



Press Release – for immediate release

APA, ASKI and FDL announced as Finalists for European Microfinance Award 2019 “Strengthening Resilience to Climate Change”

- Three finalists represent range of approaches to increase vulnerable populations’ resilience to climate change
- APA of Kenya was selected for its index-based yield and livestock insurance program
- ASKI of the Philippines was selected for its disaster preparedness initiative
- Financiera Fondo de Desarrollo Local (FDL) of Nicaragua was selected for its multi-focused ‘Green Microfinance Plus’ program
- Three finalists go to High Jury for evaluation and selection of winner, to be announced at Ceremony at European Investment Bank, Luxembourg on Thursday 21st November, 2019
- €100,000 prize for winner; €10,000 for runners-up
- Three finalists and seven semi-finalists to be profiled in e-MFP’s publication *The European Dialogue*, published in April 2020

23rd September 2019

Luxembourg

On the 19th of September, the Selection Committee for the European Microfinance Award 2019 “Strengthening Resilience to Climate Change” chose the three finalists who will go on to compete for the €100,000 prize: APA, ASKI, and FDL. Through the initiatives these outstanding organisations have put in place to increase vulnerable populations’ resilience to climate change, they demonstrate the innovation and dynamism of this most critical area of financial inclusion.

This year’s Award couldn’t be timelier. Extreme events – including drought, flooding, storms, fluctuating temperatures, and other climatic changes – are occurring with greater frequency and intensity, increasing risks to health, livelihoods, food security, water supply, economic growth and human rights. It is the poor in developing countries who feel the brunt of these climatic changes and data from the [ND-GAIN Country Index](#) shows that the countries in which the selected applicants are based are overwhelmingly the most susceptible, and least prepared, for climate change – showing that the Award is attracting applications from financial service providers working with those who need assistance the most.



The financial inclusion sector has an enormous and important role to play in boosting the resilience of vulnerable communities to the effects of climate change. This role can include providing loans for investments in irrigation, drought resistant seeds or other adaptive solutions; writing insurance policies to support greater resilience to shocks; using remittance and transfer services to funnel aid in the aftermath of climate-related natural disasters; or facilitating clients' long-term financial planning, including via savings products, to help them build more adaptable economic activities.

Financial services aimed at increasing resilience may be complemented by non-financial products and services that fill capacity gaps. This can involve: awareness-raising and understanding of climate risks through technical assistance and training; promoting construction standards that increase resilience to flooding and high winds; and incorporating climate risk assessments and forecasts of extreme weather into institutional planning – then helping clients use the data in their economic activities. All these approaches increase preparedness for future shocks, helping clients manage these shocks without resorting to costly coping strategies, such as taking on unsustainable levels of debt, or selling productive assets.

Since mid-March when the Award attracted applications from 41 organisations in 27 countries, a rigorous multi-phase evaluation process has been ongoing which culminated in the Selection Committee, composed of 18 experts, including members of the European Microfinance Platform (e-MFP), Luxembourg Ministry of Foreign and European Affairs and the Inclusive Finance Network Luxembourg (InFiNe.lu) selecting APA, ASKI and FDL as the three finalists for the Award.

- **APA** is an insurance company in Kenya that provides Index-based insurance to mostly smallholder and subsistence farmers. The agriculture sector is the main source of livelihoods for the majority of Kenyan people. However, climate change is profoundly affecting them due to their low resilience and dependence on rain-fed agriculture – especially through the increased frequencies of flooding and droughts, and changing rainfall patterns. APA has responded to this with two products – an Index Based Livestock Insurance (IBLI) and an Area Yield Index Insurance (AYII). IBLI insures pastoralists against forage (food for grazing livestock) deterioration due to drought, resulting in livestock deaths. AYII protects farmers against the damage to the insured growing crops due to excessive rainfall, flood, frost, hail damage, excessive heat wave, windstorm, uncontrollable pest and diseases, and drought, and pays out claims



to farmers when the average yield in their area falls below a set level, regardless of the actual yield on each client's farm.

- **ASKI** is an MFI in the Philippines that builds clients' resilience to climate change by focusing on disaster preparedness at the institutional and community level. Besides frequent earthquakes, volcanic eruptions and tsunamis, the Philippines is also significantly affected by climate change, including increasing frequency and severity of typhoons, rising temperatures, rising sea levels, flooding and landslides. As a consequence, many of ASKI's clients have experienced severe damages or total loss of their produce or assets, leading to bankruptcy and default. ASKI has increased disaster preparedness in several ways, including the setup of a Disaster Risk Reduction team; publication of a guidebook on Disaster Risk Reduction and Business Continuity Planning for MFIs; the establishment of a resiliency fund with dedicated client savings intended for disaster relief and recovery; creation of rehabilitation loans and bridge loans for heavily affected clients, with a grace period and lower interest rate and fees; and enrolment of clients in micro-insurance products to mitigate risk.
- **Financiera Fondo de Desarrollo Local (FDL)** is an MFI in Nicaragua that has responded to the consequences of climate change by providing local interventions to increase not only clients' resiliency, but also the resilience of the ecosystem. Climate change impacts the agricultural sector in particular due to irregular cycles of droughts and floods, increasingly extreme temperatures, and initial desertification – reducing yields and lowering farmers' capacity to pay. FDL's "Green Microfinance-Plus Program" reduces transaction costs, combines technical assistance with payments for ecological services and adapted loans for water-harvesting and irrigation systems, and incorporates silvopastoral agroforestry models for the intensification of cattle production based on integrated and sustainable natural processes, including pasture improvement, seed management and diversification, and soil conservation. To achieve this, FDL offers three products: loans for green microfinance in the coffee/cacao highlands; loans for the 'Dry Corridor' to foster mitigation and adaptation practices; and loans for agroforestry-related income diversification activities.

After the announcement of the three finalists, the Luxembourg Minister for Development Cooperation and Humanitarian Affairs, Ms. Paulette Lenert, said: *"Over the ten editions of the European Microfinance Award, there's perhaps never been one as relevant and urgent*



as this. Climate change will increasingly affect all people in all countries – but it is the poor in low-income countries who are the most vulnerable, and for whom resilience is most important. We're delighted to see this fascinating and diverse array of initiatives, and especially those of the three outstanding finalists, who are each leading by example in this most important task”.

The winner will be chosen from the three finalists by a High Jury and announced on the 21st November 2019 at a ceremony hosted at the European Investment Bank in Luxembourg, during European Microfinance Week.

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

See www.european-microfinance-award.com/

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