



EUROPEAN MICROFINANCE PLATFORM

NETWORKING WITH THE SOUTH

18th-
20th NOV
2020
NEXT
EUROPEAN
MICROFINANCE
WEEK



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EDITORIAL

Dear Members and Friends,

It was a pleasure to meet so many of you at the European Microfinance Week (EMW) in Luxembourg. EMW 2019 was not only a quantitative success but the energy and commitment shown by our members, the way participants made the most of our unique event to exchange ideas and create new opportunities, and the extremely positive feedback received after the conference, make us confident that 2020 will be a particularly successful and productive year.

This first edition of our newsletter of the year looks back at some of the highlights of our annual event and turns the spotlight on APA from Kenya, the winner of the 10th edition of the European Microfinance Award. Also included is a short presentation on our numerous new publications, an outline of the General Meeting of Members 2019, anniversary celebrations of two of e-MFP's members plus an interesting article from BlueOrchard on 'Rethinking Climate Finance' wraps up this newsletter.

Let me take this opportunity to wish you in the name of e-MFP, a happy and prosperous new year and we look forward to working with you in 2020!

Kind regards,

Christoph Pausch
Executive Secretary





EMW 2019 – Connecting the Inclusive Finance World



e-MFP was delighted to welcome almost 450 participants from 62 countries to European Microfinance Week (EMW) 2019 held during 20th to 22nd November in Luxembourg. EMW, our annual forum, brings together each year all branches of the industry, including e-MFP's own members, to discuss trends, innovations, challenges and opportunities in inclusive finance in developing countries.

On 20th November, the first day of the conference, as always, was a chance for specialised meetings organised by our Action Groups and others, with in-depth discussions on focus topics such as human capacity development, refugee finance, measuring contribution to the SDGs, green smart finance and cyber security.

During 21st and 22nd November a packed conference programme echoed the topics that are driving discussion in global microfinance, and the key players, insights and innovations that are shaping the future of inclusive finance. EMW featured a terrific line up of three plen-

aries and in total 25 sessions which featured over 90 organisations.

We'd like to share some key takeaways from the three plenary sessions:

The opening plenary, on Thursday 21st November, '**Strengthening resilience to climate change through financial inclusion**' kicked off with opening remarks from Manuel Tonnar of the Luxem-

bourg Ministry of Foreign and European Affairs, who advocated the "multiplier" effect governments can have in supporting other actors in increasing climate change resilience. This was followed by a keynote speech by Tim McDonnell, journalist and National Geographic 'Explorer', who movingly presented photographic, narrated case stories of the journeys of people most affected by climate change, from Bangladesh to Guatemala, Nigeria and the US – part of the "largest mass movement of people in history". Natalia Realpe Carrillo of HEDERA then moderated a discussion with the finalists of the European Microfinance Award 2019 (APA of Kenya, ASKI of the Philippines and FDL of Nicaragua), who presented their initiatives, discussed the main challenges they've faced when developing their programs, and reflected on the role the sector can and must play in improving the lives of those most affected by climate change.

Friday morning opened with a plenary entitled '**Protecting the working poor**





in the 21st century through responsible finance'. How do we build on the progress that has been made in worker protection, and how can responsible finance ensure they're offered new opportunities for prosperity? Commem-



orating 100 years of the International Labour Organization, head of the ILO's social finance programme Craig Churchill argued passionately for the increasing

role financial institutions have to play in the rapidly-changing 'world of work'. Khady Sakho from FORIM, Maya Kobalia from JSC MFO Crystal in Georgia, Guy Stuart from Microfinance Opportunities (MFO) and Rehana Riyawala from SEWA in India then took part in a panel discussion that ranged widely from the financial needs and activities of garment workers in Bangladesh, the role of financial services for migrant workers in North Africa and the diaspora abroad, the collective power achieved by Indian women in the informal sector via the SEWA trade union and bank, and the importance of building financial literacy of entrepreneurs to manage their credit risk.

EMW concluded Friday afternoon with a provocative debate on the limits of client choice, entitled '**Responsible client choices in finance: whose responsibility is it?**' This plenary saw the panellists: Gerhard Coetzee from CGAP; Roshaneh Zafar from Kashf Foundation; Timothy Ogden of the Financial Access Initiative; and Mayada El-Zoghbi, the Managing

Director of CFI, divided into two adversarial teams, arguing for either the primacy of client choice and autonomy on the one hand, and the need to protect clients from poor decisions on the other. The debate, live-streamed by NextBillion, saw arguments on the role of regulators in constraining poor choices and low-quality products, whether providers or regulators are ever in the position to evaluate clients' choices and when that judgment becomes paternalistic, and the importance of encouraging longer-term thinking over short-term needs, preventing harm to those who lack the means to make fully informed decisions. This session was not about awarding prizes but sought instead to generate free-flowing debate in a more adversarial framework that pulls the audience into considering difficult ethical dilemmas.

Beyond the plenaries, this year's conference involved a particularly diverse and interesting range of sessions – covering topics such as impact investing, education, use of data in climate resilient agri-



culture, measuring outcomes, the ATLAS data platform, financial health, financial inclusion in Bangladesh, savings, refugee finance, cooperatives and cyber security – among many others. Many of these themes were explored in e-MFP’s *Financial Inclusion Compass 2019*¹, the second e-MFP survey of financial inclusion trends, launched during EMW, and which distills the short, medium and long-term ideas, aspirations, concerns and predictions from stakeholders all across the inclusive finance sector.



e-MFP’s Chairwoman Laura Hemrika closed European Microfinance Week 2019 with a call for increased engagement by the financial inclusion sector, which as the work over the previous year

on the European Microfinance Award 2019 on ‘Strengthening Resilience to Climate Change’ has shown, can play an indispensable role in helping those most affected prepare for a difficult future. We look forward to welcoming you to

another stimulating European Microfinance Week in 2020, so block your calendar 18th – 20th November for #emw2020 !

¹ see page 12

The European Microfinance Week presentations, photos and videos can be viewed at <http://www.e-mfp.eu/european-microfinance-week-2019/> information and the detailed conference report will be available shortly.

A big thank you to the EMW 2019 sponsors:

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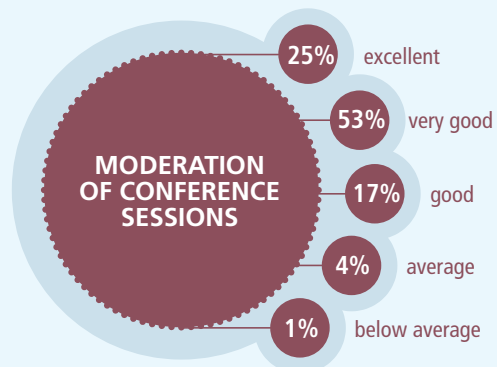
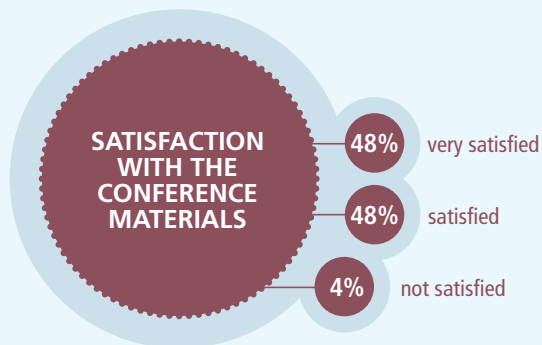
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Interested in sponsoring this year’s event and positioning your organisation at the forefront of the inclusive finance sector? The e-MFP Secretariat would be happy to discuss the opportunities available, contact@e-mfp.eu



FEEDBACK ON EMW 2019 Thanks to those participants who responded to the feedback survey which confirms European Microfinance Week as a key event for microfinance professionals.



European Microfinance Award Ceremony Sees APA Insurance Win for Index-Based Agriculture Insurance Initiative



On Thursday 21st November, APA Insurance of Kenya was announced as the winner of the €100,000 European Microfinance Award 2019 on 'Strengthening Resilience to Climate Change' at the award ceremony held at the European Investment Bank.

APA Insurance Ltd is a Kenyan insurance company that provides index-based agriculture insurance to cover yields and livestock, providing farmers with a safety net. Index-based insurance is an innovative approach to insurance whereby automatically-triggered payments are linked to environmental and weather conditions such as the level of rainfall, yields or vegetation levels as measured

by satellite) directly connected to the loss of agricultural output. In Kenya, where over 75% of farmers are smallholders, who are especially vulnerable to the economic impacts of climate change, APA Insurance Ltd currently covers more than 350,000 families whose livelihoods are largely based on agriculture.

The ceremony saw speeches by Paulette Lenert, Luxembourg's Minister for Cooperation and Humanitarian Affairs, Dr. Werner Hoyer, President of the European Investment Bank, Sunita Narain, Director General of the Centre for Science and Environment. In recognition of this being the 10th edition of the European Microfinance Award, there

was also a 'where are they now?' series of videos from several of the previous Award winners, with Crédit Rural de Guinée of Guinea, Kashf Foundation of Pakistan, Tosepantomín of Mexico, Buusaa Gonofaa of Ethiopia and Kompanion of Kyrgyzstan all sending in warm thanks to the Award organisers and short summaries of how winning the Award has helped expand their respective initiatives.

As always, there was also a video presentation from the previous year's winner on how the organisation has benefited from the funds and exposure that the Award brings. Advans Côte D'Ivoire demonstrated how winning the 2018 Award



on 'Financial Inclusion through Technology' had allowed increased training of accountants in cooperatives to become third party agents – a personal, safe and discreet service for cocoa farmers to use as a financial intermediary.

Paulette Lenert, Luxembourg's Minister for Cooperation and Humanitarian Affairs, said that the Ministry's Luxembourg Development Cooperation has been among first movers in the finance ecosystem worldwide, and observed the importance of facilitating services that go beyond just credit to the poor. "The focus of a donor country should not just be on the credit, but on the innovation" she said, including "business training, financial education and technical assistance".

Minister Lenert, who also chaired the High Jury this year, added that this year's Award "illustrates that inclusive finance has an essential role to play in strengthening the resilience of vulnerable communities to the effects of climate change, which threaten the livelihoods of disadvantaged communities, especially those relying on agriculture, forestry or fisheries."

Dr. Hoyer outlined the EIB's commitment to climate finance, announcing the recent decision to increase the Bank's share of climate activities from 28 to 50% by 2025, with the aim to mobilise 1 trillion euros in climate projects via EIB activities in the coming decade. Dr. Hoyer praised the outstanding applica-

tions from the two other finalists, ASKI of the Philippines and Financiera Fondo de Desarrollo Local of Nicaragua, and said that climate change "is an existential threat for many nations and communities; how we combat and adapt to it will shape our future. The three finalists of the European Microfinance Award, and APA Insurance Ltd in particular, are delivering innovative solutions for the financial sector to support vulnerable communities in tackling the effects of climate change."

The ceremony keynote address was given by Sunita Narain, Director General of the Centre for Science and Environment, a passionate call for urgent efforts to mitigate and adapt to the



effects of climate change on the world's most vulnerable, the "victims" who have not contributed to the problem, who are made "even more marginalised" and whose "pain makes the world more insecure". Giving jarring examples of the effects in her native India, she described the effects of variable and extreme rain events: "flood at the time of drought, drought at the time of flood...all the development dividends are destroyed and need to be rebuilt because of a double whammy of mismanagement and climate change impacts...the monsoon is the true finance minister of India", she said.



Following this moving keynote, Minister Lenert announced APA Insurance as the winner of the Award, which was accepted by Mr. Ashok Shah, who warmly congratulated the other two finalists, and expressed APA's sincere gratitude for the recognition and opportunity that winning the Award will offer – helping APA increase the number of people it is able to serve.

On behalf of e-MFP and the other Award organisers, we'd like to congratulate APA and the other two finalists FDL of Nicaragua and ASKI of the Philippines, and we look forward to opening the call for applications for the 2020 Award, on Savings, in the Spring.





APA Insurance Ltd.

Spotlight on the winner of the 2019 Award



Year of Establishment
1977

Total Initiative Clients
355,000
in 2018

Total Initiative Premiums
1.4
million Euros

**About
APA**

Total Initiative Claims
226,000
Euros

Total Organisation Staff
305

Total Branches
33



As the response of attendees at Microfinance Week and responses to the *Financial Inclusion Compass 2019* both showed, the 2019 Award on 'Strengthening resilience to climate change' couldn't have been 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 Index² 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.

² The ND-GAIN Country Index summarises a country's vulnerability to climate change and other global challenges in combination with its readiness to improve resilience. The vulnerability score reflects a country's exposure, sensitivity and ability to cope with climate related hazards; accounting for the overall status of food, water, health and infrastructure within the nation. The readiness score considers those portions of the economy, governance and society that affect the speed and efficiency of absorption and implementation of adaptation measures.

The Climate Change Context in Kenya

According to the GAIN-Index 2019, Kenya is the 32nd most vulnerable country and the 40th least ready country to respond to climate change. The agriculture sector (including crops and livestock) is one of the most important sectors of the Kenyan economy and is the main source of livelihoods for the majority of Kenyan people in terms of economic growth, employment creation, off-farm employment, and also foreign exchange earnings, and contributes greatly to food security. However, the sector frequently suffers the impact of climate change, including increasing frequencies of flooding and droughts and changing rainfall patterns. As a consequence, the yields of some crops and livestock numbers are decreasing. Over 75% of Kenyan farmers are smallholder subsistence farmers who are highly vulnerable to the economic effects of natural disasters; particularly due to the dependence on rain-fed agriculture and their low resilience to climate shocks. As a result, more prosperous farmers are pushed into poverty and poorer farmers into destitution.

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

frequencies of flooding, drought and other 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 grow-

The AYII product 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. AYII protects farmers against the damage to the insured growing crops due to excessive rainfall, flood, frost, hail damage, excessive heat wave, windstorm, pestilence, disease and drought. APA has insured 582,504 farmers under this scheme from 2016 to 2018 and paid claims amounting to EUR 826,106 (i.e. financial support to farmers in the event of losses arising from major agricultural shocks).



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.

The winner of the 2019 Award, APA Insurance Ltd., 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

ing 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.

Between 2015 and 2018, APA insured 37,034 pastoralists and paid approximately EUR 5.37 million in claims under this program. With the help of this solution, pastoralists are now able to buy forage to keep livestock alive or transport them to better grazing places during droughts.

IBLI as well as AYII were initially promoted by the Government of Kenya (the Ministry of Agriculture, Livestock and Fisheries) and the World Bank. At present, APA works with multiple partners; including the State Department of Agriculture (that provides a premium subsidy for Agriculture Insurance since 2015), International Reinsurers (incl. SwissRE that helped with the Product design and the Claims Management), International Development Organisations (that are involved in strengthening the agriculture sector) and on-the-ground financial institutions, crop aggregators, and seeds and fertilizer companies.

Inclusive insurance – especially for smallholder farmers – is one of the biggest challenges in financial inclusion, and notoriously hard to do well. We are therefore delighted that APA is the first insurance company to win the European Microfinance Award, the €100,000 prize for which will be used to build sand dams for communities living in arid and semi-arid lands in Kenya; providing easy access to water (for human needs and also for watering animals), as well as promoting awareness of climate change resilience insurance solutions in a way that overcomes traditional barriers to adopting new technologies.



NEWS FROM THE SECRETARIAT

e-MFP General Meeting of Members



The e-MFP General Meeting of Members (GMM) took place as always on the first day of European Microfinance Week, this year on 20th November, and we were delighted to see so many familiar faces and have the opportunity to welcome our new members too. Christoph Pausch together with the e-MFP team gave an overview of e-MFP's activities during the productive year and an outlook for what's in store for 2020.

The GMM approved and welcomed five new member organisations and three new individual members. It was decided to keep the current membership fees for 2019: €150 for individual members, € 800 for 'small' associate or full corporate members and € 1000 for 'big' associate or full corporate members.

Our 2019 GMM was also the occasion to say good-bye to two of our Board members – we'd like to thank both Josien Sluijs and Aurélien Hollard for their hard work and dedication during their terms on the Board and wish them best of luck in the future!

Introducing our returning Board Member



After a break of two years, we are delighted to welcome back Anne Contreras-Muller to the e-MFP Board. As Of Counsel, Anne heads the activities of the dedicated impact finance team with the law firm Arendt & Medernach. With a team of six lawyers, she advises clients on the structuring and distribution of microfinance and broader impact investment vehicles, as well as on the structuring of technical assistance programs and other social businesses.



Following elections for vacant seats, the 2018-2019 Board is composed of:

Laura Hemrika,

nominated by Credit Suisse (Chairwoman)

Marc Bichler,

nominated by ADA, LMDF (Deputy Chairman)

Alan Moore,

nominated by ILCUF (Treasurer)

Claudia Belli,

nominated by BNP Paribas

Pierre van Hedel,

nominated by Rabobank Foundation

Anne Contreras-Muller,

Arendt & Medernach (nominated by SOS Faim Luxembourg)

Marie-Anne Marx,

nominated by Luxembourg Ministry of Foreign and European Affairs – Development Cooperation and Humanitarian Affairs

Sachin Vankalas,

nominated by LuxFLAG

Aimée Suarez,

nominated by WSBI-ESBG

Johann Will,

nominated by KfW

New publications

2019 Year in Focus – e-MFP Activity Report



It has been a very busy, productive and rewarding year for the European Microfinance Platform, with new initiatives and innovations on various fronts. We're delighted to share in this 2019 report our many activities and achievements. Read all about our events, partnerships, sector engagement and knowledge exchange. We'd like to thank the e-MFP members, the e-MFP Board, our sponsors and funders, without all of whom none of this would be possible.

The detailed activity report is available at <http://www.e-mfp.eu/resources/activity-report-2019>

The Financial Inclusion Compass 2019



Digital Transformation, Agri-Finance and Climate Change Dominate as Financial Inclusion Compass 2019 Looks to Sector's Future

During European Microfinance Week 2019, e-MFP launched the *Financial Inclusion Compass 2019* – the second of a new series on emerging short, medium and long-term trends in the financial inclusion sector, based on a mixed-methodology survey of e-MFP members and key industry stakeholders, to see where the sector has come from, as well as where it is going.

The *Compass* was conceived to be a way to leverage e-MFP's multi-stakeholder membership and position in the inclusive finance community, giving a wide array of practitioners, investors, donors, academics and support service providers the opportunity to assess and describe the importance of various Trends, select and give opinions on New Areas of Focus, and provide open-comment qualitative input on the expected (and hoped-for) direction of financial inclusion progress.

Conducted in French and Spanish as well as English this year, the survey behind the *Compass* was run over summer 2019 and was mixed-methodology, asking for scoring of particular trends' importance, and ratings of selected future Areas of Focus. Finally, respondents were asked to give comments on a series of questions that looked at challenges, opportunities, opportunities for new providers, adaptation to new entrants, and forecasts for the future.

165 complete responses were received from over 40 countries, and with increased representation from respondents working in Latin America, practitioners and researchers. There are various interesting results in the paper – both quantitative and qualitative. But the first question, asking respondents to score and comment on the **importance of selected trends**, yielded an interesting Top Five of Digital Transformation (Institution-side); Client Protection; Digital Innovations (Client-side); Regulatory Environment; and Social Performance and/or Impact Management.





Rank	Trend	Average score	2018 Rank
1	Digital transformation (institutional-side)	8.31	New
2	Client protection	8.14	1
3	Digital innovations (client side)	8.01	5 ²
4	Regulatory environment	7.55	2
5	Social performance and/or impact measurement	7.54	10
6	New categories of FSP (FinTechs, consumer lenders, banks downscaling)	7.53	14
7	Governance	7.42	3
8	Maintaining/deepening outreach to the very poor	7.32	4 ³
9	Product development or innovative end-user finance	7.28	6
10	Human resources and institutional capacity development	7.21	8
11	New focus areas (WASH, green, housing, education, etc.)	7.12	16
12	Market information & infrastructure (credit bureaus, reg. reports, etc.)	7.01	7
13	Industry reputation	6.87	11
14	Non-financial services	6.81	17
15	Use of new outreach/marketing channels (e.g. agents)	6.80	13
16	Institution-level information (ratings, audited reports, etc.)	6.56	15
17	Expanding to new clients segments	6.55	9
18	New investor or funding channels	6.35	18
19	Research	6.33	19
20	Fund management practices	5.67	20

² Called "Technology and New Client-Side Delivery Channels" in 2018

³ Called "Outreach to Low-Income Segments" in 2018

Importance of Trends

In New Areas of Focus, the figure on the next page shows that **Agri-finance** was the dominant choice, with over 75 percent of respondents choosing it as one of their top five options, and it made up 18 percent of all the votes cast among the 14 options – 50 percent more than the second-highest choice. After Agri-finance, SME finance, Climate Change Adaptation/Mitigation, Housing Microfinance and Energy all scored highly. Some areas scored extremely low, including Finance for the Elderly, Fair Trade, and Education.



New Areas of Focus Index

Various themes emerged from the research, including **challenges**, both external (such as politics, financing, climate change and regulation) and internal (notably product development, mission drift, client education, overindebtedness, digital transformation and sustainability of business models); and the tense pursuit of equilibrium between maintenance of client-centricity and outreach to the poor on the one hand and the drive for profitability and sustainability on the other – a drive catalysed by the proliferation of new entrants. There is much progress underway too, with respondents seeing myriad **opportunities** to be grasped, including on product innovation, leveraging of data and efficiency gains that allow sustainable outreach to excluded segments.

Overall, the 2019 *Compass* reveals a sector at an inflection point – or a crossroads – comprising an aggregate body of stakeholders with *individual* interests, passions and projects, but a *collective* soul-searching for financial inclusion's purpose. In this sense, the *Compass* is appropriately named, conceived to take the pulse of the sector and help those working within it work out where they are, and where they're trying to go.

We're delighted to be able to publish this 2019 *Compass*, and we welcome all feedback as we continue to develop it year-to-year.

Read and download the *Compass* at

<http://www.e-mfp.eu/sites/default/files/resources/2019/11/Financial%20Inclusion%20Compass%202019.pdf>

The NAF Index

Rank	Area of Focus	Score	2018 Rank
1	Agri-finance	52.0	1
2	Climate change adaptation/mitigation	43.3	3
3	Small and medium enterprise (SME) finance	40.0	2
4	Finance for refugees/displaced populations	22.0	7
5	Finance for youth	20.7	6
6	Finance for women	20.5	8
7	Energy	17.9	5
8	Housing microfinance	16.2	4
9	Education	15.2	12
10	Environmental sustainability/resource management	15.0	9
11	Disaster resilience	11.5	10
12	Finance for the urban poor	11.5	NEW
13	Water, sanitation and hygiene (WASH)	8.4	11
14	Fair trade	4.2	13
15	Finance for the elderly	1.7	14



e-MFP out & about



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On 11th October the e-MFP team attended an InFiNe.lu event on the topic of Migrant Entrepreneurship in Luxembourg.



On 13th November e-MFP acted as an exam centre for students of Frankfurt School of Finance & Management's LinkedIn development finance online courses.



The e-MFP team attended several sessions of the first edition of the LuxFLAG Sustainable Investment Week which took place during 22nd – 24th October at various locations in Luxembourg. Hosted by LuxFLAG's Associate members, the standalone events covered a wide range of topics such as Climate Finance, ESG, Impact Investing and Sustainable Development Goals.



© LuxFLAG



Gemma Cavaliere participated in the UNEP FI regional round table which took place in Luxembourg 28th to 29th November. The event, organised by Luxembourg for Finance, the UN Environment Programme Finance Initiative (UNEP FI) and Global Landscapes Forum (GLF), presented insight into advances in sustainable finance to address key regulatory and market challenges, the asset management industry's role in sustainable investment, as well as how capital markets can contribute to a low-carbon economy.

On 27th November the e-MFP Secretariat took part in a Lunch & Learn event organised by our member ADA on the topic "Graine de vie: Planter des arbres dans les pays en développement pour compenser notre empreinte écologique!".



© European Microfinance Award

Sam Mendelson gave a presentation on climate finance to increase resilience at the Financial Inclusion News Review at Reed Smith in London on 6th December to an audience of roughly 40 investors, analysts and support providers including a profile of the 2019 Award winner APA Insurance Ltd and recent research published in the field.





NEWS FROM OUR MEMBERS

ADA's 25th anniversary: a birthday to look forward



The first evening of European Microfinance Week 2019 was a great opportunity for ADA, one of e-MFP's founding members, to celebrate its 25th anniversary with a discussion around four themes followed by a lively dinner reception.

About 300 people attended the ADA birthday celebration which was a wonderful occasion to learn more about ADA's and the microfinance sector's history. In this regard, Marc Bichler, from the Luxembourg Ministry of Foreign & European Affairs, kicked off the event and recalled how ADA played a leading role in the creation of partnerships and networks that favour the exchange of good practices and the creation of projects and activities which benefit populations

still excluded by the traditional banking systems. A very relevant example in this sense is the SAM (African Microfinance Week) which in 2019, in its fourth edition, brought together 900 people in Ouagadougou in Burkina Faso.

Another interesting aspect that emerged during the discussion was shared by Yombo Odanou, Director of the CECA (Togo), who remembered how ADA was the first organisation to offer an international loan to its MFI around 1999. This decision paved the way for future partnerships between the CECA and ADA. Raymond Schadeck, LMDF's President then shared his insight about the future of investment in a world where cash is abundant.



The event also highlighted how ADA was among the organisations at the root of the development of social performance standards for MFIs and how this aspect is still at the heart of ADA's work. To this end, Fernand Pillonel, CEO of the OXUS network, which operates in Tajikistan, Kyrgyzstan and Afghanistan, recalled that for ADA and LMDF the decision to offer a loan to OXUS Tajikistan also passed from a careful evaluation of the social performance of the MFI and above all from the compliance with client protection standards.

Nevertheless, the most interesting aspect of the celebration was the presentation of the pillars on which ADA will keep building the future. One of the oldest and most structured Luxembourg NGOs operating in the sector of microfinance sees young people among its top priorities. In light of its experience and according to the needs of MFI partners, financial services for young people will be designed along with non-financial services. This will assure medium-term support to foster



the success of these entrepreneurs, who constitute a significant part of society in many African countries.

The other pillars are green microfinance, to respond to the great challenges of climate change, and the digitalisation of the sector, to assure that it will remain truly inclusive to serve those who are still excluded from the potential that financial instruments can offer to their lives.

Guest of honour of the evening was Paulette Lenert, Minister for Development Cooperation and Humanitarian Affairs of Luxembourg, who recalled how ADA 25 years ago was a pioneer in the micro-

finance sector and how the government played this innovative card. For the future, in her words, Luxembourg intends to build on the experience acquired over the past 25 years to continue being a sustainable finance pioneer in the coming 25 years, along with actors like ADA.

More info, video and pics on www.ada-microfinance.org/en/events/25-years-ada

#LittleBigMovement: BNP Paribas celebrates 30 years of commitment to microfinance



BNP Paribas supports the players of the Social and Solidarity Economy with the aim to contribute to fairer growth and promote the general interest through its actions. Through this endeavour, BNP Paribas supports women entrepreneurs and encourages them to change the game. The Group helps to make women around the world financially independent by



funding Microfinance Lenders who grant them microloans to fulfil their dreams. **This commitment started 30 years ago and has indirectly enabled 1.8 million women to benefit from financial support and carry out their projects.**



To celebrate its commitment, **BNP Paribas launches Little Big Movement**, a digital exhibition that puts the spotlight on women around the world who were able to start their own company thanks to microloans.

Discover their profiles : <https://group.bnpparibas/en/microfinance30years>



FORUM

Rethinking Climate Finance



In “Rethinking Climate Finance”, BlueOrchard and the FINEXUS Center for Financial Networks and Sustainability of the University of Zurich discuss climate-related risks and their impact, especially on less-developed countries as well as potential economic losses in the financial system.

Climate finance refers to the financial investments directed toward mitigating climate change effects and adapting to its negative consequences. The recent Global Risks Report from the World Economic Forum shows that climate and environmental risks ranked at the top, both in terms of probability and impact. Moreover, a country’s exposure to extreme climate events depends on its geographic location, and climate models indicate that temperature variability will be stronger in many poorer countries. This means the countries that have contributed the least to climate change are more vulnerable to this global threat. The effect on poorer nations is amplified by their population dependence on agriculture as an economic activity and their higher share of uninsured populations. Without action, the World Bank estimates that 100 million people could fall back into poverty by 2030 and 143 million people from Sub-Saharan Africa, South Asia, and Latin America could be forced to migrate to escape climate-related impacts.

To tackle this, signatories of the Paris Agreement committed to keeping the

increase of the global average temperature well below 2°C above pre-industrial levels, with the precise goal being a maximum of 1.5°C. To achieve the 1.5 °C target, the world needs to decrease net CO₂ emissions substantially. The Intergovernmental Panel on Climate Change (IPCC) estimates the need to decrease net CO₂ emissions by approximately 45% by 2030 (relative to 2010 levels) and reach zero soon before 2070 (IPCC, 2018). For this objective to materialise, markets will need structural changes to move toward a new low-carbon economy. The climate crisis poses an urgent need but also great opportunity for private financial players to develop portfolios that are more resilient to climate-related risks. To address this, the study provides insights in the form of a private investor survey and a case study.

In the survey, conducted by BlueOrchard on private sector investors across the globe, 58% of respondents indicated they consider climate risk as either high or very high risk for their portfolios. However, 42% of survey respondents reported they did not have a climate risk manage-

ment policy in place, with only 8% of respondents having concrete plans for implementing one in the next 12 months. Survey participants mentioned the main barriers to incorporating climate risks into investment strategies are lack of guidance and absence of reliable data, need for internal education and perceived lower risk adjusted returns for climate finance investments. The latter is in fact due to the inability to predict future performance based on historical trends, as adverse climate events become more evident in the future.



In addition, the FINEXUS Center conducted a case study to illustrate a forward-looking scenario of a disorderly transition to a low-carbon economy with two hypothetical portfolios: a ‘brown’ bond portfolio and a ‘green’ bond portfolio with comparable average annual returns. After the disorderly transition, both portfolios are adversely impacted, but the impact is much stronger in the ‘brown’ portfolio. Climate finance can thus be viewed as an opportunity to develop portfolios that are more resilient to climate-related risks in the long term.



Moreover, asset and wealth managers that do not take climate risks into consideration will have failed to act on their mandates. Rethinking financial risk by taking a science-based and forward-looking approach to risk has been identified as key for resilience, as well as improving market transparency and disclosures.

Finally, the study highlights the strengthening of the partnership between private investors and the public sector as a crucial aspect in this context, as blended finance vehicles can be tailored to address and mitigate the concerns or perceived barriers of private investors. The paper is enriched by a number of testimonials of

renowned public and private sector representatives, such as the European Investment Bank, the German development bank KfW and Nordea, the largest financial services group in the Nordic region.

The BlueOrchard study "Rethinking Climate Finance" can be accessed at

https://www.blueorchard.com/wp-content/uploads/BlueOrchard-Academy-study_Rethinking-Climate-Finance-1.pdf

NEW MEMBER

We'd like to wish a warm welcome to our new member:



YAPU Solutions GmbH is a German FinTech based in Berlin. It promotes climate-smart finance globally via consulting services and a software platform supporting the operational processes of institutions targeting smallholder farmers, micro-enterprises and small- and medium-sized enterprises. The software is currently being introduced in 7 countries across Latin America (El Salvador, Ecuador, Colombia, Costa Rica, Dominican Republic) and Sub-Sahara Africa (Senegal, Benin), with over 20 microfinance institutions. YAPU was founded in 2017 and it is composed of 7 staff members in Berlin as well as about 10 consultants in the office in Quito; Colombia and Rwanda are also covered by consultants onsite. The name

YAPU derives from Yapuchiri, traditional 'leader' farmers in the Bolivian Andes.

YAPU has a strong focus on financial inclusion and microfinance – YAPU's operations are almost entirely devoted to microfinance and YAPU's founding team combines over fifty years of microfinance experience in Africa, Latin America and Asia. YAPU services range from promoting an efficient management of sustainable agricultural financing, to clean energy financing and energy efficiency, risk transfer mechanisms and integration of sustainability, climate and ecosystem indicators into day-to-day operations.

More information can be found at <https://www.yapu.solutions/>



Frankfurt School's Master of Leadership in Development Finance is a part-time, online programme that aims to prepare leaders in the sustainable and inclusive finance sector. While continuing to contribute to the UN SDGs, Frankfurt School is now introducing the new online programme **Master of Leadership in Green Finance** designed for leaders who are looking to help build greener and more sustainable economies worldwide. Both programmes start in September 2020. Applications are open now. Apply by February 20th to receive a 20% discount. The final application deadline for both programmes is 31st July 2020.

For more information, visit www.fs.de/online-master or contact us at onlinemaster@fs.de

Inclusive Finance Summer Academies. While financial institutions in developing & emerging markets are undergoing rapid change, many institutions continue to face increasing competition, tougher regulations and a growing market pressure for digitalization. The 2020 Inclusive Finance and Climate & Sustainable Energy Finance Summer Academies from Frankfurt School seek to equip participants with profound technical know-how in one of eight subject areas, incl. Risk Management, SME Banking, Agricultural Finance, Housing Finance, Digital Finance, HR, Impact Finance and Climate & Sustainable Energy. Registrations are open now.

For more information, visit www.fs.de/Academies or contact us at summeracademy@fs.de

Development Finance e-Learning Courses: Frankfurt School also offers e-learning courses on different topics related to Development Finance such as: SME finance, green finance, digital finance, agricultural finance and risk management. These courses will enable participants to systematically and successfully develop their qualifications and build on their career

CALENDAR OF EVENTS

21st January

Offsite Session on *The Financial Inclusion Compass*, Brussels

27th February

e-MFP Board meeting Luxembourg

19th March

Offsite Session on *The Financial Inclusion Compass*, Paris

18th – 20th November

European Microfinance Week 2020, Luxembourg

19th November

European Microfinance Award Ceremony, Luxembourg

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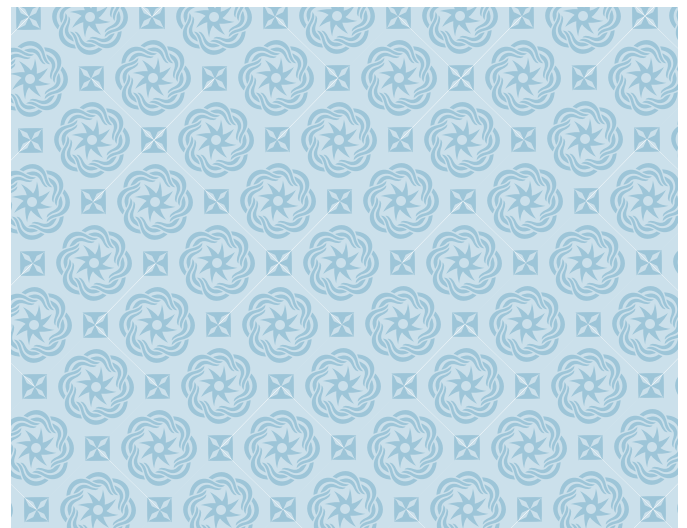
while recognising the social function of education. The next intake starts in March 2020, registrations are open.

For more information, visit www.fs.de/e-campus or contact us at e-campus@fs.de

Need knowledge and skills to kick off a real digital transformation in your organisation? Join #DigLitBootcamp! Digital Literacy Bootcamp has been launched by **Microfinance Centre** in Autumn 2019 and will be continued in 2020. It is a series of free-of-charge webinars which aim at equipping participants with fundamental digital competences. So far, 8 webinars were very well received by 141 participants from 65 organizations. Sounds like something for you?

Learn more and register today for the 2020 edition! <https://bit.ly/349KdE2>

Save the Date **18th - 20th November** for **European Microfinance Week 2020!** Join top experts from the financial inclusion sector to address today's most pressing challenges. Engage with close to 500 leaders & influencers from all over the globe. Further information will be available in the coming months at www.e-mfp.eu. Mark your calendar now and join us in Luxembourg!



European Microfinance Platform (e-MFP)

With the support of:

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