



LE GOUVERNEMENT
DU GRAND-DUCHÉ DE LUXEMBOURG
Ministère des Affaires étrangères
et européennes

Direction de la coopération
au développement et
de l'action humanitaire

Evaluation of the European Microfinance Platform (e-MFP)

En 2019, la Direction de la coopération au développement et de l'action humanitaire du Ministère des Affaires étrangères et européennes a commandé une évaluation indépendante du European Microfinance Platform (e-MFP). L'évaluation a été réalisée par Deloitte Tax and Consulting Sàrl

Les observations, appréciations et recommandations exprimées dans ce document représentent les points de vue des évaluateurs et ne reflètent pas nécessairement celles du Ministère.

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Le Ministère publie ci-après un résumé des principaux résultats de cet exercice.

Executive Summary

Background

Founded in 2006, the European Microfinance Platform (e-MFP) aims at promoting microfinance among European stakeholders active in developing countries as well as encouraging activities that improve global access to affordable, quality, sustainable and inclusive financial services. The Platform does this through its various publications, conferences and expert meetings. In 2017, a new support agreement was signed between the Ministry of Foreign and European Affairs (MAEE) and the European Microfinance Platform covering the period 2017-2021 and a new Strategic Plan was set up for this period. The new strategy is based on two central pillars: networking and knowledge creation, supporting a third objective, communication.

This evaluation is based on Article 3 of the agreement, through which the Ministry of Foreign and European Affairs has undertaken to carry out a mid-term evaluation of the activities implemented by e-MFP on the basis of the 2017-2021 Strategic Plan in early 2019.

Objectives of the evaluation and methodological approach

The basis of the evaluation is the 2017-2021 Strategic Plan developed by e-MFP and all related activities of e-MFP. This new Strategic Plan aims to ensure that e-MFP deploys its resources effectively, adapts to the changing needs of its members and remains relevant to all its stakeholders, alongside these targets the scope was broadened to inclusive finance.

The main objective of this evaluation is to assess the work of e-MFP and to provide recommendations to e-MFP and the Ministry of Foreign and European Affairs (MAEE). The assessment is based on the criteria of relevance, effectiveness, efficiency, as well as impact and sustainability of the first years of implementation of e-MFP's Strategic Plan. The criteria above were determined by the OECD's Development Assistance Committee (DAC) which are widely used in evaluations of development programmes.

Within the framework of the evaluation the methodological approach comprised five main sources of information: documentary analysis, online survey, stakeholder interviews and workshops with the e-MFP secretariat and also with MFR.

Observations

e-MFP in general benefits from a truly motivated team of highly skilled experts and a diligent set up and leadership. The team manages to actively involve the members of e-MFP proving the usefulness of the network and the constant demand for its services. The team knows members well, is able to link people also on an informal level and is open to take up new challenges from members.

The cooperation with the Ministry appears well established, supporting a smooth operation, leaving sufficient independence to run e-MFP's activities, the guidance given by the Ministry is deemed to be very helpful, based on a responsive working relationship.

The key observations of our assessment are shown below:

1. The European Microfinance Week is a very well established format truly driven by the interest, active design and presentation of its members. Only thanks to this active engagement, a conference of this format and quality can be executed by a small organisation like e-MFP, proving its effectiveness and efficiency. The event is important to the community not only for networking but also as a driver of content and knowledge.
2. The operations around the European Microfinance Award (EMA) involve well established public relations including the dissemination of publications and brochures, thus adding effectiveness to e-MFP's work for the Award by sharing knowledge and raising awareness. The topic selection procedures for the EMA appear lengthy and rather complicated. The following process is split

between e-MFP and InFiNe, where e-MFP manages the Award selection process, including knowledge generation and sharing and InFiNe is in charge of the organisation of the Award Ceremony.

3. The Action Groups¹ prove to be a good instrument to involve members by activating them to work together in special interest groups with the support of researchers if needed. Members are generally interested in the topics and in setting up new discussions. However, with a more flexible approach regarding the use of the available budget for action groups, these groups could produce more concrete outcomes regarding knowledge creation.
4. The European Research Conference on Microfinance appears to be well established since its kick-off in 2009. e-MFP is currently seeking to attract leading academics and especially the next scientific generation by organizing a small award for the best PhD papers and establishing a more structured process for selecting future hosts. The field of research is further enhanced by the activities of the working groups.
5. Actual spending is considerably below the budget allocated to e-MFP, thus indicating cautious budget planning. A major difficulty in the budget planning is that the biggest cost factor the “European Microfinance Week” occurs at the end of the financial year and balancing adjustments cannot be made anymore. The budget allocated could be well used for further activities, improving the internet presence and other tasks on an ad hoc basis or structural changes.
6. Concerning the direct impact of e-MFP the secretariat has some key performance indicators in place, covering amongst others the size of its network, country coverage and website usage. However, these indicators are not linked to target numbers, making it difficult to assess whether e-MFP reaches its objectives. Furthermore, the indicators could be more directly linked to Luxembourg’s General Development Cooperation Strategy and amended by SDG related indicators. A timeline was not foreseen in the original set up of the e-MFP or the Strategic Plan of 2017 as all necessary adaptations in activities had to and have been implemented right away in 2017.

Conclusions

On the basis of the stated criteria the following key conclusions are drawn concerning the first years of implementation of e-MFP’s Strategic Plan:

Relevance

The e-MFP network and its vision and mission are relevant and shared by both stakeholders and members of the network. The network has evolved over time by including a more diverse range of actors which raised its overall relevance for the microfinance sector. It is key for e-MFP to continue to follow the development of the sector and to continue to attract new players in the domain of microfinance.

Effectiveness

The majority of e-MFP’s activities serve the objectives as set out in the Strategic Plan which is reflected by the positive feedback received on the EMW and the EMA which foster networking, communication and knowledge creation among the community through e-MFP’s member-driven approach. To become more effective, some activities such as the Action Groups should be reassessed regarding their organisation and the level of involvement of the secretariat to optimize value generation for the members.

Efficiency

Overall e-MFP operates in an efficient manner and achieves great results given the available budget and resources in the secretariat. Furthermore, the collaboration with InFiNe regarding the organisation of the EMA is done in an efficient manner. E-MFP also prepares and executes the EMW efficiently. On the one hand, it is organised efficiently by actively involving members which facilitates the sharing of

¹ Action Groups are an instrument of e-MFP. Members apply to set up an Action Group for a certain topic. The mandate is granted for a period of 2 years in a two step rigid process, first with the AG Committee within the Board and then by the Board itself.

knowledge. On the other hand, e-MFP re-uses the knowledge generated and shared during the event by further disseminating it.

Impact and sustainability

There are Key Performance Indicators set up by the secretariat itself, but no institutional indicators to measure expected impact. Nevertheless members and stakeholders see deferred impact in developing countries, as financial institutions raise more funds, expand their scope, training improves the quality of work done in the sector and best practises from all over the world are shared within the community.

Recommendations

Based on the available reports and documentation, interviews with stakeholders and partners, an online survey conducted among members, workshops, the interaction with the Steering Committee, the comparative analysis and the evaluating team's personal experiences in the field of networks, development policy and microfinance it can be stated, that the work of the e-MFP secretariat is on a very high level concerning efficiency and effectiveness and is relevant to its target group. The platform is relevant to members with a very good reputation within the community and attracts a great interest. On this very high level the following recommendations are proposed.

Organisation

1. At the governance level e-MFP could establish a rotation of members in the board to reach a higher percentage of e-MFP members represented to contribute to the governance body and raise bottom-up ownership.
2. To support the small team of e-MFP and increase efficiency, an internship process should be established to take in supporting interns on a regular basis. Additionally interns may bring new ideas and thoughts to the table and allow e-MFP executives to delegate operational tasks. This could be one of the structural changes to the budget re-allocation.
3. Being an international network the digital presence of e-MFP is vital and should be improved. Blogs on interesting topics should be increased, podcasts and videos plus webinars could be set up. The linkage with the network should be enhanced, for example by creating a "members' corner". To achieve this more personal, e.g. interns, and financial capacity need to be allocated to this cost area. The outreach of the website could also be measured.
4. The utilisation of the available budgets has been very prudent to date, resulting in consistent under-spending of budget. The approach toward budgeting should be re-assessed between e-MFP and MAEE to allow the full allocation of means to activities. For example a multiannual budgetline with the Ministry could allow a yearly transfer of budget.
5. On a general level a moderate increase of the budget could be advisable to cover for new activities such as more guidance on research & knowledge creation within and outside Action Groups and the digital presence as the secretariat will not be able to extend the scope of activities on the current resources. Also, the inclusion of MFIs from developing countries will require funds to support participation.

Internal Processes

1. The development of comprehensive indicators should be discussed among e-MFP and the Ministry for example for the next Strategic Plan. Indicators would allow results based monitoring and measurement of impact and would also support e-MFP in highlighting its achievements externally.
2. The Strategic Plan opened up the scope of e-MFP to "financial inclusion". The use of the terms "microfinance" and "financial inclusion" should be re-assessed. A clear wording will reflect e-MFP's mission to the community and interested parties and thus enhance communication. In this context also the Award should be reconsidered: renaming it to "European inclusive finance award" could possibly support the focus on financial inclusion and attract a larger community.

3. The Award selection process should be restructured and shortened in the pre-selection phase to reduce the work load of the secretariat in an effective way. Redundancies with the external consultants can be reduced.
4. Regarding partnerships implying financial commitment of e-MFP, a true visibility of e-MFP input and the advantages of the partnership for the members should be mandatory. As an example the new cooperation with MIMOSA (Microfinance Index of Market Outreach and Saturation) is a project now sponsored and governed by e-MFP, aiming to provide information on the microfinance climate in different countries. In the case of MIMOSA, all publications should prominently bear the e-MFP logo next to the MIMOSA logo itself to underline cooperation and sponsorship, to justify the engagement.

Partners & Outreach

1. e-MFP should enter into partnership with organisations and MFIs in developing countries and involve them in its activities and vice versa. Reciprocity agreements for participation in conferences, such as the African Microfinance Week, would increase outreach, visibility and cost efficiency. Partners should consequently be included in the dissemination of publications and be invited to forward them in their respective networks to increase the impact on the ground. For instance additional qualified proposals for the Award should be generated via those partnerships. Besides, this would foster the relevance of the platform for the community by increasing diversity of attendees.
2. To better connect to those new partners (organisations and MFIs) in developing countries and keep them updated about e-MFP activities and research, the special information newsletter could be envisaged for this target group.
3. e-MFP should actively involve players from the technology side to ensure the network's future relevance and to keep e-MFP and its members up to date regarding current discussions and latest technological developments. Digital finance and smart developments, such as mobile money, are a great challenge. e-MFP itself, its members and possibly also MFIs in partner countries need to adapt to the changing ecosystem. Additionally, working with the sector could raise awareness of social responsibility and other development goals among fin-tech players.
4. Another target group should be multinationals and industry in general, as they show increasing interest in microfinance as part of their expansion strategies. It should be in the interest of e-MFP to include them in the network to avoid strong stand alone initiatives disrupting the community.

Activities

1. To broaden the number of active players in the European Microfinance Week, the secretariat should investigate which members did not take an active part by organising a session aimed at inactive members or members that do not attend the conference on a regular basis. The secretariat should enter into a dialogue with inactive members to understand reasons and possibly support reluctant members to invigorate the conference and maintain its high quality and reputation.
2. A regional balance within Europe of off-site events to include all members effectively should be envisaged. To support the secretariat in the organisation, partners should be acquired to host the meetings. Concerning the coverage of eastern Europe a cooperation with MFC should be negotiated.
3. Concerning the effectiveness and efficiency of Action Groups and knowledge creation the secretariat should more flexibly manage and intensively activate topics for Action Groups or other additional research to ensure that e-MFP as the leading platform is also leading major discussions as the think-tank of the community. Outcomes could also be used to unite platforms like e-MFP on a worldwide level to speak with a global voice on microfinance on selected occasions throughout the year. The secretariat should also give more guidance to the discussions and research to define concrete outcomes with participating members and researchers. The currently quite rigid process

to set up Action Groups could be simplified and less formal to enable ad hoc activities. Possibly more budget could be allocated per topic to create research knowledge and the budget for Action Groups could be opened up to different instruments for knowledge creation.

4. The topics and outcomes of discussions at the “European Research Conference” should be made available to the community in a broader way to share new ideas and developments of the research sector.
5. In general, knowledge creation activities should be further developed and supported by budget allocation (extra funding for research partners might be available via cost.eu). Internal knowledge creation needs to make more focused use of Action Groups and the knowledge of members.



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