



25th MFC Annual Conference Thriving Together

24-25 May 2023 Budva, Montenegro



www.mfc2023.org



www.mfc2023.org/ru



Spotlight on SIFTA: the Innovative Technical Assistance Programme to Support Social Finance



Join
discussion at
slido.com
#MFC23

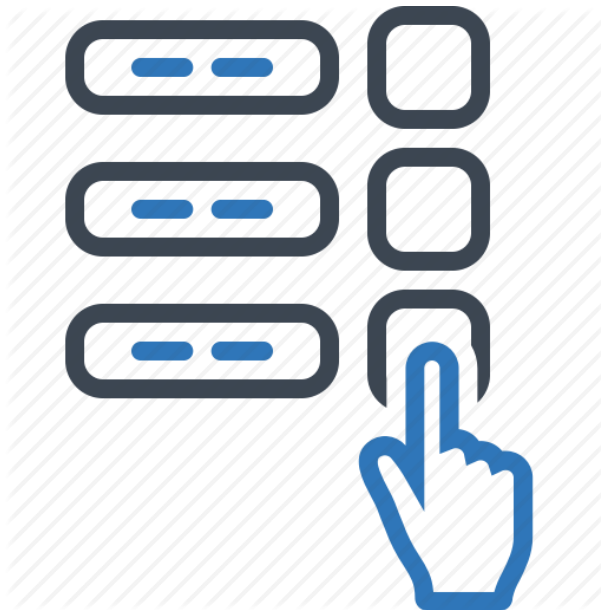




Audience poll

Which type of organisation do you work for?

- A. Microfinance provider
- B. Social enterprise finance provider
- C. Both – microfinance and social enterprise provider
- D. None of the above

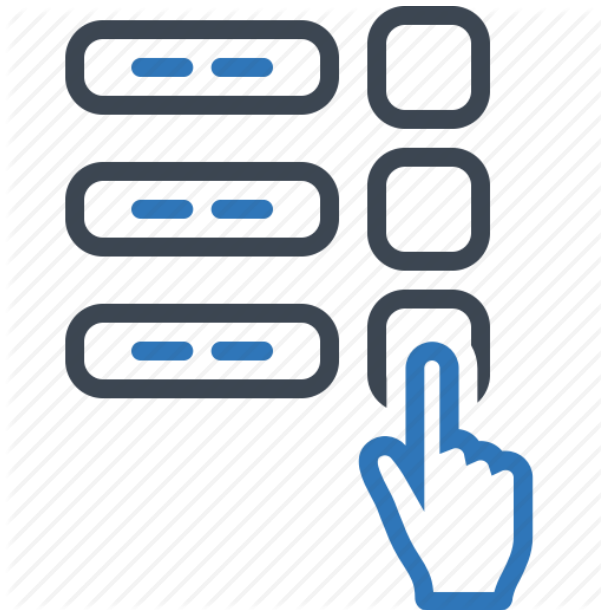




Audience poll

In which region is your organisation working?

- A. EU-27
- B. EU Candidate Country
- C. Potential EU Candidate Country
- D. Other region





25th MFC
Annual Conference
Throwing Together
24-25 May 2023 Budva, Montenegro

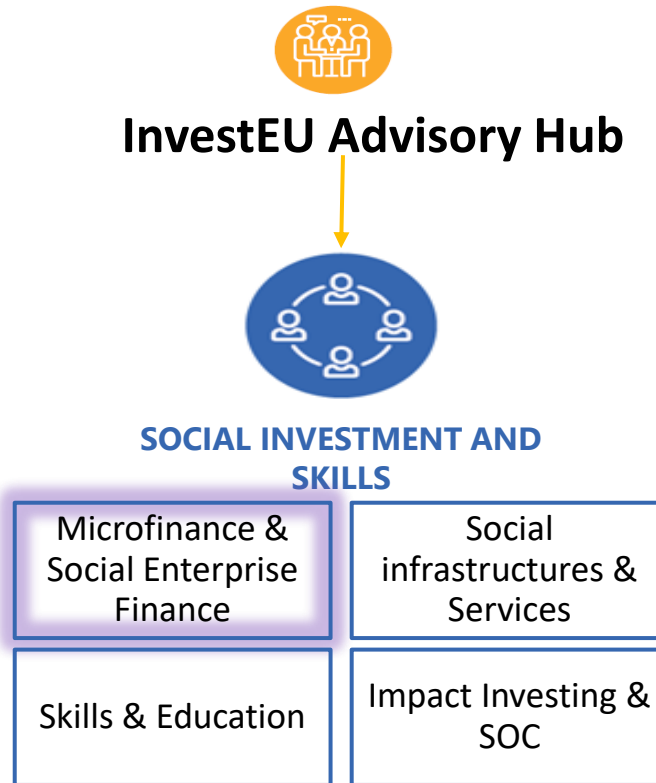


Overview



Social Inclusive Finance Technical Assistance (SIFTA)

Supporting microfinance and social enterprise finance under the Social Investment and Skills window InvestEU Advisory Hub





SOCIAL INVESTMENT
AND SKILLS

Social Inclusive Finance Technical Assistance (SIFTA)

Project advisory,
Capacity building
and market
development

Rating,
Assessment and
Evaluation

Geographical eligibility

- EU-27

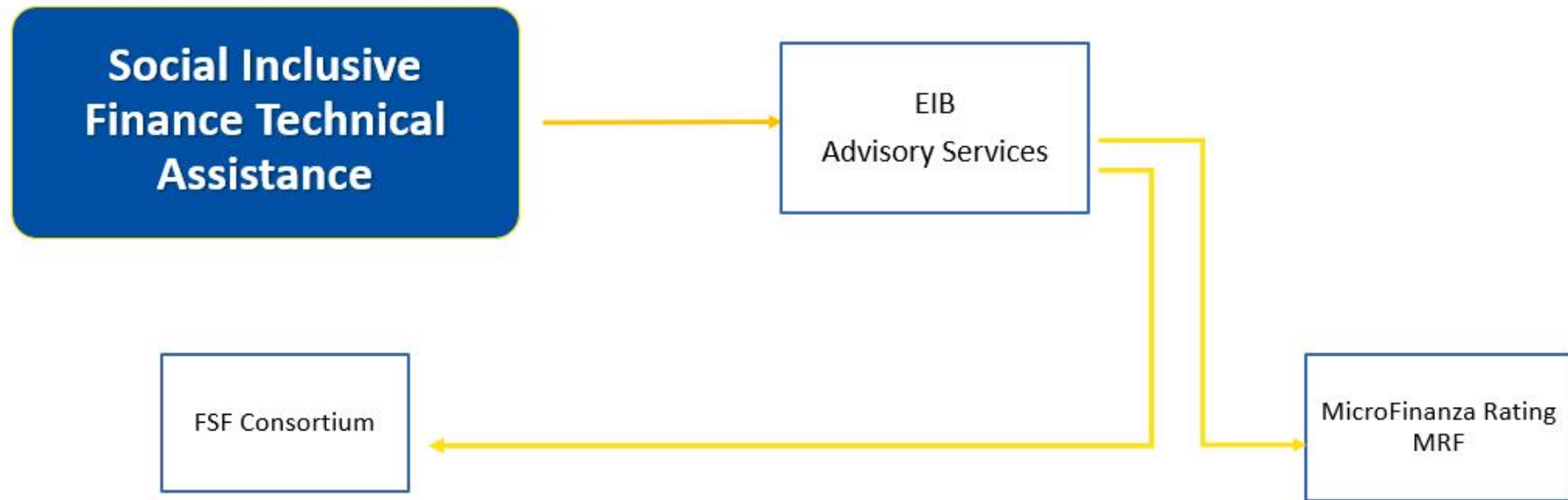
Timeframe of the initiative

- Initial budget available until December 2024

Beneficiaries

- **Microfinance providers** such as banks and non-bank microfinance institutions
- **Social enterprise finance providers**, such as:
 - investment funds,
 - impact investors,
 - incubators,
 - accelerators (among others)

that offer or are in the process of widening their scope with a view to providing accompanying financial support to social enterprises





Specific services to beneficiaries

Capacity building

- Provision of an institutional assessment and institutional rating
- ESG and Impact assessments
- Tailored trainings/coaching
- Investment readiness trainings

Dissemination of good practices

- Peer-to peer trainings
- Study visits

European Code of Good Conduct

- Training/coaching on the implementation of the Code
- Code Compliance Evaluation and renewals
- Post-evaluation capacity building

Portfolio analysis and pipeline building

- Improve the capacity of MF/SE providers who are engaged with the EIB Group
- Provide expertise in building portfolios and evaluating associated risks

Horizontal services

Market development, Communication and Awareness Raising

- Organisation /participation in events, conferences and networking events
- Communication / preparation of communication materials
- Help Desk

Analytical support

- Provide guidance to MF/SE providers on funding

Dissemination of good practices

- Workshops

to selected MF/SE finance providers

To selected MF providers only

to all MF/SE finance providers



Novelties

Services	SIFTA
Tailored trainings	up to 15d/beneficiary
Investment readiness trainings for operations with IEU implementing partners	up to 3d/beneficiary
Trainings for the Code	up to 3d/beneficiary
Post-evaluation on the Code	up to 3d/beneficiary
Code evaluation	For MF providers
Peer-to-peer training	up to 2d
Study Visits	up to 2d
Workshops	up to 1d
Institutional assessment	for both MF and SE providers
Institutional Rating	for both MF and SE providers
ESG assessment	for both MF and SE providers
Impact assessments	for both MF and SE providers
Analytical support	new – up to 1d
Portfolio analysis and pipeline building	new – up to 15d



Portfolio update

SIFTA was officially launched in September 2022

67

**Financial intermediaries have
shown interest in SIFTA**

34

**Financial intermediaries
are beneficiaries of SIFTA**

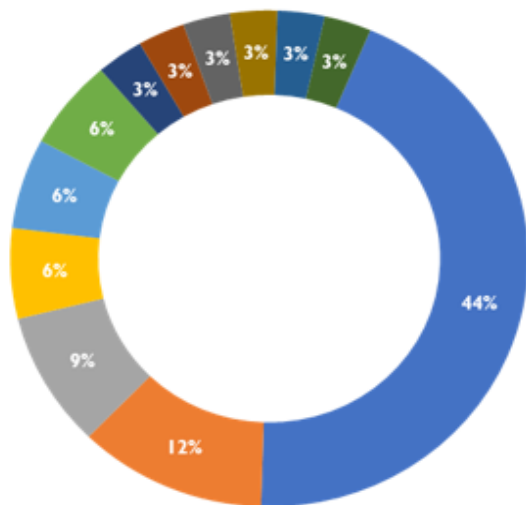
7

**Assignments completed
(Code of Good Conduct
renewals or re-evaluations)**



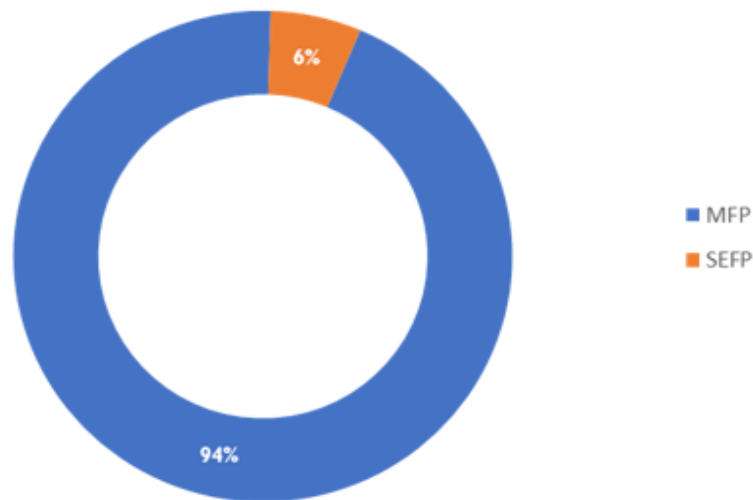
Portfolio update

Beneficiary % by country



- Romania
- Lithuania
- Greece
- Bulgaria
- Sweden
- Belgium
- The Netherlands
- Spain
- Austria
- Hungary
- Estonia
- Poland

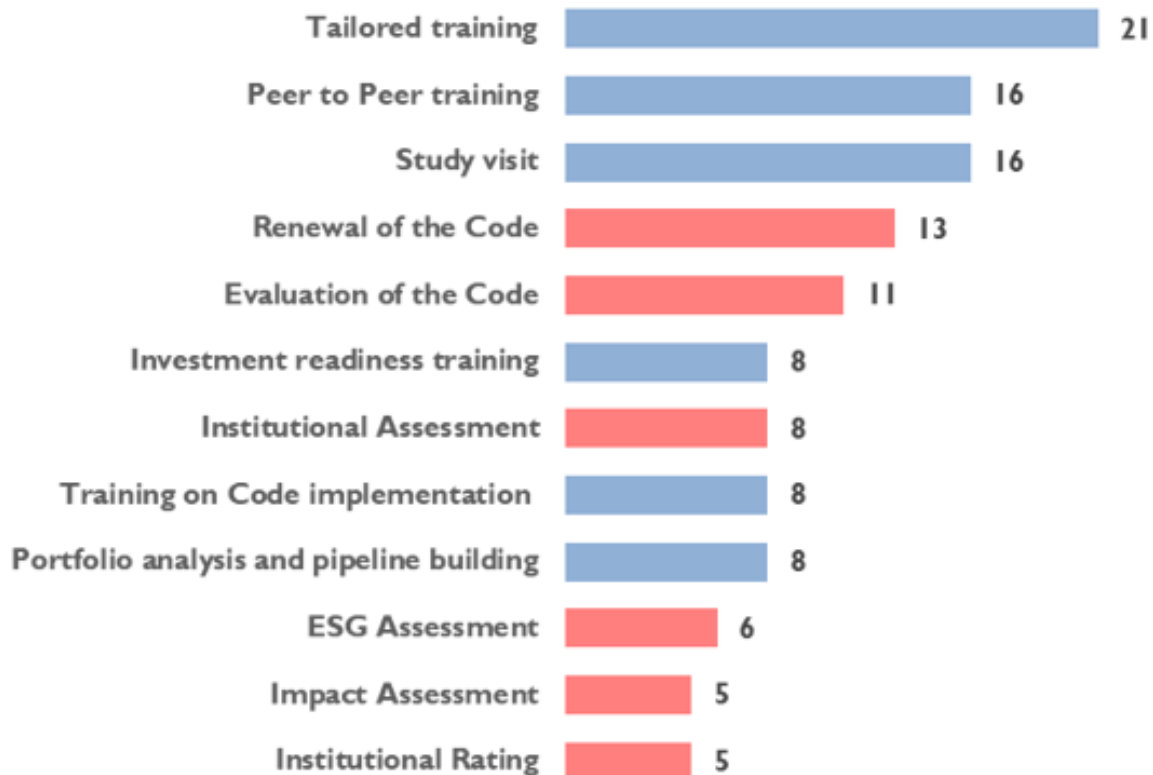
Beneficiary % by type of institution



- MFP
- SEFP



Portfolio update





Project Advisory, Capacity Building and Market Development services

Services tailored to **specific needs of SIFTA beneficiaries**

Targeted Capacity Building and Technical Assistance Services

- » Tailored Trainings
- » Investment readiness trainings
- » Trainings / Coaching on the Code of Good Conduct for Microcredit Provision
- » Peer-to-peer trainings and Study visits
- » Portfolio Analysis & Pipeline Building





Other services open to **Microfinance and Social Enterprises finance providers**



Microfinance and Social Enterprise Finance workshops

Exchange practices in applying
advanced tools and disseminate good
practices and provide information
about the EU and EIB programmes for
MF/SEF

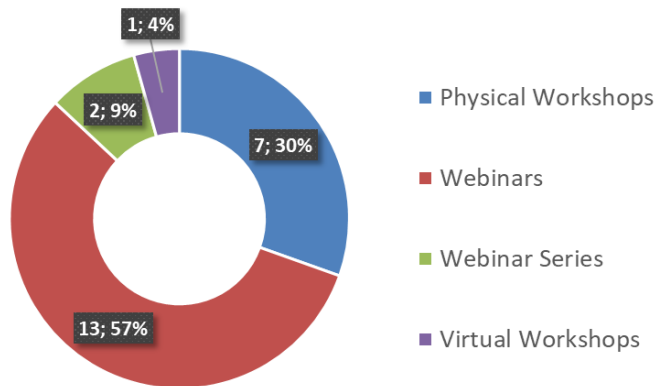


Analytical Support

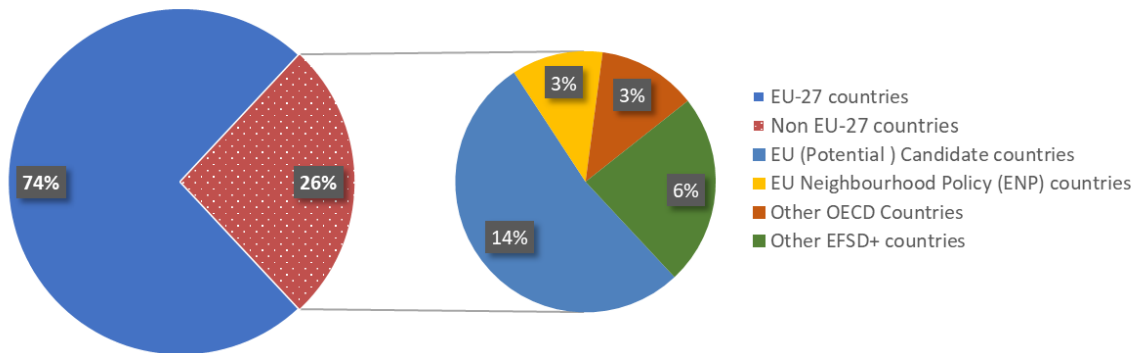
Provide general
guidance to MF
and/or SE on how to
apply to for
financing



Snapshot on **Microfinance and Social Enterprises finance workshops in 2022**

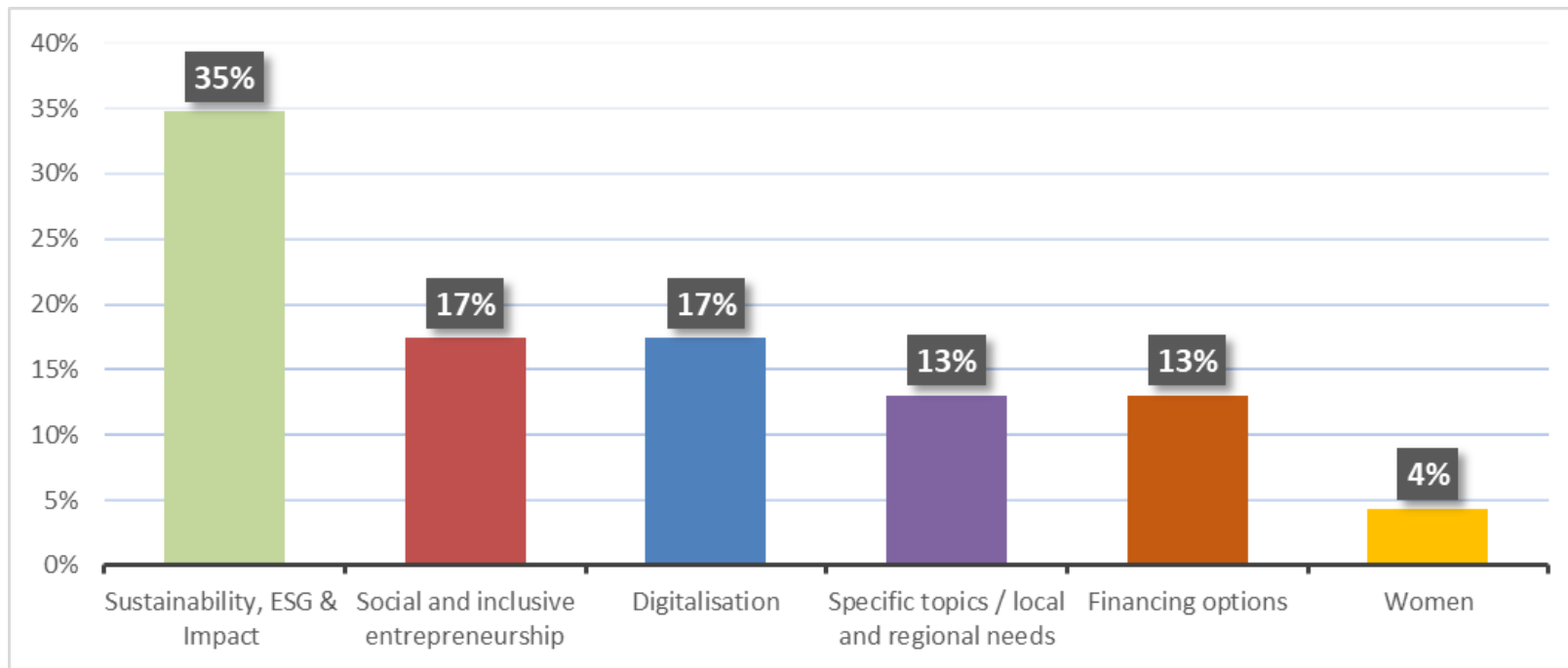


23 workshops
61% female participation
87% satisfaction rate



EU-27 countries: participants from 20 Member States
From EU (Potential) Candidate countries of Bosnia Herzegovina, Georgia, Moldova, Montenegro, North Macedonia, Serbia, Turkey

Snapshot on **topics of Microfinance and Social Enterprises finance workshops in 2022**





Highlights on **SIFTA activities for capacity building in 2023**

- ✓ Kicking off capacity building services to **34** Microfinance and Social Enterprise Finance providers; topics cover amongst others the following areas:
 - *Governance*
 - *ESG reporting requirements*
 - *Impact measurement and assessment*
 - *Product development, online marketing*
 - *Digitalisation*
 - *Credit and risk management*
 - *Good practice in microcredit analysis*
 - *Investment readiness*
 - *Portfolio analysis and pipeline building*
- ✓ Continuation of implementation of **over 60** Microfinance & Social enterprise workshops throughout the year *covering latest developments for: sustainability, ESG, impact measurement, digitalisation, social entrepreneurship and social finance, inclusive entrepreneurship and microfinance, digital learning methods, risk management, strengthening the ecosystems etc.)*



Services tailored to **specific needs of SIFTA beneficiaries**

Services	Eligibility	Maximum Duration	Objective	Novelty vis-a-vis predecessor programme (EaSI)
Tailored Training	Selected beneficiaries (Request for Services, RfS)	15 days	Provide knowledge and skills to the staff working at MF/SE providers targeting areas of improvement.	Up to 15 instead of 12 days
Investment-readiness Training	Selected beneficiaries (RfS)	3 days	Prepare providers for taking on financial instruments under InvestEU or other MF/SE financial instruments mandates managed by the EIB	-
Code Training	MF providers only Selected beneficiaries (RfS) Sign-up to the EU Code	3 days	Provide trainings on the updated Code and assist MF providers in working towards compliance	-
Post-Evaluation Consultancy	MF providers only Selected beneficiaries (RfS) Sign-up to the EU Code	3 days	Assist MF providers that have failed to get the certification for the Code compliance to take the steps needed to improve their level of compliance	Can also be used to improve Code compliance



Services tailored to **specific needs of SIFTA beneficiaries**

Services	Eligibility	Maximum Duration	Objective	Key activities
Portfolio analysis & Pipeline building	Selected beneficiaries (RfS)	15 days	Support MF/SE providers that already have taken on a MF/SE financial instrument with the EIB Group with the needed expertise in building portfolios and evaluating associated risks	Portfolio & Market assessment, product development, launch, risk management adjustment, capacity building
Peer-to-peer training	Selected beneficiaries (RfS)	2 days	Provide an opportunity for MF/SE providers to learn from experiences and practices of other MF/SE providers	Peer-to-peer training
Study visit	Selected beneficiaries (RfS)	2 days	Share the experience of a MF/SE provider (usually an experienced and/or innovative one) that hosts the study visit with other MF/SE providers	Study visit



Horizontal and market development services

Services	Eligibility	Maximum Duration	Objective
Analytical support	Open to all MF/SE providers in EU27 countries	1 day	Provide guidance on how to apply for financing under InvestEU or other MF/SE financial instruments mandates managed by the EIB
Workshop	Horizontal capacity building workshops and events for awareness raising	1 day	Exchange and disseminate good practices, encourage mutual learning and provide information about SIFTA and related EU and EIB programmes for MF/SEF



Ratings, Assessments and Evaluation services

Institutional Profile - MFR



MFR is a global rating agency, providing assessments, data and technical expertise for the sustainable finance industry.

Headquartered in Italy, MFR operates through a **network of 5 regional offices** (Ecuador, Mexico, Kenya, Kyrgyz Republic and the Philippines) across 4 continents, boasting the **largest global geographical coverage** among specialized rating agencies.

MFR has conducted **2,800+ assignments in 110+ countries worldwide** and holds >70% of the global market share.

MFR is licensed by	To conduct
Ecuador Regulators (SBS, SEPS & SC)	Credit Rating of regulated financial institutions (FIs) and Issue Rating
Bolivia Regulator (ASFI)	Credit Rating, Social Rating and Issue Rating of regulated FIs
MFR is registered with	As
Philippines local central bank	Microfinance Institutions Rating Agency (MIRA)
MFR is accredited by	To conduct
Smart Campaign/SPTF+CERISE	Client Protection Certification of FIs
European Commission	European Code of Good Conduct
Truelift	Truelift Assessment of FIs
CERISE+SPTF	SPI5 and SPI5 Alinus Social audits
MFV/DFC	Rating of MSME funds, clean energy (PAYGO) funds, agricultural funds and housing funds
GOGLA	Consumer Protection Assessment of Off-grid Solar Companies



Services tailored to **specific needs of SIFTA beneficiaries**

Rating, Assessments and Code Evaluation Services

- » Institutional Assessments
- » Institutional Ratings
- » Evaluation of compliance with the EU
Code of Good Conduct for Microcredit
Provision
- » ESG Assessment
- » Impact Assessment





Evaluation services – **Institutional Rating** vs **Institutional Assessment**

Institutional Rating

- Larger size Institutions
- Provides an opinion on the long-term viability of a financial service provider through an evaluation based on the internal processes, the risk management and the performance of the provider
- Widely recognized by investors, regulators, and other stakeholders -> A grade is provided to the Institution
- Incorporates analysis of the environmental and social risk management

VS

Institutional Assessment

- Smaller size Institutions
- First timer institutions to the SIFTA Programme
- The IA is an operational tool to support the financial institution in strengthening the operations and internal policies/procedures to improve its management system
- Can be used to prepare for the European Code of Good Conduct



European Code of Good Conduct

Objective

Developed by the European Commission and a team of experts to assure that the main client protection principles are put in practice & that they are respected in a growing but yet unregulated Microfinance sector in Europe.

Value

To be awarded with the Code is perceived as a high-level seal of excellence, recognized by the main stakeholders of Europe (EC, EIF, EIB). The requirements are ambitious and not designed for any institution to be certified.

Topics

1. Customer and Investor Relations /
2. Governance / 3. Risk Management
/ 4. Data Disclosure / 5. Management
Information System

Compliance

Compliance with 100% of the priority clauses (33 clauses) and 80% of the total applicable clauses (154 clauses)

Certification

Approx. 55 institutions have been certified up to date

Validity

4 years since Jan21 (3 years before that)



Impact Assessment

Objective

The Impact Assessment (IA) measures the capacity of an institution to generate impact in the lives of its clients, evaluating its impact management systems and impact results.

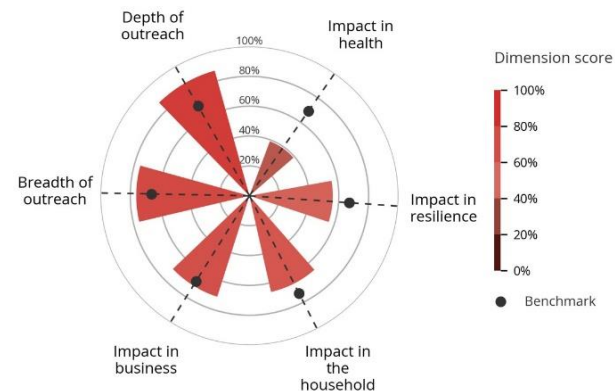
Methodology

Sample of 180 clients active at time T as well as T-3

Impact results

The analysis of the impact results focuses on the financial institution's borrowers in terms of:

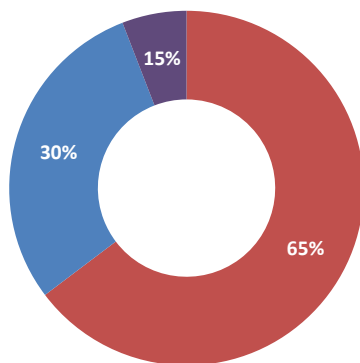
- Breadth and depth of outreach in terms of the socioeconomic profile of the clients reached.
- Potential impact generated in clients' lives.





Snapshot of **evaluation services performed under SIFTA as of Apr23**

Type of Assignments performed under SIFTA



- European Code of Good Conduct
- Institutional Assessments
- Institutional Ratings

17 assignments

Countries in which we have performed an assignment under SIFTA





Services tailored to **specific needs of SIFTA beneficiaries**

Services	Eligibility	Interview Duration	Objective
Institutional Assessments	Selected beneficiaries (RfS)	3 to 4 days	Detailed analysis of an institution's internal policies and procedures, identification of the main internal weaknesses and external threats jointly with the existing opportunities and comparison with internationally recognised best practices in MF and/or SE
Institutional Ratings	Selected beneficiaries (RfS)	4 to 5 days	Tailored for mature institutions that wish to obtain new financing, receive a comprehensive assessment of their risk profile and social impact, and enhance their international visibility
Code Evaluations / Renewals / Re-Evaluations	MF providers only Selected beneficiaries (RfS) Sign-up to the EU Code	2 to 4 days	Certify that a given MF provider complies with the Code, including cases of MF providers who have failed to get the Code certification in the past.



Services tailored to **specific needs of SIFTA beneficiaries**

Services	Eligibility	Interview Duration	Objective
Impact Assessments	Selected beneficiaries (RfS)	4 to 5 days	Focus on measuring the impact that MF or SE providers have on the ends-clients and is an external, reliable and independent validation of the changes generated by the providers' activities
ESG Assessments	Selected beneficiaries (RfS)	3 to 4 days	Deliver a detailed and complete assessment of environmental, social and corporate governance (ESG) matters and provide an opinion on the capacity of the provider to put its mission into practice and achieve its social and environmental goals



SIFTA – How to apply?

- More Information on the EIB dedicated page:
[Reinforcing the European Microfinance and Social Enterprise Finance sectors \(eib.org\)](https://www.eib.org/en/press/2023/04/eib-launches-sifta-eu-microfinance-and-social-finance-portal)
- Applicants need to send their application to:
sifta@eib.org





The authors take full responsibility for the contents of this report. The opinions expressed do not necessarily reflect the view of the Advisory Hub, nor the European Investment Bank, nor the European Commission

Thank you

SIFTA – Social inclusive finance technical assistance

For more information

Project Advisory, Capacity Building and Market Development services,
contact: sifta.support@fs.de

Rating, Assessments and Evaluation services, contact:
sifta.support@mf-rating.com