging and low-cost electric appliances have now become affordable to many poor households through a pay-as-you-go (PAYGo) plan.

The basic mechanics of a PAYGo plan are reminiscent of a microloan. The initial purchase typically requires a down-payment, after which the consumer has the system installed in their house. After that, the consumer must make regular monthly, weekly or even daily payments for the period of the contract. Crucial to the process is what happens when a payment is late. In most cases, the system is

disabled remotely, and is only re-enabled once payment is made. If too many payments are missed, the system can be repossessed by the provider. Once the PAYGo plan is completed, the system is permanently enabled, with no additional payments required. Most systems have a lifetime of at least five years, mainly limited by deterioration of batteries. Most have warranties covering at least the length of the payment period.

This PAYGo model allows off-grid solar energy providers to deliver significant and measurable social, economic and environmental impacts. However, much like microfinance, as this sector has grown, focusing on client protection has become increasingly more relevant and critical to ensuring that the sector continues to deliver access to electricity in a sus-

tainable and socially responsible manner. To achieve this, GOGLA initiated a project in early 2018 to develop a Consumer Protection Code<sup>12</sup> (CP Code) and Self-Assessment Tool (SAT) for off-grid companies. We were contracted as part of an Enclude team to take the initial Principles defined by GOGLA members and expand them into a list of Indicators based on feedback from members and their staff and consumers. This process was completed in April 2019 when GOGLA's members approved the final Code, and 17 companies have already made a commitment to uphold these standards.

### Why consumer protection matters for off-grid solar

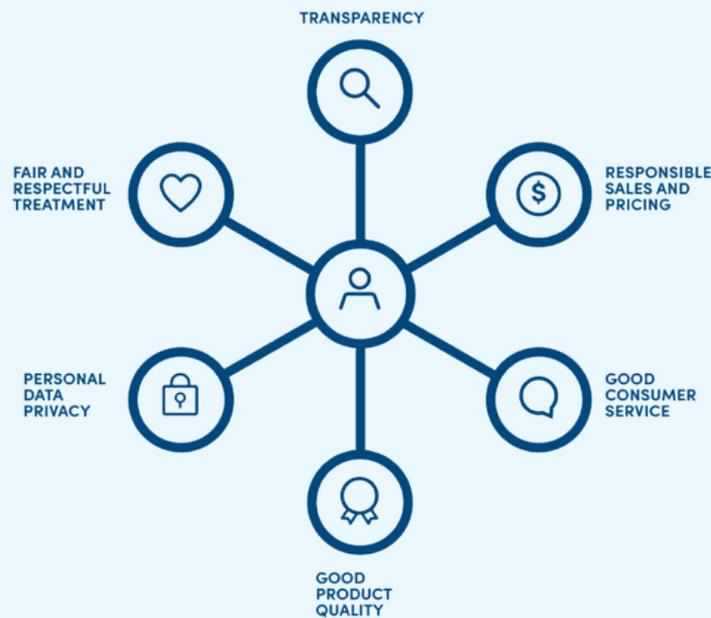
The impetus for this is clear. First, many of the companies in the sector are moti-

<sup>12</sup> <https://www.gogla.org/gogla-consumer-protection-code>

vated by a social mission, with much of their funding from DFIs and impact investors. Second, consumers in the off-grid solar sector are in need of protection across a range of areas. Who are these consumers? They're typically low-income, for whom a SHS constitutes a major investment. As with microfinance, these consumers are contractually bound to the long term financial obligation of a PAYGo payment plan, exposing them to substantial risks: disrespectful behaviour by sales agents and staff; fraud, or lack of transparency during the sale; or the precariousness of financial shock making payments unaffordable – among others. When consumers default, they risk their systems being repossessed, which not only exposes them to loss of prior payments and the significant down-payment, but also casts them back into darkness.

That places great responsibility on off-grid solar providers. And unlike MFIs, they have the additional obligation to ensure that their products operate effectively, and repairing them when they do not.

Up until now, there was no shared understanding of what 'consumer protection' means in the off-grid sector. To assess their performance, some companies borrowed from the Smart Campaign principles, designed for the microfinance sector. However despite some commonalities, this is an imperfect fit, leading the sector to develop a CP Code tailor-made for off-grid solar providers. Even so, the inspiration and lessons from Smart, SPTF and GSMA's Mobile Money consumer protection certification proved invaluable and greatly guided the Code.



### What is the CP Code?

The six Principles which are the core of the CP Code, and the 37 Indicators that help companies assess their consumer protection cover six broad areas: Transparency, Responsible Sales and Pricing, Good Consumer Service, Good Product Quality, Personal Data Privacy, and Fair and Respectful Treatment. They represent the minimum standards of practice consumers should expect, enable companies to measure, demonstrate and improve their practices, and provide investors and other stakeholders with a framework to promote good practice. Governance and Management is a de facto 7<sup>th</sup> 'meta'-Principle, included because these concepts (management accountability to Board, training, embedding of principles, measurement of performance, and partnership strategy) cut across all the other six.

### The SAT: Putting the Code into Practice

Putting in place a Code that deeply affects the operations of an entire sector takes

time, and is best approached incrementally. The first step was approval of its Principles by GOGLA members in September 2018. Approval of the Indicators followed in April 2019, accompanied by the rollout of the Self-Assessment Tool (SAT), which allows companies to internally examine their strengths and deficiencies, provides a rubric for measuring progress over time on specific aspects of their interaction with consumers, provides some quantitative baselines for investors as they conduct due diligence, and may facilitate dialogue between companies and investors.

When a company uses the SAT, they score their performance against each of the 37 indicators - selecting one of Fully Met, Mostly Met, Somewhat Met, Not Met, or Not Applicable. *Figure 1 (next page)* shows a summary version of the Indicators to illustrate the theme of each. The Indicators themselves are substantially more complex and many are supplemented by an Explanatory Note that gives detailed guidance on the interpretation of the indicator's component elements, and form an integral part of the SAT.

When the self assessment is completed, the SAT generates disaggregated numerical scores for each of the principles. The SAT also encourages companies to provide qualitative responses for each Indicator. Like the scores, these responses are not for external assessment, but are for the companies' own benefit, to facilitate what might be the single largest benefit of the SAT: the opportunity for companies to log and compare their activities, progress, shortfalls and challenges over time. All these components were refined over

## GOGLA Consumer Protection Code Summary Indicators

Figure 1



### GOVERNANCE & MANAGEMENT

- GM1** Board reviews alignment w/ indicators
- GM2** indicators part of institutional management KPIs
- GM3** CPPs visible and accessible
- GM4** Staff & (non-staff) sales agents trained on CPPs
- GM5** Agreements with partners or service providers



### A TRANSPARENCY

- A1** Consumer informed of key terms
- A2** Fees and charges conveyed clearly
- A3** Advised about available products and payment options
- A4** Communication in appropriate language(s)
- A5** Accuracy of consumer-facing statements
- A6** Availability of payment confirmation and balance
- A7** Information on what personal data is collected



### B RESPONSIBLE SALES & PRICING

- B1** Assessment of ability to pay proportional to obligation and risk
- B2** Sales staff/force trained on financial vulnerability
- B3** Oversight of sales force to prevent misselling
- B4** Ensuring understanding of key terms of payment plan
- B5** Consumer informed if original product used as collateral



### C GOOD CUSTOMER SERVICE

- C1** Offer a minimum warranty length
- C2** Availability of technical support
- C3** Customer support service in place
- C4** Continued service if operational/business failure
- C5** Capture and use of consumer feedback
- C6** Awareness of disposal requirements



### D GOOD PRODUCT QUALITY

- D1** Certified according to relevant product quality standard
- D2** Installation of non- plug-and-play systems
- D3** All products are sold with user manual
- D4** User interface and payment process is appropriate



### E PERSONAL DATA PRIVACY

- E1** Comply with data privacy laws & regulations
- E2** Legitimate interest requirement for data collection/sharing
- E3** Consent for the sale of personal information
- E4** Personal data protected /encrypted



### F FAIR & RESPECTFUL TREATMENT

- F1** Staff + sales agents informed on prohibited behaviours (and penalized)
- F2** Safeguard against fraud and restitution
- F3** Clear & fair mechanism for contract breach
- F4** Steps for managing consumer contract breach
- F5** Respect of consumers' privacy
- F6** Presumption of consumer honesty in complaints

and Tanzania in late 2018 for two weeks of interviews and Focus Group Discussions. The findings were significant, and the draft Indicators underwent major revisions to incorporate them.

### What's Next?

The response by the off-grid sector to this initiative has been very supportive. Besides the extensive involvement of GOGLA members in supporting refinement of the Indicators, there have already been 8 endorsements and 17 commitments to the Code. Overall, leading companies in the industry believe that the Code and the SAT genuinely capture the issues that providers face in balancing a sustainable and profitable business model while protecting vulnerable consumers from harm. We believe that this process has furthered acceptance that widespread good consumer protection practices can mitigate sector risks and accelerate market growth.

Nevertheless, there is recognition too that this is not the end but merely the start. The longer-term goal may parallel client protection in microfinance - a move towards third party assessment or certification. It will be up to the industry, assisted by GOGLA, to determine if its ready for this. Yet the value in this project has not just been the Code itself, but the process - a collective industry engagement that has pushed solar companies to think, debate and discuss consumer protection, and learn about where their current practices may fall short.

*Sam Mendelson & Daniel Rozas are lead consultants for the Enclude team developing the CP Code in partnership with GOGLA. They are also Financial Inclusion Specialist and Senior Micro-finance Expert, respectively, at e-MFP.*

months of consultation with GOGLA members and other sector stakeholders, as well as testing of the draft Principles with consumers and staff in the field, to

verify if they accurately reflect industry practice and the concerns and experiences of consumers themselves. To this end, we visited four companies in Kenya



## NEWS FROM OUR MEMBERS

### Sharpen your SPM analysis with the SPI4 Audit Guide

The CERISE-SPI4<sup>13</sup> is a social audit tool for financial service providers to assess their social and environmental performance. The SPI4 is fully aligned with the SPTF's Universal Standards for Social Performance Management<sup>14</sup> and the e-MFP Green Inclusive and Climate Smart Finance Action Group, Green Index: industry standards in social and environmental assessment.

Since 2003, **more than 700 FSPs** have used SPI4 to help assess and improve their practices. Using SPI4 helps **reducing time spent on social reporting** – to the Board and investors – thanks to standard metrics. FSPs' social achievements are clearly visible and manageable through the **SPI4 social dashboard**. Plus, FSPs can compare results to **peer benchmarks**, to get a fresh perspective and see where to focus improvement.

SPI4 can be used as a self-assessment or externally by a trained auditor. Either way, conducting an SPI4 audit requires expertise in assessment and good understanding of the indicators. That's why **CERISE has created the SPI4 Audit Guide, to help newcomers and experts alike consistently interpret SPI indicators**. Whether you are new to social performance, a risk manager doing a self-

assessment, an investor officer preparing social due diligence, or an experienced social performance auditor, the Audit Guide is your go-to resource when using the SPI4.

Developed with SPM experts including CERISE, MFR<sup>15</sup>, qualified auditors and financial service providers, SPI4 Audit Guide leads you step by step throughout



© Yann Castanier

the audit process – preparation, field visit and reporting – as well as how to use results after the audit.

The Guide provides answers to the many questions that people ask during an audit, from the simple-- *“Why did you include this indicator?—to the more complex—How do I judge if the interest rate of my FSP is within an ‘acceptable range’?* You will find **detailed definitions**



**and formulas** for the quantitative indicators and **links to plenty of resources** when they can help interpret the indicator – because analysis is not subjective! For every indicator in the core SPI4 questionnaire, you will also access **guidelines and examples of what the evidence should look like**.

Available in English and French – and coming soon in **Spanish** – the SPI4 Audit Guide will help you carry out **consistent, efficient and effective** analysis of social and environmental indicators.

Most recently updated in April 2019 to include guidance for the Green Index, developed in

coordination with the e-MFP Green Inclusive and Climate Smart Finance Action Group, the Audit Guide is a living document and will be updated regularly. So all comments and suggestions from users are always welcome!

**Download the SPI4 Audit Guide:**

in English: <https://tinyurl.com/ly2qtvsh4>

in French: <https://tinyurl.com/ly6dckesc>

<sup>13</sup> <https://cerise-spm.org/en/spi4/>

<sup>14</sup> <https://sptf.infolimages/USSPM-Manual-English-v2.0-Nov2016.pdf>

<sup>15</sup> <https://www.mf-rating.com/>

## LuxFLAG Seminar on Social Investments



Luxembourg Finance Labelling Agency (LuxFLAG) organised a seminar on Social Investments in Luxembourg on 18<sup>th</sup> June 2019. The discussions focused on how to address the imperative of creating measurable impact and what techniques and frameworks are used in practice to report on the impact created. Sachin Vankalas, General Manager of LuxFLAG moderated a session in which Lionel Dieu, Fund Manager at Incofin (Belgium) and Adriana Balducci, Senior Consultant at Innpact (Luxembourg) participated as speakers.

### The seminar focused on the following aspects:

#### Globally accepted definitions of Social/ Impact investments:

The Global Impact Investing Network (GIIN) defines Impact investments as investments made with the intention to generate positive, measurable social and environmental impact alongside a financial return. Impact investments can be made in both emerging and developed markets, and target a range of returns from below market-to-market rate, depending on investors' strategic goals.

The growing impact investment market provides capital to address the world's most pressing challenges in sectors such as sustainable agriculture, renewable energy, conservation, microfinance, and affordable and accessible basic services including housing, healthcare and education.

Though the definitions and standards may differ from market to market and



according to type of investors and asset managers, the microfinance sector has managed to harmonise these elements to a large extent. Incofin, which has been active in the microfinance sector for over a decade, has been one of the early adopters on work done by the Social Performance Task Force (SPTF).

#### Global trends in impact measurement and reporting:

One can notice that the market has evolved over the past few years resulting in change in perception of 'impact management'. The shift from measuring impact to managing impact – is clear indication of this change.

#### The speakers provided a four-step process for effective impact management:

1. Have a clear vision, mission and theory of change;
2. Explain how you plan on translating your vision (from point 1) into an investment strategy;
3. Determine how you are going to integrate this into the investment process (ex. Due diligence procedure);
4. Look for financial performance: risk/return.



The session also covered numerous challenges the industry currently faces. For instance, during the early stages, difficulties can arise when the social performance framework has not yet been set. Furthermore, there exists a certain level of complexity within the investments/operations, the metrics (how to measure and what to measure) and the project's risks concerning local regulations and the country.

Nonetheless, it is important to note that there are opportunities worth mentioning when it comes to Impact investing, such as the emergence of retail products (making it mainstream) and the access to different financial products (blue bond, green bond, etc.).

The session also covered a short-mid term overview on impact investing and how they could tangibly contribute to global agenda 2030/SDGs and EU initiatives on Sustainable Finance.

For more information on LuxFLAG visit <https://www.luxflag.org>



---

## NEW MEMBERS

---



Banca Etica, established in 1998, is the first banking institution of ethical finance in Italy, created by a group of the most prominent Italian associations, NGOs, social cooperatives, trade unions, religious entities and by thousand of individuals, committed for a more inclusive and equitable society.

Banca Etica is independent from politics and economic-financial groups: owners are more than 42,000 among citizens and civil society organizations. About 88 groups of active members guarantee local relationships on territories and contribute to the strategic orientations of the bank.

Banca Etica carries out a double evaluation of the credit request, that is, the credit evaluation is not based exclusively

on the capital asset of an enterprise, but also on its social and environmental sustainability, using various parameters such as working conditions, gender approach, use of renewable energy, internal democracy and so on.

Banca Etica is totally transparent: our customers are made aware about the governance of the bank, the decision making procedures, the destination of the investments, the environmental and social profile of the borrowers. Banca Etica, like other ethical banks, represents the evidence that it is possible to make financial markets more transparent.

---

For more information please visit: <https://www.bancaetica.it/>

---



MSC employs over 190 staff across 11 offices across Asia and Africa. It drives financial, economic, and social inclusion by partnering with participants in digital ecosystems to achieve sustainable performance improvements and unlock enduring value. MSC has managed over 3,500 projects in 56 developing countries and helped develop digital G2P services used by 700 million+ people.

The company has been at the centre of the digital finance revolution since it supported the M-PESA pilot-tests and advised Equity Bank on its digital transformation: strategy, products, processes, marketing, agent networks, and bulk payments.

MSC works extensively with governments and regulators across Asia and Africa on financial inclusion and digital gov-

ernance. This work has also been strengthened by the company's deep knowledge and expertise in digital agriculture, education, and health. Our partners include fintechs, agtechs, and edutechs through a lab specifically focused on the low- and moderate-income segment in India and the i3 program in Bangladesh and Vietnam.

MSC's training arm, the Helix Institute of Digital Finance provides online training courses as well as face-to-face tailored training and has trained over 8,000 people from 350 organizations that serve over 1 billion customers in over 50 countries.

MSCs helps its clients seize the digital opportunity, address market needs and deliver value, through a deep understanding of customers, their needs, aspirations, perceptions, and behaviour.

---

For more please go to [www.MicroSave.net](http://www.MicroSave.net) or contact us at [info@MicroSave.net](mailto:info@MicroSave.net).



## ANNOUNCEMENTS

The Center for Research on Social Enterprises and Micro-finance (CERSEM) at the **University of Agder** in Norway launched a new report on the content in the SAVIX database. The database covers 250 thousand groups worldwide. The report shows what savings groups are, how they are structured, how they perform and where they flourish. The report is the first output of a new large research project on savings groups and their performance. The project is sponsored by FAHU foundation.

For more information and to register visit

<https://tinyurl.com/ly3lsrxd>

The annual June/July Member Meeting (JMM) 2019 of the **Microinsurance Network** takes place in Luxembourg on **8<sup>th</sup> - 10<sup>th</sup> July, 2019**. The meeting's focus in 2019 will be on moving the market forward to close the protection gap. The agenda will be a mix of member-led presentations, discussions and workshops on hot topics in the inclusive insurance space with the aim of identifying concrete strategies to reaching unserved people across the world, as well as facilitating knowledge exchange and peer to peer learning amongst our members. The JMM is an event exclusive to the members of the Microinsurance Network.

If you are interested in learning more, visit

<https://tinyurl.com/ly5o3unaz>

The **Boulder Institute of Microfinance**, in collaboration with the Capacity Building for Rural Finance (CABFIN) partnership, which includes **FAO, UNCDF, IFAD, GIZ, WFP** and World Bank, has developed an in-depth and comprehensive agricultural finance training program - Rural and Agricultural Finance Program which is a highly specialised program offered for experienced rural and agricultural finance practitioners and institutions. The objective of RAFF is to enable inclusive and efficient food and agricultural systems, as well as promote financial inclusion by strengthening the techni-

cal capacity of service providers and those institutions serving rural SMEs and smallholder farmers. The 5<sup>th</sup> Edition of the RAFF in English will be held from **22<sup>nd</sup> July to 2<sup>nd</sup> August 2019** in Turin, Italy.

For further information and registration visit

<https://www.bouldermicrofinance.org/boulder/EN/RURAL>

From **October 21<sup>st</sup> to 25<sup>th</sup>**, the African Microfinance Week (SAM for Semaine Africaine de la Microfinance) will be held in Ouagadougou (Burkina Faso). More than a conference, the SAM is a cluster which offers about 20 free trainings, the investors fair (a BtoB meeting between investment funds and MFIs) and the Innovators Fair (the unique opportunity for innovators in Inclusive finance to meet clients, funders, business angels and peers). The workshops and trainings cover a broad range of topics, from rural finance to social performance, risk management, marketing, financial performance and digitalisation. The training sessions and workshops, which are attended by between 10 and 100 participants, according to the trainers' specifications and the interests of the participants, are held in English or in French with simultaneous interpretation provided in 90% of the sessions. And last but not at least, the SAM offers two days of conference entitled "Pathway towards impact – Inclusive finance for the SDGs". The SAM is organised by ADA with MAIN, APSFD Burkina and AFRACA with the support of the Government of Luxembourg - Directorate for Development Cooperation and Humanitarian Affairs.

Registration is now open (€ 550), for more information visit

[www.sam.africa](http://www.sam.africa)

During African Microfinance Week organised by **ADA** in Burkina Faso, **21<sup>st</sup> – 25<sup>th</sup> October 2019**, **SPTF** will hold three full-day events during the week: a peer-learning session for auditors on the SPI4 audit tool, a training on digital transformation, and an SPM training with special modules on client outcomes, integrating SPM into DFS, and SPTF's upcoming activities.

For more information, email Amelia Greenberg at

[ameliagreenberg@sptf.info](mailto:ameliagreenberg@sptf.info)

## CALENDAR OF EVENTS

20<sup>th</sup> September

e-MFP Board meeting, Brussels

20<sup>th</sup> – 22<sup>nd</sup> November

European Microfinance Week, Luxembourg

21<sup>st</sup> November

European Microfinance Award Ceremony, Luxembourg

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

Follow us on   

European Microfinance  
Platform (e-MFP)

With the support of:

**LUXEMBOURG**  
AID & DEVELOPMENT



39 rue Glesener  
L-1631 Luxembourg  
Tel: +352 26 27 13 82  
[contact@e-mfp.eu](mailto:contact@e-mfp.eu)  
[www.e-mfp.eu](http://www.e-mfp.eu)



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