



**EU/ACP Microfinance Framework Programme
Eleventh Quarterly Report
July-September 2007**

Summary

- All eleven grantees completed their first year of operation. Four projects are well on track meeting their targets. Five remain to be watched. Even though they have met their minimum performance thresholds their progress on one or more of their targets lags behind. Two grantees are “off track”: Triodos following lower demand for SMARTRAC technical assistance on social reporting, and AMFIU due to a delay in implementation of its Performance Monitoring Tool / System.
- Ten ACP policymakers participated in the Boulder Microfinance training Programme in Turin, Italy, with a scholarship for tuition fees covered by the EU/ACP Microfinance Programme
- The Programme contributed to the design of projects to support financial inclusion in the Caribbean and Pacific, Carib-Cap and the Pacific Financial Inclusion Programme respectively.
- The Rating Fund approved ten applications from ACP MFIs in the third quarter of 2007. After seven years of operations the Rating Fund will stop approvals of ratings at the end of the next quarter. Some ACP rating markets remain relatively underdeveloped, but other products or approaches may be more appropriate and/or cost-efficient to advancing transparency. In the interest of innovation and product diversification of rating agencies the Rating Fund Steering Committee decided 2 years ago to gradually phase out transaction subsidies for ratings. As a result the rating industry has become more dynamic and responsive to demand.
- The Rating Fund organised a workshop on Advancing Transparency in African Microfinance during the third African Microfinance Conference and produced the 2006 Rating Market Outlook.
- Highlights of CGAP’s activities involving ACP microfinance actors include activities related to (i) CGAP’s Technology Program; (ii) Policy advice to Kenya, training of policymakers in Rwanda and a policy diagnostic in Malawi and (iii) Training of EC staff working in or with ACP.
- The EU/ACP Microfinance Programme participated in the third African Microfinance Conference in Kampala, August 2007.

Upcoming events

Date	Event	Location
27-29 November	European Microfinance Week	Luxembourg
3-6 December	AFMIN annual meeting	Congo
3-5 December	Capaf audit seminar	Rwanda

Report

The current report contains information on the progress the EU/ACP Microfinance Programme made between July and September 2007 in its three areas of intervention: (1) strengthening institutional capacity of ACP microfinance actors; (2) supporting and promoting the use of ratings; and (3) enhancing transparency and efficiency in the microfinance market. This report also summarises the communication and coordination efforts of the Programme.

During the last quarter, the ACP Secretary General and his staff, AIDCO, DG DEV and the Programme's Steering Committee actively engaged with each other and with the Cabinet of Commissioner Michel to recover the decommitted funds of the Programme. As a result, on 31 October, the Cabinet agreed on 2,770,000 Euros from the ACP prudential reserve for the continuation of the EU/ACP Microfinance Programme. Some issues remain to be resolved but AIDCO already submitted the Financing Proposal and expects to obtain a Financing Agreement from the EDF Committee before the end of the year.

1. Programme area # 1: Strengthening institutional capacity of ACP microfinance actors

(i) Demand driven capacity building initiatives

All capacity building initiatives completed their first year under the EU/ACP contract. In summary the Programme has supported:

- Strengthening of more than **40 MFIs** with expertise of strong international players
- **Two start-up MFIs** in Madagascar (February) and in Cameroon (May) established by LFS and Horus with indirect investment from the EIB
- ProCredit Bank to massively scale up of savings services in DRC with **technology based payment products**, including first ATM ever in DRC
- **Training for more than 400 MFI staff across Africa**, including staff of the rural community based Financial Service Associations in Kenya (KDA) and village banks in Cameroon (MIFED)
- A pioneering **consumer education and protection initiative** rolled out by the Ugandan Microfinance Association
- Establishment of a technical assistance (TA) programme on **risk management and social reporting (SMARTRAC)** with local consultants and 3 TA assignments (in Uganda, Ghana and Rwanda)
- **Experimentation** with diverse financial services, e.g. microinsurance (OI UK) and savings (Urwego)

At the end of the third quarter four of eleven grantees were well on track meeting their own targets; five remain to be watched because they are performing lower on one of their targets or several (in the case of Urwego and Aquadev). Two projects are "off track": Triodos has been restructured and demand for SMARTRAC services has taken longer to pick up. Nevertheless, the current pipeline of requested assignments looks very promising. In the case of AMFIU which is "off track" on one of its key performance thresholds related to the use of the PMT tool by its members a delay in the introduction of the tool has slowed down progress. The late start of the EU/ACP action may have also had an impact. For a summary see Table 1 or read more detailed updates per project in Annex.

Box 1: Status explanations on grantee performance

On Track = expected to meet minimum performance thresholds and largely in line with projected targets
To Watch = performing below projected targets, but met or expected to meet minimum performance thresholds
Off Track = did not meet one or several of the minimum performance thresholds
Restructured = thresholds and targets have been renegotiated for reasons indicated

Table 1: Overview of Capacity building initiatives, Status at 30 September 2007

Initiative	Status	Performance
1.ProCredit, DRC	On Track	ProCredit Bank Congo met its 12 month targets, but has not submitted its annual report yet. ProCredit has 6 ATMs in place as foreseen but faces difficulties in identifying new safe locations for additional ATMs,
2. LFS, Madagascar	On Track	AccessBanque Madagascar (ABM) doubled its deposit base in the last quarter and already has more than 1500 clients after less than 8 months in operation. ABM managed to increase its total equity with almost 1 million Euro far exceeding the original projected leverage of EU/ACP TA resources.
3.KDA, Kenya	On Track	KDA met all minimum performance thresholds, is again producing training material and is successfully building the capacity of FSAs in rural Kenya.
4. Horus, Cameroon	To Watch	Advans Cameroon, the newly established Greenfield bank, succeeded to meet its revised first year minimum performance thresholds by mid October 2007. At the end of September the bank had 208 loan clients which was still slightly below target because of the rainy season.
5. AMFIU, Uganda	Off Track	AMFIU successfully pioneers a consumer protection and education campaign and has met all, but one, of its annual targets. The Programme will review delays in introduction of the PMT/PMS and take into account the late arrival of the EU/ACP funding when AMFIU presents its annual report later in November.
6 Urwego, Rwanda	To Watch	URWEGO completed the merger with Opportunity Bank Rwanda in July and addressed one of the main constraints for scaling up savings services with the introduction of a state-of-the art technology platform. The EU/ACP requested more information on strategic plans of the new UOMB to review how the project's priorities and learning agenda is taken into account.
7. Aquadev, Senegal	To Watch	Following the MFI diagnostics and restructuring of the project Aquadev has started providing technical assistance to improve performance. In the fourth quarter partner Etimos undertakes a monitoring mission to review (1) how Aquadev deals with MFI weaknesses identified in the diagnostics (2) satisfaction of local MFIs with TA provided, (3) quality of the monitoring system in place to validate data and (4) arrangements in place to draw lessons learned from the support to MFIs in Saint Louise, for other regions and the EU/ACP Microfinance Programme as a whole.
8. Opportunity Intl UK, multi-country	To Watch	Thirteen months after its start OI UK met its first year minimum performance thresholds as it had experienced delays in scaling up the insurance services. OI UK is on track with all other targets. EU/ACP funding has been instrumental in piloting the MicroInsurance Agency in Uganda. It has already been replicated in Ghana and the Philippines, reduced insurance costs for low income people, improved coverage and influenced innovation in insurance products for low income people.
9. Triodos, multi-country	Off Track	Triodos has not met its 12 month minimum performance thresholds and targets. The EU/ACP and Triodos agreed upon a restructuring of the thresholds and targets to respond to MFI demand. Finally SMARTRAC managed to create an exciting pipeline of assignments for 2008. Payment of the second tranche will depend on Triodos' ability to meet the revised thresholds.
10. SIDI, multi-country	On Track	SIDI continued to build on its first year activities but continues to have difficulties capturing data of some of its MFIs. The EU/ACP insists on more cross-fertilisation among individual activities and focus on extracting lessons learned.

11. MIFED, Cameroon	To Watch	In its first project year MIFED managed to successfully establish the two regional unions of the networks of caisses villageoises with the respective technical service centres. It met its minimum performance threshold, but did not meet its target for number of clients of caisses villageoises due to closure of more caisses following a ruling of the COBAC. MIFED has suggested reducing its projections for June and December 2008. The EU/ACP will monitor the situation closely before accepting to reduce its thresholds based on this. The manual information system of MIFED does not allow quarterly updates on key indicators.
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The Programme coordinator is in close contact with the grantees to help them wherever possible to meet their targets and find solutions for problems arising. She systematically reviews the quarterly reports and provides written feedback and/or questions to the grantees and communicates with them about the performance targets that are “off track” or problems or risks mentioned in the quarterly reports. EC task managers in delegations and headquarters are actively involved in this monitoring process. They reviewed and commented on annual reports and met with grantees in the last quarter (e.g. in Senegal, Cameroun, DRC, Kenya). The task manager in the Kenyan EC delegation participated in the EC microfinance training in Brussels in September.

Meeting of grantees. The Programme coordinator met with six of the eleven grantees in Kampala during the third African Microfinance Conference. (LFS, KDA, AMFIU, Urwego, OI and Triodos). The meeting was a first step to more synergies and learning from each other. The grantees were interested in more exchange among each other to learn. Following up on the meeting we (i) shared a contact list to facilitate exchange, (ii) requested short success stories and lessons learned from grantees to share among each other and publish them on the EU/ACP website, and (iii) clarified relations between the Programme and EC delegations. The Programme will look into organising a meeting with all grantees in 2008.

Performance based contracts. All contracts issued by the EC under the EU/ACP Microfinance Programme are performance based. The Programme hereby adheres to one of the guidelines included in the [“Good Practice Guidelines for Funders of Microfinance”](#) (see Box 1). The EC endorsed the *Good Practice Guidelines* at the [Better Aid Meeting](#) in October 2006. All EU/ACP Microfinance Programme contracts have a selected number of performance targets (between 7 and 12) as proposed by the implementing partners. A subset of these indicators determines the minimum performance thresholds that are set by the EU/ACP Programme and EC staff and tend to be 50-80% of the grantee targets. These thresholds influence payment of the next tranche of funding. The Programme reviews performance on targets every quarter. Implementing partners and EC staff, involved in monitoring, generally respond well to the performance based contracts, even though most of them are not used to them - or to a donor agency enforcing them for that matter.

Box 2: Guidelines on Use of Performance-based Funding:

- Use **performance-based contracts** with agreed performance targets (including exit strategies).
- Include **a few core indicators** to track performance (e.g., general outreach, outreach to the poor, portfolio quality, profitability/sustainability, efficiency).
- Avoid burdening financial institutions with too many indicators.
- Tie renewal or continuing support to achievement of meaningful and **clear performance targets**.
- **Be prepared to exit** from institutions that do not perform as agreed, either by discontinuing subsequent tranches of support or requiring reimbursement (where feasible).
- Live up to the **donors’and investors’ responsibilities** under the contract (e.g., predictable funding patterns, timely disbursement, prompt responses to reports).

Extract of Good Practice Guidelines for Funders of Microfinance, pag. 12, CGAP, 2006

Lessons learned on establishing and enforcing performance based contract. The experience thus far on the performance indicators and reporting and monitoring mechanism include the following:

Performance indicators

- Implementing partners' targets tend to be over-ambitious. Even though the Programme's minimum performance thresholds were set considerably lower than grantee targets a number of grantees had to restructure.
- Most reasons for performance below targets are exogenous factors, such as:
 - o decisions from monetary authorities: e.g. Horus experienced delays in obtaining authorization for Greenfield operation; MIFED saw closure of more village banks than foreseen due to stricter Central Bank rules
 - o lower market demand: e.g. Triodos encountered lower uptake among MFIs of SMARTRAC's technical assistance for social reporting than on risk management and SMARTRAC took more time to take off; the MicroInsurance Agency piloted by OI UK experienced less demand for microinsurance policies than anticipated in the beginning and a greater need for marketing and education of the innovative microfinance product
- Selection of appropriate indicators to track is instrumental in order to monitor achievement of key objectives. The indicators tend to be a mix of core indicators reflecting institutional sustainability and specific project related targets.
- Microfinance expertise is needed for assessing the targets and fixing thresholds
- The performance table with targets and thresholds needs to be an integral part of the contract to ensure they are understood as part of the partner's obligations.
- Because few implementing partners and EC staff worked with performance based contracts before, it is instrumental to clearly explain implications of not achieving minimum performance thresholds up front and in the course of implementation.

Reporting and monitoring

- The Programme needs to regularly remind implementing partners of report dead lines and templates to use
- Quarterly monitoring of key accomplishments, problems and progress on performance helps identifying delays and problems in implementation early on and anticipate with solutions or restructuring, e.g. restructuring of Aquadev project.
- The EU/ACP Programme added 3 sections to the standard EC narrative reports focusing on impact and results, leverage and learning of the actions.
- The monitoring reports, however useful, do not replace on-the-ground monitoring, monitoring missions and mid-term review. EC delegations and the EU/ACP Programme rely on feedback from other stakeholders in the field including other funders, the EIB, microfinance networks, consultants etc.
- Progress on performance indicators for meso level activities, e.g. AMFIU's project, is harder to monitor than tracking core indicators for micro-level interventions. For instance, to assess immediate impact of training activities qualitative feedback (on satisfaction, quality and relevance) is more difficult to capture in numbers.
- Implementing partners appreciate the dialogue and follow up by the Programme based on feedback provided to the quarterly and annual reporting and regular calls. This is a time intensive process, but should lead to better results and fewer surprises of underperformance.
- Good coordination between the EC delegations and the Programme is essential for effective monitoring purposes. A clear understanding of roles and responsibilities and complementing on the ground knowledge and contacts with solid microfinance expertise are instrumental.
- In cases where the EC does not live up to its responsibilities, e.g., significant delays in contracting (AMFIU due to staff changes), or late payment (SIDI due to administrative mistakes) it is more difficult to hold the grantee accountable. The EC has strict rules about payment delays (e.g. 45 days after signature of contract). Enforcement of these rules and sensitisation of contract & finance staff about implications of late payment could help avoid this in future.

(ii) Other capacity building initiatives

Policymakers. Ten ACP officials of Central Banks and Ministries of Finance participated in the Boulder Microfinance Training Programme in Turin, Italy, this summer. The policymakers from Angola, Guinee Conakry, Kenya, Madagascar, Cote d'Ivoire, DRC and Sierra Leone, received a scholarship from the EU/ACP Microfinance Programme to cover their tuition fees (worth 4,200\$ each) for the three week training. The training is considered to be among the best microfinance trainings in the world and has a special policy track provided in English and French. Several CGAP staff members served as trainers for the Boulder Microfinance Training Programme in Turin.

The Boulder training attracted more than 250 students from all over the world, about one fifth policymakers and overall more than 40% from ACP countries. The interaction among a wide range of participants and high quality microfinance expert trainers is one of the training's key success factors as it enriches the discussions and enhances learning. By facilitating the participation of ACP policymakers in the training, the EU/ACP Microfinance Programme contributes concretely to a more enabling environment for microfinance in the ACP (see Box 2). Next year, the EU/ACP Microfinance Programme will repeat the scholarship programme to offer the same opportunity to other ACP policymakers.

Box 3: Immediate impact of Boulder training on ACP policymakers' actions

Policymakers that received the scholarships valued the training enormously. It has already affected their work. Some examples highlighted in reactions from the policymakers:

- In **Kenya** our fellows organised a workshop on transformation of credit-only MFIs to deposit-taking institutions with one of Boulder's trainers and applied learning in new policy documents.
- An inspector of the Central Bank of **Guinee Conakry** changed his method of analysis of MFIs with the knowledge gained in the training.
- A policymaker from **Cote d'Ivoire** better understands the government's role in microfinance and applies her learning in the drafting of the country's microfinance strategy.
- A central banker from **Sierra Leone** has been able to contribute successfully to the drafting of operating guidelines for credit-only microfinance institutions in his country following the training.

Caribbean. Colleagues from the InterAmerican Development Bank (IADB) and Multilateral Investment Fund (MIF) finalized the due diligence mission for the joint capacity building project, Carib-Cap in the past quarter. The Caribbean Development Bank joined the consortium and agreed to fund 276,000\$ of the project in parallel. MIF staff and the Programme coordinator prepared the project proposal for Carib-Cap which the team will present for final approval to the MIF Donor Committee in November 2007 for a MIF contribution of 1,9 million \$. MIF and EC staff drafted the contribution agreement which they will submit soon as EU/ACP funding is secured. EC funding foreseen is 420,000 Euros.

Pacific. Microfinance Pasifika successfully organised a Pacific microfinance week in Papua New Guinea in August. The Programme contributed by disseminating CGAP publications and tools at the meeting. The UNDP Pacific Regional Centre organised a donor session and shared information on the upcoming EU/ACP and UNDP/UNCDF Pacific Financial Inclusion Program (PFIP) to ensure complementarity with other initiatives. The Programme coordinator met with EIB staff to explore potential collaboration since financial sector development is one of two priorities for the EIB in the Pacific. UNDP designed the project proposal with input from the EU/ACP Microfinance Programme and will present it for approval to its board in November 2007. As soon as EU/ACP funding for the Pacific is secured the EC will submit a contribution agreement with the UNDP Pacific Resource Centre in Fiji.

2. Supporting and promoting the use of ratings

In the third quarter of 2007, the Rating Fund approved 10 applications of ACP MFIs. In total the EU/ACP Microfinance Programme has funded 74 ratings of which 35 in 2007. It is expected that the Fund will double the number of ratings this year to 40 instead of the conservative projection of 20. This strong increase is partly thanks to the awareness raising activities funded by the EU/ACP Microfinance Programme in the last two years and partly because of the closure of the Fund at the end of 2007.

Table 2: Rating applications approved in Third Quarter 2007

<i>Financial Institutions</i>	<i>Country</i>	<i>Rater</i>	<i>Number of ratings</i>	<i>Cost sharing in EUR*</i>
AE & I*	Ivory Coast	Planet Rating	First	2,100
BIMAS	Kenya	Microfinanza Rating	First	8,500
CAPPED	Congo	MicroRate	First	8,500
CAURIE	Senegal	Planet Rating	First	8,500
CORAD*	Senegal	Planet Rating	First	2, 100
COSPEC	Burundi	Planet Rating	First	8,500
Fececav	Togo	Microfinanza Rating	First	8,500
GAWFA	The Gambia	Planet Rating	First	8,500
PEACE	Ethiopia	Planet Rating	First	8,500
Sofina	Cameroon	Planet Rating	First	8,500

Source: ADA, Report Rating Fund Quarter 3 2007, * conversion rate used: 0.84 EUR/\$.

During the third quarter the Rating Fund (i) organised a reflection on advancing transparency in African microfinance, (ii) increased the amount and quality of information on ratings and (iii) prepared the Rating Fund's exit. Please inform the Programme Coordinator if you wish to receive the full quarterly report of the Rating Fund or more information from the Fund's Steering Committee.

(i) Advancing Transparency in African Microfinance

The Rating Fund organised a **workshop during the third African Microfinance Conference** entitled: Advancing Transparency in African Microfinance. Around 100 participants (including MFIs, donors, investors, regulators, networks) attended the session which the EU/ACP Microfinance Programme moderated. Presenters from CGAP, the MIX, Planet Rating and the Ugandan Rating Fund covered transparency issues including financial reporting, benchmarking and ratings. Participants further discussed these three topics in smaller working groups addressing perceived barriers to enhancing African microfinance transparency as well as solutions to overcome the challenges. The workshop succeeded to draw attention to the importance of transparency at all levels. For a report on the session contact the Programme coordinator.

(ii) Increase market information

The consultant hired by the Rating Fund produced the **2006 Outlook of the Rating Market** which presents the latest trends in the industry and comparative data over the last few years. The report concludes that demand for microfinance ratings has grown to more than 400 in 2006, an increase of 23% over the previous year. More microfinance institutions see the value of ratings and are happy to pay for them - the Rating Fund only co-funded a quarter of last year's ratings. Especially in Latin America and Asia microfinance ratings have become more mainstream and increased interest in microfinance from social and commercial investors is boosting demand. Microfinance rating agencies have responded dynamically to the changing microfinance market with geographic expansion, consolidation and diversification of their products. The EU/ACP Microfinance Programme and CGAP co-financed the Rating Market Outlook. The Rating Fund has disseminated it among industry players, raters and investors and has posted it on various websites.

The Rating Fund also started a study on the *Impact of ratings on Access to Capital* but this has been stopped due to a lack of statistically significant evidence suggesting that grade ratings have a positive or negative relation on access. The main goal of the study was to identify and quantify possible impact of rating (simple existence of a rating as well as the rating grade) on MFI's access to different sources of capital. The research team analysed data from the rating agencies and MIX, but had to conclude that there are not yet enough rated MFIs for which financial data post-rating is available. The researchers recommended continuing efforts to collect data and repeat the econometrics part of the study in two years time in order to find more conclusive results.

The IADB which terminated its support to the Rating Fund in June 2007 completed its *evaluation of the Fund*. The EU/ACP and CGAP will commission an extension of the evaluation to cover the Rating Fund's activities outside of Latin America including the ACP focussing on lessons learned from the Fund's activities. Results are expected in the first quarter of 2008.

(iii) Rating Fund exit

The Rating Fund has achieved great strides in stimulating demand for microfinance ratings and at increasing transparency of MFI performance in the past seven years. The Fund approved more than 70 ACP MFI ratings for co-financing in the last three years which will all be disclosed and publicly available on the website. The Rating Fund had an exit strategy built into its co-financing (maximum three times and declining subsidy) and many MFIs continue to get rated without the subsidy. By agreeing on common standards, facilitating dialogue among raters and generating market information the Rating Fund has further contributed to the building of a market for microfinance ratings and it harmonised donor support for ratings.

However, the seven years' experience of Rating Fund support also highlighted challenges. In some ACP countries demand for ratings remains relatively underdeveloped and other products and approaches may be more appropriate and/or cost efficient to advance transparency. The business model of specialized international microfinance rating agencies remains challenging too. In order to ensure a long term supply of rating services rating agencies have to continue to innovate, diversify their products and respond to a diverse demand. It is in this context that the funders of the Rating Fund - EU/ACP, IADB and CGAP - decided to phase out the Rating Fund's subsidies for standard microfinance rating products of a selected number of pre-qualified rating agencies. The Rating Fund will share the lessons from its experiences in supporting microfinance assessments and ratings to inform other actors interested in assisting transparency in microfinance.

Administrative issues

After delays caused by administrative procedures CGAP was able to renew the contract of the Rating Fund Administrator ADA for 2007 in August. The contract has been extended until March 2008. Disbursement of funds has also been slow due to changes in the management of contracts with joint funding sources (EC and CGAP in this case). ADA is expected to receive its first disbursement before the end of November. The second and last disbursement will follow soon after to ensure sufficient funds are available again to reimburse MFIs that have been rated. Problems reported on in the last quarterly report regarding the Rating Fund website have been resolved. ADA restored the data that was lost due to a failing back-up system and CGAP has transferred the site to a new system to avoid similar problems in the future.

3. Programme area #3: Enhancing transparency and efficiency in the microfinance market

The EU/ACP Microfinance Programme contributes to the CGAP annual work plan, which benefits microfinance actors in ACP countries with a focus on promoting institutional and product diversity, building transparency, and enhancing regulatory and policy frameworks. Highlights of the third quarter of 2007 relate to (i) Technology, (ii) Policy advice and training for ACP policymakers; and (iii) Aid effectiveness.

(i) Technology

ACP project applications. CGAP's Technology Program received 147 proposals following its second call for proposals from 53 countries, including 39 proposals from ACP countries. Concepts submitted in this round include mobile banking, the use of agents, ATMs (automatic teller machines) and PDAs (personal digital assistants), even distance learning solutions for capacity building. An independent review board will select proposals by the end of 2007.

Next Generation Access to Finance Conference. CGAP co-organized a conference on technology and access to finance which drew some 350 people from 60 countries and was webcast live worldwide. CGAP organised the three day event with IFC and Visa International.

Some of the most popular sessions dealt with mobile phone banking and the challenges of using banking agents to handle cash-in/cash-out functions. Panels featured on-the-ground experiences from its technology program partners, including Equity Bank of Kenya.

(ii) Policy advice to African governments, training and assessment

Policy advice and training. CGAP continued its dialogue with several ACP governments and responded to requests for advice from policymakers. In Kenya, CGAP advised on non-prudential regulation and the new bill for regulation of Savings and Credit Cooperatives (SACCOs). CGAP trained staff of the Central Bank of Rwanda and advised on their microfinance strategy. CGAP also presented at the annual meeting of the Association of African Central Banks in Tripoli, which focused on microfinance this year. Forty African Central Banks attended and more than 100 people. CGAP engaged with many representatives including from the BCEAO, COBAC, Sudan, DRC, and Madagascar.

Malawi Financial Sector Assessment Program (FSAP). The CGAP Technology Program participated in the Malawi FSAP with the aim of reviewing the enabling environment for branchless banking. The Government of Malawi had specifically asked the FSAP to analyze technology approaches to deliver financial services in remote and underserved areas. As mobile phone banking and other technology approaches attract more attention, demand from policy makers for accompanying regulatory frameworks has increased.

(iii) Improving aid effectiveness

Microfinance Training for European Commission staff. CGAP delivered a two-day microfinance training to headquarter and field staff of the EC, including representatives from Kenya and Tanzania. Much of the training focused on the EC's new approach to microfinance that prioritizes capacity building rather than credit lines. It also included tips on how to operationalize *Good Practice Guidelines for Funders of Microfinance*. Participants gave a high evaluation score for the training and AIDCO is committed to repeat the training in March 2008.

4. Promotion and coordination efforts of EU/ACP Microfinance Framework Programme

In the third quarter the EU/ACP Microfinance Programme participated actively in the Third African Microfinance Conference, held in Kampala, Uganda. Some highlights on the conference include:

- More than 500 microfinance practitioners, policy makers, researchers, donors, investors, and other stakeholders participated in the conference. Most participants came from East and Southern Africa. Francophone participation was relatively limited.
- Central theme of the conference was "extending more and better services to rural and urban Africa through innovation". Presentations reflected an increased focus on clients, customer care, consumer education and commitment to quality of services. Several presentations and workshops focused on challenges for rural finance.
- The Ugandan Minister for Microfinance gave a substantive kick-off speech with heavy emphasis on rural outreach and the need to bring down interest rates. Participants debated the role of the Government in microfinance.
- Several speakers referred to/used Finscope data which can be revealing, e.g. Uganda: 62% unserved, 17% informal, 3% semi-formal and 18% served by formal financial service providers – after many years of donor investments.

- The Programme moderated a session on Advancing African Transparency in Microfinance (see above).
- CGAP contributed extensively with a key note speech, the wrap up comments and participation in several panel discussions.

Table 3: Relevant Events in which EC, ACP or CGAP staff or the Programme Coordinator took part

Date	Events that took place during the quarter	Location
16 July -3 August	Boulder Microfinance Training	Turin, Italy
30 July-3 August	Training of Rwanda Central Bank	Kigali, Rwanda
6-9 August	Governance course	Mali
13-15 August	Annual meeting of African Central Banks	Tripoli, Lybia
20-23 August	Third African Microfinance Conference	Kampala, Uganda
28-30 August	WOCCU SACCO regulation conference Nairobi, Kenya	
4-5 September	Microfinance Training for EU/ACP staff	Brussels, Belgium
17-19 September	CGAP Technology Conference: <i>Next Generation Access to Finance</i>	Washington, USA
17-19 September	AFRACA, regional conference	Ouagadougou, Burkina Faso
20 September – 1 October	Training of Trainers	Burundi