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newsLETTER

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EDITORIAL

Microfinance & the ACPs

Microfinance has its origins in the South and aims at poverty alleviation among Southern populations. For such reasons, the ACP (African, Caribbean and the Pacific) Group has been looking into microfinance for many years. As of 2005, because of an important need for financial access in ACP countries, and with 40 out of the 80 ACP countries among the Least Developed Countries (LDCs), the ACP Secretariat engaged in a dedicated microfinance programme, along with the European Commission.

ACP/EU MICROFINANCE was launched in January 2010. To this day, it delivers on its promise of a Programme strongly oriented towards the development of a financial system adapted to the needs of the poor. The actions developed by Partner International Organisations since inception already allow ACP/EU MICROFINANCE to reach out to regulatory bodies, microfinance institutions networks, and final beneficiaries of financial services, in Sub-Saharan Africa, the Caribbean and the Pacific.

With the launch of 11 new actions, the Programme will go even further in creating a responsible, people-oriented offer of financial services. Selected through a Call for Proposals process, these 11 projects favour financial education and client empowerment, the development of adapted products and services, and synergies between microfinance and other development issues.

ACP/EU MICROFINANCE is now active in nearly 50 ACP countries. The ACP Secretariat is confident that the outreach and diversity of the Programme will allow significant achievements in terms of poverty alleviation. We will also make sure that ACP/EU MICROFINANCE brings new opportunities of joint collaboration between ACP countries, so that our messages for poverty reduction are spread even louder in the world.

Achille Bassilekin III
Assistance Secretary General
Department of Sustainable Economic Development and Trade
ACP Secretariat



ACP/EU MICROFINANCE

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the ACP Secretariat



ACTION

11 new actions in 19 countries



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On June 17th, 2011, ACP/EU MICROFINANCE launched a Call for Proposals directed at EU and ACP microfinance practitioners, to select actions aiming at developing pro-poor microfinance in ACP countries.

With 224 concept notes received from 415 organisations in 52 countries, the ACP/EU MICROFINANCE Call for proposals recorded a total grant request of EUR 118 million.

Following a thorough selection, ACP/EU MICROFINANCE is glad to announce that 11 beneficiaries were selected and will receive a grant from the Programme. The average grant amount is of over EUR 600,000 and the actions, that will cover 19 Sub-Saharan African countries, aim at:

- Facilitating access to finance for communities excluded from the formal financial system in a sustainable manner and using innovative delivery models,
- Improving the MFIs' capacity in the fields of financial and risk management, and of transparency on financial and social performance,
- Building the financial capability of microfinance clients, to enhance their capacity as autonomous economic actors.

The 11 selected actions bridge the gap between access to finance for excluded populations (e.g. farmers, remote communities, the poorest...), and various Development issues (e.g. women empowerment, microfinance in conflict or post-conflict areas, protection of the environment...).

"With this selection, ACP/EU MICROFINANCE commits to its bold engagements to link microfinance to the broader Development perspective and is clearly in line with the European Commission's Agenda for Change", says Michele Chiappini, Regional Programmes Sub-Saharan Africa and ACP wide, DEVCO/EuropeAid.

Grantees and actions: CARE NETHERLAND: Facilitating access to finance for communities excluded from the formal financial system, Sierra Leone - CICM: Financial empowerment of excluded populations: expanding access to local mutualist microfinance, Burkina Faso, Cameroon, Central African Republic (CAR), Republic of Congo - CONCERN UNIVERSAL: Increased access to appropriate financial services by smallholders' food crop farmers and rural microentrepreneurs, Ghana - COOPEC RESOPP: Capacity building of the cooperative, adaptation and diversification of its services to the needs of family farms, Senegal - ILCUF: Credit union programme against poverty, Ghana, The Gambia, Sierra Leone, Liberia - MICROFINANZA: Development of innovative products financing access to green technologies, Kenya, Tanzania, Uganda, Ghana - MICROSOLVE CONSULTING: Increasing access to agricultural finance for farming households through product development, Kenya, Uganda, Ethiopia, Ghana, Tanzania - OXUS DEVELOPMENT NETWORK: Greenfield operations in low penetration regions of DRC and CAR - PAMIGA: Responsible and sustainable growth for rural microfinance, Benin, Burkina Faso, Cameroon, Ethiopia, Kenya, Madagascar, Mali, Senegal, Tanzania, Togo - STANDARD MICROFINANCE BANK: Improving the living standards of Fulani Tribesmen and the underbanked, Nigeria - TRIAS: Sustainable access to microfinance for family farmers and microentrepreneurs, Ghana.

THE OBSERVATORY OF MICROFINANCE

Sierra Leone

INSTITUTIONS

- About 30 MFIs, commercial and community banks
- Network: Sierra Leone Association of MFIs (SLAMFI)

OUTREACH

- Population: 6,294,774 people (with 80% living below the poverty line)
- Active borrowers: 32,955 clients
- Total portfolio: EUR 4.3 million

REGULATORY FRAMEWORK

- National Microfinance Policy, 2003
- Microfinance Programme of the National Commission for Social Action (NaCSA)
- Microfinance Investment & Technical Assistance Facility (MITAF)

MAJOR CHALLENGES

- 87% of the population without access to financial services
- Regulatory framework needs to be strengthened
- Practitioners (including SLAMFI) need capacity building
- Development of products and services that fit the needs of rural and poor populations.

Sources: MITAF, BizClim/NaCSA, Spanda Foundation, Mix Market.

FIGURE IT OUT

48

To this day, ACP/EU MICROFINANCE is active in 48 out of the 80 ACP countries: 28 Sub-Saharan African, 13 Caribbean, 7 Pacific countries.

INTRODUCING

Caroline Kanoko, National Financial Inclusion Unit, Solomon Islands

As Manager of the National Financial Inclusion Unit (NFIU) of the Central Bank of Solomon Islands (CBSI), Caroline Kanoko is in charge of promoting and overseeing financial inclusion activities and programmes in Solomon Islands. Thanks to an ACP/EU MICROFINANCE scholarship, she participated to the Boulder Microfinance Training in 2011 to “gain new knowledge and share ideas on community accessibility to financial services”.

What role does the Central Bank of Solomon Islands (CBSI) play in financial inclusion in the country?

C.K.-The Central Bank regulates the three commercial banks, the one and only credit cooperation, the National Provident Fund (a statutory body established to receive provident funding of employees) and also supervises and monitors performance of credit unions (with membership of 50 and above).

The CBSI established the National Financial Inclusion Unit (NFIU) in February 2011, as a dedicated Unit to promote and oversee financial inclusion activities and programs in Solomon Island.

This Unit, which I manage, is also the Secretariat of the National Financial Inclusion Taskforce (NFIT), a national body that oversees programmes and activities involving financial inclusion activities in the country and comprising of membership from the private sector, the Government, women saving clubs, NGOs, local donors and private consultants.

Can you give us some examples of projects implemented by the NFIT?

The NFIT is currently carrying out a regulatory review on current laws and regulations affecting financial inclusion, including regulation framework on mobile banking.

Also it is reviewing the formal school curriculum to be able to integrate financial education into both primary and secondary school curriculum.

Finally, it carried out financial competence survey, trying to understand and be able to measure level of financial literacy and financial competence in Solomon Islands.

Do you believe that education has an important part to play to achieve financial inclusion?

Absolutely. In my opinion education and service do go hand in hand. The more people understand and are knowledgeable about what is available, the more they will use the financial services. As a matter of fact, I have founded my own family-organised saving club, “Parents and Kids (PK) Saving club”, to promote the habit of saving amongst families, especially children. PK Saving Club provides saving facilities to its members and tries to teach members to have a habit of saving. Members are encouraged to save towards a goal. Some members use their saving as start-up capital for small income generating activity.

What do you see as the major challenge to reach financial inclusion in the Solomon Islands?

In the late 80’s, the Credit Union movement, which seemed to be well suited to fill the gap of provision of financial services in the Solomon Islands, expanded significantly thanks to a donor project and finally covered almost 50% of the rural areas.

Unfortunately, the geographic isolation, together with the end of the donor support stopped the progression of CUs. Only 9 are currently active and the main challenge of the geographical isolation is now being answered through the use of innovative technology, such as mobile phones, to extend outreach. However, Solomon Islands is still in the process of getting mobile money rolling.



FOCUS

Saving Groups vs Saving Clubs

Out of 292 Saving Clubs (SCs) registered in the Solomon Islands, only 22 kept reporting in 2010. This decline is most likely due to their inability to deal with the growing complexity of their institution.

Saving Groups (SGs) differ from SCs in that they usually limit themselves up to 30 members and less than USD 2,000 in assets. When an SG gets bigger, members generally divide the group in two, hence preserving their institutional simplicity.

Such SGs have a demonstrated impact on household income, investment in productive activities or food security in the developing world*.

* Source: *Saving Groups: A Sustainable Mechanism for Rural Financial Services in Solomon Islands*, PFI Focus Note, http://www.pfi.org/resources/uploads/attachments/documents/2011%20May%20Focus%20Note%20Money%20Garden_SOI.pdf
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ON GOING

European Microfinance Week (EMW)

Do microfinance donors communicate enough with each other to ensure aid effectiveness? Are their selection processes coordinated enough? Are reporting obligations too heavy for multi-donor beneficiaries?

On the occasion of the 2012 European Microfinance Week, ACP/EU MICROFINANCE gathers AFD and UNCDF around PAMIGA and ODN to discuss the issue of donor coordination at a panel entitled "Coordination among donors: feedback from AFD, UNCDF and EC." The panel, moderated by CGAP, will be held on Friday, November 16th, from 9:45 to 11:00 am.

More about the 2012 EMW:

<http://www.e-mfp.eu/european-microfinance-week-2012/information-registration>

Boulder MFT: 15 ACP/EU MICROFINANCE scholars



Following a thorough selection among 186 applicants from 55 countries, 15 scholars have attended the Boulder Microfinance Training Program, from July 16th to August 3rd, at the ITC ILO Campus in Turin, Italy.

12 of them came from Sub-Saharan Africa, 2

from the Caribbean (Haiti and Jamaica) and 1 from the Pacific (Fiji). Working in Central Banks, Ministries or other Government agencies, these 15 high level practitioners all participate in regulating or supervising the microfinance sector in their country.

During their three weeks-intensive training program in Turin, not only were they able to gain knowledge from the renowned Boulder MFT, but also from their ACP peers.

Launch of Carib-Cap II

Carib-Cap II promotes business growth and increased income in the English-speaking Caribbean, by supporting the developing of strong MFIs and increasing the availability of financial services for microenterprises.

The official presentation of the Programme took place during the Caribbean Microfinance Forum, in Barbados, on September 30th.

The European Commission and the Inter-American Development Bank (IDB) had signed a contribution agreement confirming their partnership on this follow-up programme of Carib Cap I on July 13th.

By the end of the action, Carib-Cap II should directly benefit 20 MFIs (including 10 already involved with Carib-Cap I) and indirectly impact 15,000 to 20,000 clients.

www.caribcapmicrofinance.com

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For any comments, subscription or unsubscription: info@euacpmicrofinance.org



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The ACP Secretariat manages ACP/EU MICROFINANCE.



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ACP/EU MICROFINANCE PROGRAMME MANAGEMENT UNIT

Rue de la Presse, 4

Brussels 1000 - Belgium

t. +32 2 227 27 15 - f +32 2 218 31 41

info@euacpmicrofinance.org

www.acpeumicrofinance.org

ACP/EU MICROFINANCE PARTNERS

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