



Implementing the European Code of Good Conduct – practitioners experience

Microfinance Centre

15 November 2017



This webinar has received financial support from the European Union Programme for Employment and Social Innovation "EaSI" (2014-2020). For further information please consult: <http://ec.europa.eu/social/easi>

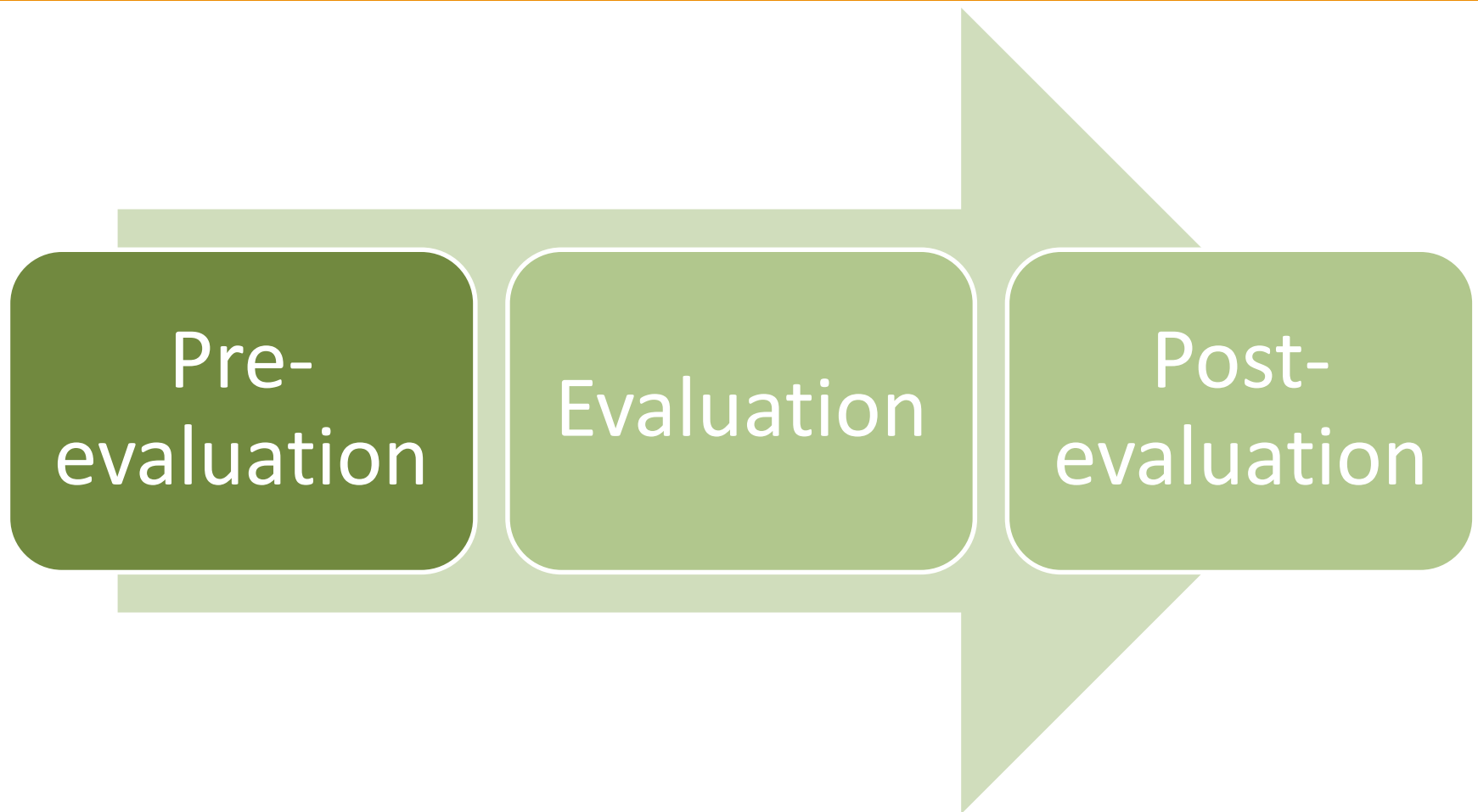
Webinar Objectives



- To discuss how effectively institution can prepare for the evaluation
- To discuss the most challenging clauses and solutions
- To present the benefits of the Code implementation



3 steps evaluation process



Pre-evaluation



FI involved



Signed up: 50 +

Awarded: 9

- ✓ Qredits (Netherlands)
- ✓ BCRS (UK)
- ✓ Permico (Italy)
- ✓ Good.Bee (Romania)
- ✓ ADIE (France)
- ✓ Microfinance Ireland (Ireland)
- ✓ Slovene Enterprise Fund (Slovenia)
- ✓ TISE (Poland)
- ✓ AFI (Greece)

The FI meets all the Priority clauses (P) and 80% of the weighted total of the clauses (GLOBAL MARKING)

PASS



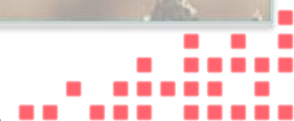
The MCP gets the Award





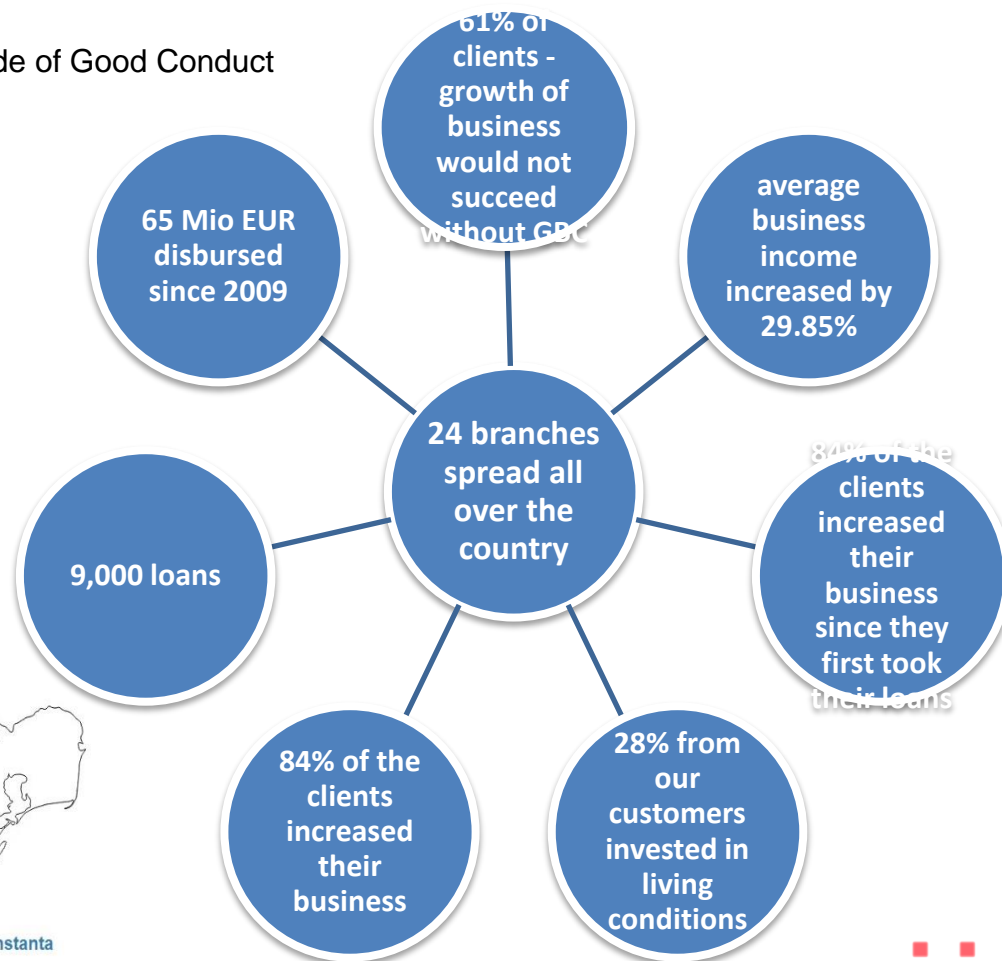
good.bee Credit IFN

*Compliance with the European Code of Good
Conduct for Microfinance Providers*



good.bee Credit – who are we?

- Member of ERSTE Group - set up in 2008 as a Non-Banking Financial Institution
- Started operations in October 2009, providing financial services for micro-entrepreneurs in rural and urban areas
- 80% of the portfolio is concentrated in rural areas and in agriculture
- Beneficiary of EaSI TA – 2 times
- Beneficiary of EaSi Guarantee Facility
- The only MFI in Romania to receive the Certificate for Code of Good Conduct
- good.bee Credit is member of EMN and MFC



Why?

- sets up a standard of the sector in Europe
- a pre-condition to access EU funded programs
- a way to differentiate from other entities providing funding without transparency and with low customer protection standards

Benefits

- self-evaluation of the MFI in terms of compliance, identify weaknesses and strong areas
- an indicator where the MFI should be and one can assess if it is compliant or not
- access to EU projects for MFIs to better serve microfinance beneficiaries and to strengthen the MFI capacity to accomplish its mission



Code of Good Conduct - process

Sign-up for the Code

- A letter sent to EU Commission

Self evaluation tool

- An excel based tool with clauses and guidance questions, adjusted to size of MFI (small, medium, large)
- Helps identify areas where MFI needs to improve
- Evidence must be provided in the comments for clauses complied with
- When ready – confirm and ask for evaluation

Evaluation

- Conducted as a due-diligence
- All clauses will be revised and evidence will be checked in Norms, Procedures, other formal documents
- Interviews will be conducted by Evaluator with Heads of Departments, Management and Board
- Data will be fed-up in the Mic-Pro platform and certified
- Draft report of the Evaluator will be confirmed with MFI

Certification

- Certificate issued by the EU Commission - takes some time after the decision



Key challenges

- Comply with priority clauses even if they are not compulsory according to national legislation
- Provide evidence of practices not specifically regulated in documents
- There are general clauses and if the MFI does not comply with it, it might not comply with the whole set of clauses deriving from that

Key success factors

- Part of a large group with already set Norms, procedures which were compliant with the Code
- Dedication of the Board and Management to be compliant with the Code
- Cooperation of all departments through the process



TIPS & TRICKS

Start in advance with the self-evaluation

Check for evidence in Norms, procedures and if not.... => Involve all departments to get their support in implementing the changes needed

Priority clauses are **COMPULSORY**

Make changes in due time and check with Evaluator whether changes you made are compliant with the Code

Check information and resources available on Code implementation – manuals, Fi-Compass platform, already certified MFIs, EMN, MFC

Prepare in advance data for reporting on the Mic-Pro platform 😊





Questions



Adie ECOGC

November 15, 2017



Our organization

- **Status:** Non for profit organisation founded in **1989**.
- **Missions:** microloans (<12K€) & micro insurance, BDS delivery & advocacy (France & EU)
- **Organisation:** **129** branches and **196** “surgeries” all over France including French over sea territories
- **Staffing:** **500** employees & **1300** active volunteers
- **Portfolio:** **120M€** outstanding debt, **48,500** active clients. **19,500** loans disbursed in 2016
- **Risk:** **6,20%** default rate, **3,43%** write-off.

Our impact in 2016

- **+18,000 jobs** created or maintained through **business loans**
- **63% survival rate** of companies after 3 years.
- **+2,800 jobs** created or maintained through **personal loans**
- **84% economic inclusion** for clients

Our clients

- **41%** on **welfare** (unemployment...)
- **27%** has **no diploma**
- **41% women**
- **25%** < 30 years old
- **26%** lives in **rural areas**
- **23%** lives in **poor** urban areas
- **Communities:** migrants & refugees, travellers, African diaspora



Tamam group

- To **develop** microfinance in Europe, Mediterranean basin and bordering countries of French overseas territories with a focus on social performance, financial sustainability and client's protection
- To **share** Adie's experience and know-how with institutions and programmes:
 - Advocacy
 - Governance
 - Strategic planning
 - Market study
 - Products development
 - Risk management
 - Financial engineering
 - Audit
 - Staff training
 - Volunteering
 - Branding & communication
 - Impact measurement & evaluation
- To **advocate** in favour of an enabling environment for microfinance and micro-entrepreneurship.

Co-creation of MFIs

- KRK** in **Kosovo** (2000)
- microStart** in **Belgium** (2010)
- Taysir** in **Tunisia** (2012)
- AFI** in **Greece** (2014)
- Microlux** in **Luxembourg** (2016)

Consultancy / Technical

- Bulgaria:** How to reach out / serve Travellers?
- Algeria:** microfinance policies & Laws
- Turkey:** Access to finance mechanism for refugees
- Comoros:** Product design & MFIs' staff training
- Etc.

Milestones

- June 2015 => Signature of the “Sign-up form”
- January 23th - 27th, 2016 => Audit performed by Microfinanza
- March 23th, 2017 => Steering committee approves Adie's compliance to the code
:

Compliance rate

94%

Nevertheless, it is a work in

11 unmet
clauses

Customers relation: “Sufficient information to customer” and “Customer

- Clause 1.3.7, Right of early withdrawal

→ The following paragraph was added to the credit agreement signed between customers & Adie:

“After the disbursement of the loan the borrower has the possibility to retract, within 14 days. The request shall be notified in writing by email to (Email address) or by a registered letter send to Adie’s HQ, addressed (see paragraph 1 of the credit agreement) to (Name of the division).”

Customers relation: “Sufficient information to customer” and “Customer

- Clause 1.4: Provide clear information in annual loan statement

→ Adie has created an online « Customer Area » where clients can monitor their loan at any time (past and futures instalments, principal due, etc.). Adie makes effort to promote this platform among customers to encourage appropriation by users.

The screenshot displays the Adie Client interface. On the left is a sidebar with navigation icons and labels: 'adie Espace Client', 'Tableau de bord', 'Financement', 'Accompagnement', 'Assurance', 'Bons Plans', and 'Aide'. The main content area features a top navigation bar with 'Régler' and 'Nouveau microcrédit'. Below this is a section titled 'Mes financements' which lists three microloans. Each entry includes the loan type, loan number, amount borrowed, and the current repayment delay, with a 'Régler' button to manage payments.

Microcrédit	N° du prêt	Montant emprunté	Retard de remboursement	Action
Microcrédit Propulse	MROYP312148	6315,79 €	194,35 €	Régler
Microcrédit Assurance	MROYP318823	337,08 €	33,70 €	Régler
Microcrédit Assurance	MROYP325267	337,08 €	33,71 €	Régler

Customers relation: “Sufficient information to customer” and “Customer

- Clause 1.16, Ensure customers are informed of right to complain

→ The following paragraph was added to the credit agreement signed between customers & Adie:

“For all questions related to credit disbursement, reimbursement or principal due, the borrower shall contact it’s loan officer. In cases in which an arbitrage is needed, the borrower can appeal to the complaints departments by email at: (email address)”

Governance

- Clause 2.14, The effectiveness of the board will be reviewed periodically by the General Assembly or the Annual General Meeting or equivalent body
→ To formalise the assessment of the board by the Annual General Meeting, a vote is made during the AGM. (Done in march 2017).
- Clause 2.26, Improper persons are excluded from becoming board members in accordance with the national legislation.
→ Yet to be added to Adie's bylaws. It will be done soon as any modifications of the statutes has to be approved by the AGM. (Expected in March 2018).



Questions



Whats next?



- SPM Think Tank recommendation to add SPM aspects to the Code
- 2018 European Commission consultations
 - ❖ MFC Working group

Next webinar:



22 November at 2pm

[Financial Inclusion](#)

[Ambassador's Series:](#)

[Mikrofinans Norge](#)

[microfinance precedent](#)

Thank You!

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