



THE ROLE OF MICROFINANCE NETWORKS | MAGALI PAULUS

SEMINAR ON CAMBODIA'S MICROFINANCE AMID GLOBAL FINANCIAL CRISIS | 19 AUGUST 2009 | PHNOM PENH



1. ADA
2. WHY WE WORK WITH MICROFINANCE NETWORKS?
3. THE ROLE OF MICROFINANCE NETWORKS
4. HOW CAN NETWORKS PROMOTE FINANCIAL INCLUSION?

summary



1. ADA

presentation





- **STRATEGY - APPROACH**

- MFI's autonomy (financial and non-financial support)
- Innovation (concepts, practices, inclusive financial services)

- **TARGET GROUP**

- ELDC: 400 intermediary MFIs and 30 MFI associations
- Actors in Luxembourg and the Greater Region

- **GEOGRAPHIC FOCUS (non-exhaustive)**

- Latin America, Africa, South-East Asia

- **FINANCIAL RESOURCES**

- € 5,3 million annual subsidy + €1.5 million invested portfolio
- 67% co-funded by the Luxembourg Cooperation and 33% by other sources

- **HIGH PATRONAGE OF HER ROYAL HIGHNESS**



Professionalisation of MFIs
Innovation of financially inclusive products
House of Microfinance and Expertise

AUTONOMY – AUTONOMY – AUTONOMY



- **Tools and Trainings:** Analysis of performance, Human Resources, etc.
= development of concepts
- **Rating Initiative:** co-funding of financial and social ratings
- **Professional Associations and networks:** Regional workshops for 30 professional associations of which 12 are actively sustained
- **AMT (African Microfinance Transparency Forum):** A forum for African MFIs and specialised rating agencies – rating awareness-raising for MFIs – Microfinance investor’s fair
- **Micro-insurance Network:** Hosting of the Secretariat– Dissemination of information on micro-insurance
- **Luxembourg Microfinance and Development Fund:** Investment Fund dedicated to intermediary MFIs, €25 million



- **Identifying New Products:** Housing credits, micro-pensions, electronic banking, insurance and food safety, micro-leasing; "Innovation Warranty Fund" pilot project.
- **Integrating Youth:** 200 youth supported financially, knowledge capitalisation from the project (started in 2006).
- **Micro-insurance:** Evaluating the life-insurance product (CIF - in Western Africa - 390,000 clients), production of a popularised DVD and creating a regional insurance company; insurance project in Latin America through the Folade network.
- **Migrants' Money Transfers:** Pilot phase for an Italy-Senegal transfer product for 1000 migrants, developing a housing credit product based on money transfers.
- **Mobile savings collection:** Replicating the mobile collection product which enables women to save small amounts, prepare its implementation across the CIF's 6 networks (Western Africa). Concept of mobile savings collectors adapted to the networks.



- **House of Microfinance:**

- **Helpdesk:** 200 information requests have been processed
- **Library:** 3,700 works,
350 visits including 50 "Microfinance getaways" for students
- **Database:** 7,000 contacts including 1,200 MFIs, available for third party use
- **Websites:** www.microfinance.lu 70,000 visitors,
www.lamicrofinance.org 170,000 visitors
- **Edition of Technical Documentation:** 6,000 printed and 25,000 online documents
- **Education in Microfinance:** 45 events such as "Midis de la Microfinance", "Microfinance Club", "Microfinance côté face" Exhibition, and seminars

- **Expertise:**

- **Involvement in initiatives carried out by other actors**

2. WHY WE WORK WITH MICROFINANCE NETWORKS?

presentation





WHY

- Networks allow strengthening a country's or region's **entire** microfinance sector through the provision of different services
- **Lever effect** permitting attaining a great number of MFIs and micro-entrepreneurs
- Networks can today be considered as **key institutions** for the development of the microfinance sector
- Through the services provided to their members, networks contribute in a significant manner to the improvement of the **professionalism** of MFIs

3. THE ROLE OF MICROFINANCE NETWORKS

presentation





ROLE | THE MICROFINANCE NETWORK AS...



- ... a representative
- ... an advocate
- ... a service provider
- ... a facilitator

SUSTAINABILITY + IMPACT



- Network = **gateway** to MF sector in a country → information gathering
- Key indicators of MF in a country to be determined and disseminated by network → benchmark and **transparency**
- Representation = essential service offered by a network → brand image of all MFIs
- Network = reference table of MF industry → image, credibility, **trust**



- **Defend interests** of members = major reason for creating a network
- **Interlocutors**: members, national authorities, national and international support organisations, national and international investors, MF clients
- 2 levels of lobbying: government and multi-sectorial
- Degree of **influence** depends on legal status



- The services provided should be based on the **members' needs**
- Training: strengthen capacities of members
- Information services
- Lobbying
- Development of innovative products
- Performance monitoring



- Network = not only a services provider but also a services **facilitator**
- Each network needs to decide which services to provide and which to facilitate for the sake of sustainability
- Facilitation → strengthen the private sector
- Importance of creating **partnerships**

4. HOW CAN NETWORKS PROMOTE FINANCIAL INCLUSION?

presentation

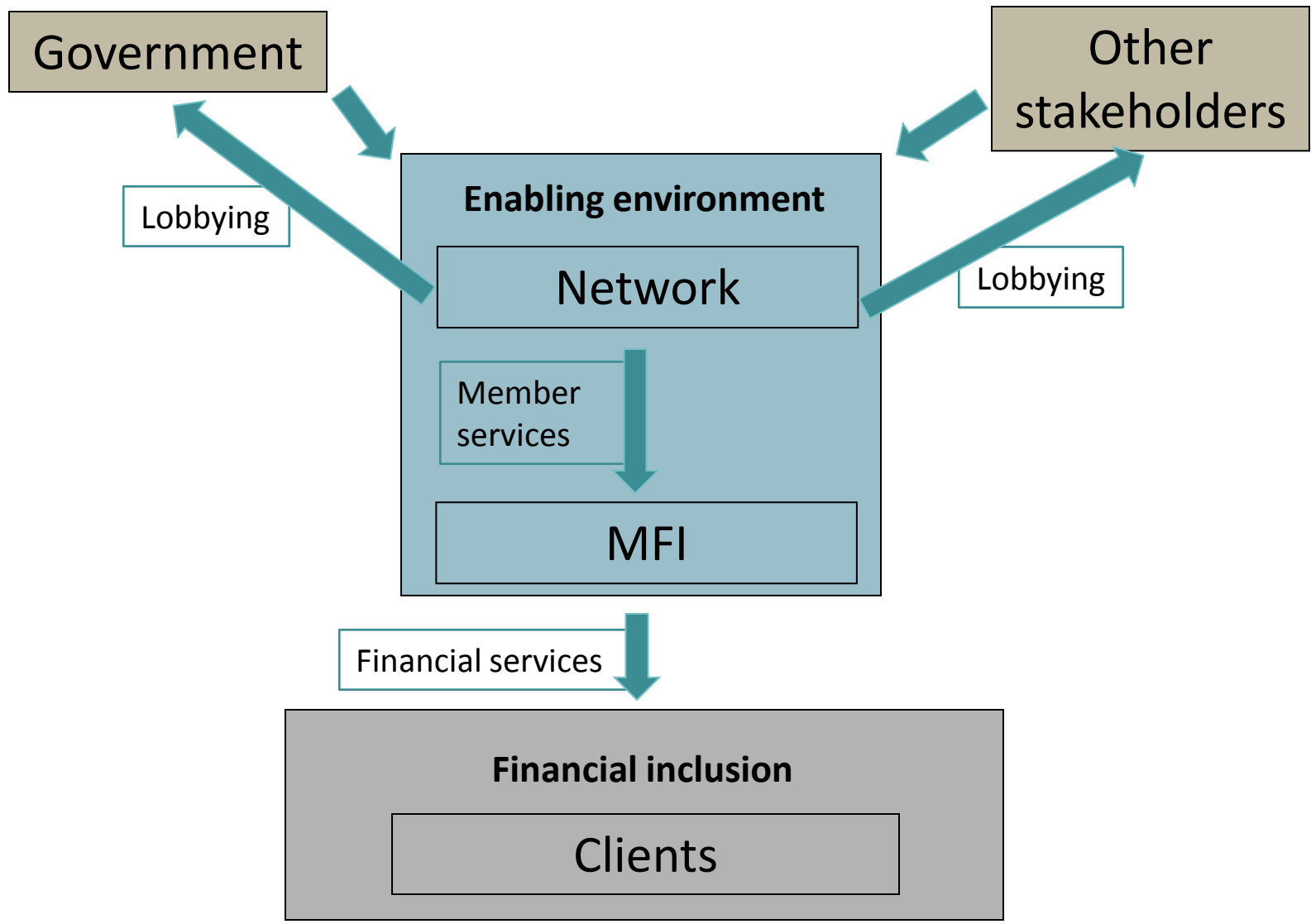




- Through the services provided and facilitated, a network contributes to the **professionalism and transparency of its MFI members**
- The more professional and transparent an MFI gets the **better financial services** it offers to its clients
- Contributing thus to **financial inclusion**



NETWORKS | PROMOTING FINANCIAL INCLUSION



FOR FURTHER
INFORMATIONS...

www.microfinance.lu

21, ALLÉE SCHEFFER
L-2520 LUXEMBOURG
T +352 45 68 68 | +352 45 68 68 68
adainfo@microfinance.lu

thank you

