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# newsLETTER

NEWSLETTER #1 | OCTOBER 2011

## EDITORIAL

### This newsletter is a landmark for acp/eu microfinance

ACP/EU MICROFINANCE is proud to present the first issue of its new bimonthly newsletter. A new format and a new logo, to convey our values and our ambition: developing financial services that reach out to the poor and excluded, providing them with new opportunities for a better life.

Each edition will update you with: a feedback on our actions (« action », p.2), an interview of an outstanding personality (« introducing », p.3), facts & figures (« observatory of microfinance », and « figure it out », p.2), and a selection of news illustrating our current affairs (« on-going », p.4).

This newsletter is also the first of several communication tools that will be produced over the next months (website, brochures, publications...) to keep you updated on our accomplishments.

ACP/EU MICROFINANCE is going forward with its agenda. In this issue you will learn more about our Call for Proposals, get to know our Partner programme in the Caribbean, and meet the new Governor of the Central Bank of Samoa.

Enjoy your reading... and see you with issue #2 !

ACP/EU MICROFINANCE  
Programme management Unit



#### ACP/EU MICROFINANCE

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the European Union  
and managed by  
the ACP Secretariat



## Carib Cap



### « Caribbean Microfinance Capacity Building Project », a regional action of ACP/EU MICROFINANCE

The Caribbean comprises 7,000 islands and 36,000,000 inhabitants. The region's Human Development Index (HDI, that combines health, education and economy) shows big discrepancies between countries: while Jamaica is very close to the world average HDI, Haiti is 50% below. A good level of health and education often hides a rather poor GDP per capita.

Carib-Cap is a \$ 3 million project funded by the Inter-American Development Bank, the Caribbean Development Bank and the European Commission, through ACP/EU MICROFINANCE. It was launched in 2008 to build the capacity of the microfinance sector in the English-speaking Caribbean area. At that time, the industry reached out to 5% of the population in Latin America but only to 1% in the English speaking Caribbean where it suffered from « low outreach, high arrear rates, dependency on subsidies and poor regulatory frameworks\* ».

Until 2010, Carib-Cap focused on awareness-raising and knowledge dissemination efforts, informing local practitioners on sustainable microfinance, while grasping a better understanding of the sector in the region. A 2010 Carib-Cap study on the Financial Demand in the Caribbean showed that, despite the sector's poor development, there was strong demand for microfinance products such as insurance, flexible and accessible credit, savings or remittance. As of 2010, 18 Caribbean MFIs underwent an eye-opening Performance Assessment. 10 of them then entered a Capacity Building process consisting in extensive and tailored Technical Assistance. Carib-Cap also convenes an annual regional event gathering local and international microfinance practitioners to advance knowledge and create an active network. After Barbados (2009) and Belize (2010), this year's event will be held in November, in the Bahamas (see p.4).

A cultural shift is underway: among the major players in the Caribbean microfinance sector, the credit unions are opening up to more mainstream microfinance. With Carib-Cap support, some are extending their offer to non-member clients, other launched new products. The Caribbean Microfinance Alliance (CMA), a network of MFIs that emerged at the 2<sup>nd</sup> Carib-Cap Forum, is creating a new momentum of cooperation and development among Caribbean MFIs.

The first Carib-Cap programme has paved the way for a successor Carib-Cap 2, about to be launched, that will continue supporting the growth of modern and innovative microfinance in the English-speaking Caribbean.

Sources: \* « Carib-Cap: Before and after », S. Platteau & M. Webber ; « Microfinance in the Caribbean: credit unions entering the industry », F. Vivanco; www.caribcapmicrofinance.com.

## Central African Republic

### REGULATED INSTITUTIONS

- 7 credit and savings Microfinance Institutions (MFIs)
- 5 MFIs currently under examination
- 4 banks

### OUTREACH

48,861 MFI clients (i.e. banks not included) on a population of 4 million people

### REGULATORY FRAMEWORK

- Regulation policy defined and conducted by the Central Bank
- Microfinance Act adopted in 2006
- Microfinance Unit at the Ministry of Finance

### MAJOR CHALLENGES

- Microfinance in rural and remote areas
- Training of MFI managers
- Financial education of clients
- Government support to reach financial inclusion

*Information provided by Valentin Mayere, Head of the Microfinance Unit of the Ministry of Finance of the Central African Republic.*

### FIGURE IT OUT

# 82%

184 out of the 224 concept notes of ACP/EU MICROFINANCE call for proposals come from ACP applicants.

This proportion of 82% of local applicants for 18% of EU based International Organisations is a remarkable proof of empowerment and microfinance professionalisation in ACP countries.

## INTRODUCING

# Emma Enari, new Governor of the Central Bank of Samoa

Emma Enari has been working at the Central Bank of Samoa (CBS) for 20 years. Last June, as Head Financial Markets, she was awarded with a scholarship for the Boulder Microfinance Training from ACP/EU MICROFINANCE\*. On August 15, she was appointed Governor of the CBS.

In 2010, you were assigned the responsibility of promoting financial inclusion and financial literacy in Samoa. What actions did you take?

EE: Financial inclusion initiative was brought to our attention in 2008. Prior to that, little consideration was given to the impact of monetary policy on the poor and the low income group. There were concerns on the potential conflict between promotion and oversight. However, we saw the benefits of this initiative in creating an inclusive financial system as well as assisting government efforts in poverty alleviation.

At the time when Central Bank (CB) of Samoa took on financial inclusion, mobile money was the 'in thing' in the Pacific. It definitely proved to be a cost effective product to get the 'unbanked' participating in the formal financial system. We were convinced of its benefits and comfortable with the product after our team attended regional workshops as well as information exchange with the support of the Pacific Financial Inclusion Program (PFIP) and AFI (Alliance for Financial Inclusion). It helped us understand the product, identify risks and come up with solutions on how best we could approach and make it work in our country. The result was that we gave approval for one of the mobile network operators (Digicel) to launch mobile money in June 2010.

To give the CB legal authority to implement financial inclusion strategies and projects, there was the amendment to the CB of Samoa Act 1984 to add the promotion of financial inclusion and

financial literacy as one of the functions of the Bank. These amendments were passed by parliament and became effective in December 2010.

For us to come up with a National Financial Inclusion Strategy, we need to take stock of the extent of financial exclusion in Samoa. The Pacific Central Banks Working Group is currently undertaking a survey in that sense.

As Head of the Central Bank, how do you aim at promoting microfinance in Samoa?

EE: As a regulator, we do not want to over-regulate and stifle the development of MFIs in Samoa. Non-depository MFIs should not be subjected to prudential regulation and supervision. If there are compulsory savings as part of a loan product, as long as the MFI is not lending out these funds then it should not trigger prudential supervision.

Tell us about the Boulder Microfinance Training.

EE: The 3 weeks course was an eye-opener in the area of MFIs especially the role of regulators in the development of these institutions. The two week course on Regulation and Supervision of MFI was well structured as it covers regulation of branchless banking which is something that Samoa is heading to. Overall, I learnt new innovations and we established good networking with other participants as well as learning from their experiences as well.



## FOCUS

### Boulder 2011



Once a year, through a partnership-agreement with ITC ILO, ACP/EU MICROFINANCE delivers scholarships covering the tuition fees of the Boulder Microfinance Training in Turin, Italy. From July 18<sup>th</sup> to August 5<sup>th</sup> 2011, 11 ACP policymakers from African and Pacific countries attended the this renowned and intensive training programme.

[www.bouldermicrofinance.org](http://www.bouldermicrofinance.org)

\* ACP/EU MICROFINANCE supports the tuition fees of all of its scholars. Emma Enari, along with all of our Pacific scholars, has had her travel and accommodation fees covered by PFIP (Pacific Financial Inclusion Programme), UNDP-UNCDF / AusAid Partner programme.

## ON GOING

### Call for proposals

On June 17<sup>th</sup>, 2011, ACP/EU MICROFINANCE launched a Call for proposals to develop inclusive financial systems adapted to the needs of the poor in ACP countries. 415 organisations (applicants and partners) participated to this Call. On a total 224 concept notes filed, 196 passed the administrative check and 29 were short-listed for the Full Application process.

The total requested amount of the 224 proposals received is € 118 million, for an available budget of € 7.5 million.

[www.euacpmicrofinance.org](http://www.euacpmicrofinance.org)

### Carib Cap Forum III

The Caribbean Microfinance Forum III, organised by Carib-Cap (see p.2) will be held on November 13-16, 2011 in the Bahamas. The theme of this year's edition is « The Caribbean model for growth: diversification, regulation, accountability ». It will gather local Microfinance Institutions and Credit Unions together with international high level specialists.

ACP/EU MICROFINANCE's Coordinator, Emmanuel Moyart, will attend the Forum. He will participate to the Opening Session and will be the Facilitator of a panel on « Challenges of growing MFIs - Arrears, MIS, Risk management » on November 14<sup>th</sup>.  
[www.caribcapmicrofinance.com](http://www.caribcapmicrofinance.com)

### Fiji reaches the unbanked

The Pacific Financial Inclusion Program (PFIP) and its partner the Reserve Bank of Fiji have recently announce that Fiji is on track to reach its target of banking 150,000 people who do not have bank accounts.

To date, 34% of the 150,000 targeted, that is, more than 50,000 people in the last year have acquired access to basic financial services making it easier to save and access their money.

[www.pfip.org](http://www.pfip.org)

### European Microfinance Week

The 4<sup>th</sup> edition of the European Microfinance Week, organised by the European Microfinance Platform (e-MFP), will take place Luxembourg, on November 2 to 4, 2011. This year's theme is « Inclusive Finance for Excluded People - Microfinance refocusing on the underserved, unserved and vulnerable ».

ACP/EU MICROFINANCE will participate to a presentation on « EU and EIB support for building inclusive financial systems: strategies and initiatives », on Friday, November 4<sup>th</sup>, alongside the European Investment Bank (EIB) and European Commission (EC) representatives.

[www.e-mfp.eu](http://www.e-mfp.eu)

### The technical assistance facility of REGMIFA

REGMIFA, microfinance investment fund for Sub-Saharan Africa, launched its Technical Assistance Facility in January 2011, in partnership with ACP/EU MICROFINANCE.

This Technical Assistance programme targets MFIs in which REGMIFA is investing or planning to invest. It encompasses training, tailored and systemic advice, focused counseling, etc.

[www.regmifa.com](http://www.regmifa.com)

For any comments, subscription or unsubscription: [info@euacpmicrofinance.org](mailto:info@euacpmicrofinance.org)

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The ACP Secretariat is responsible for the administrative management of the 79 African Caribbean and Pacific (ACP) Group of States. The ACP Secretariat is managing ACP/EU MICROFINANCE.



The European Commission (EC) is the European Union's executive body. Its main financial instrument for Development Aid in ACP countries is the European Development Fund (EDF). ACP/EU MICROFINANCE is funded by the 10<sup>th</sup> EDF.

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### ACP/EU MICROFINANCE PARTNERS

- CGAP Efficiency and transparency of local markets
- UNDP UNCDF PFIP in the Pacific
- IDB Carib-Cap in the Caribbean
- ITC ILO Boulder Microfinance Training Program and Making Microfinance Work
- KfW Technical assistance of REGMIFA, Sub-Saharan Africa