

AFOS Coordinates an Impactful Multi-stakeholder Microfinance Exposure Visit to Europe

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AFOS Foundation facilitates cross-border partnerships with an exposure visit of key Microfinance Stakeholders to Germany and Luxemburg as the Microfinance Development project (MFII+) in Nigeria comes to an end.

AFOS Foundation finalized the Microfinance Development project (MF II+) in Nigeria with an exposure visit to Europe

During this educational tour, 20 delegates visited and interacted with 12 top rated European institutions in Germany and Luxemburg comprising of development institutions, social investors, Microfinance Institutions and platforms with a focus on financial inclusion.

These are:

- European Central Bank
- European Microfinance Platform
- Inclusive Finance Network - INFINE.lu
- ADA Microfinance
- Microinsurance Network
- Frankfurt School of Business and Economics
- DGRV- German Cooperative and Raiffeisen Confederation
- SBFIC – Savings Banks Foundation for International Cooperation
- World Savings and Retail Banking Institute – Brussels

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KEY INSIGHTS

Insights gained from the exposure visits (Pg. 2-3)

PARTICIPATION

The Exposure visit which took place from February 25th – March 2nd 2020, had a delegation of 20 participants drawn from different institutional members of the Nigerian Microfinance Platform- NMP (Pg. 3)

- **Cover photo:** with executives at the Federal Ministry of Corporation & Development – BMZ

- Development Research Centre, University of Cologne, Germany
- Federal Ministry of Corporation and Development – BMZ
- European Development Finance Institutions, Bonn

Designed by AFOS Foundation and the Microfinance Learning and Development Centre (MLDC), the objective of the program was to facilitate knowledge transfer, future collaboration and partnerships between the stakeholders of the Nigerian Microfinance Platform (NMP) and best practice institutions in Europe. In addition, the trip aimed to empower the MLDC with the requisite network and skills to deliver best-in-class learning intervention programs that will address the identified gaps within the microfinance sub-sector; most especially in championing sustainability, self-regulation, efficiency and social impacts assessment initiatives.

The program engendered robust discussions and interactions which are expected to lead to future exchanges, partnerships and collaborations wherever possible.



*The AFOS Nigeria and Germany team.
L-R: Mr. Ladi Akoni, Mrs. Adetutu Ogunnaike, Mr. Peter Von Pokrzywnicki, Mrs. Ana Puyalto, Dr. Leo Kreuz, Mrs. Nissi Lyam and Mr. Bernhard Vester*



Delegates at the e-MFP Headquarters in Luxembourg with executive secretary Mr. Christoph Pausch



With e-MFB executive secretary at the House of Microfinance, Luxembourg for a meeting with InFiNe



NMP delegation at Frankfurt School of Business and Economics, Germany

Insight 1

Self-regulation is Crucial for Sustainability of Microfinance Institutions

Self-regulation is double edged as it ensures client protection as well as sustainability of the sector, which provides institutional guarantees for member institutions. This is a key takeaway from the delegation's visit to the German Cooperative and Raiffeisen Confederation (DGRV).

The DGRV, which is both the apex and auditing association of the German cooperative organization supports self-help and self-regulation. It ensures sustainability of its institutional members by providing them with support during financial crises and inbuilt capacity development programs through regional training centers – so far, no institutions have been allowed to fail.

Insight 2:

Price stability sustains the Financial Services industry, preserves currency value, and results in economic stability that benefits the poor

From the visit to the European Central Bank (ECB) which is the central bank of the 19 European Union countries, we saw how the ECB's focus on mainly price stability, monetary policy and banking supervision in the EU areas has led to a sustained inflation rate within 2% year-on-year in the EU area. Since the introduction of the Euro, the ECB has managed a stable inflation rate through supporting monetary policies that drive stability, maintaining an average of 1.7% from Jan 1999 – July 2019.

The Central Bank of Nigeria in similar roles should focus on price stability in order to preserve the value and purchasing power of the naira, promote financial stability, and ultimately the safety of the economy.



Insight 3:

The MLDC can evolve into a multifaceted tertiary institution for increased capacity building within the Microfinance Industry

As the pace of development continues to accelerate within the Nigerian micro finance sector, the Nigerian Microfinance Platform (NMP) plans to evolve into a multifunctional platform with unique and significant impact for the Nigerian microfinance sector as seen from the diverse nature of the European Microfinance Platform (e-MFP) and the Frankfurt School of Business & Economics.

The e-MFP is the recognized body that facilitates intervention projects within the entire Microfinance space in Europe. The Frankfurt School has over the decades evolved from consulting and advisory services to an academic institution offering degree programs, executive education and tailor-made training courses for financial institutions and companies.

The NMP has the initiative to grow the Microfinance Learning and Development Center(MLDC) into a multifaceted tertiary institution that offers financial education and capacity building to the microfinance sector. In an interaction during the visit, the Frankfurt school expressed a willingness to partner with the NMP and MLDC to strengthen the capacities of member institutions through its sustainable world academy and international advisory services

Insight 4:

Financial Inclusion drives economic growth and should be separated from banking

Prof. Hans-Dieter Seibel of the University of Cologne and board member of the European Microfinance Platform, delivered an expert speech on importance of inclusive finance as a veritable tool for economic growth through access to finance. He opined that there is a complex interaction between economic growth, poverty reduction, financial sector development, and micro-banking.

Successful microfinance policies should therefore recognize the difference in the goals of each operation. While the objective of banking is economic growth, the objective of microfinance is sustainable poverty reduction which on the long run yields economic growth.

The first MFIs originated in Europe in the 18th and 19th century and achieved their goals of poverty reduction by promoting member enterprises with savings and credit, input supply and marketing services, which also is the main idea of the BKU - that entrepreneurship is a noble vocation and that it leads to wealth for all people and the sustainability of the entire planet. This explains why the German Government through the BMZ supports the various initiatives of AFOS Foundation in Nigeria and also provides funding to facilitate the activities of the NMP, the MLDC, and the Agric sector capacity development programs as well as capacity building for 30,000 smallholders' farmers across 6 states of Nigeria

Participation

The delegation of 20 participants were drawn from different institutional members of the NMP, AFOS Foundation and its key stakeholders in Nigeria and Germany.

1. MLDC Steering Committee (Member Institutions)
2. Central Bank of Nigeria – OFISD
3. Nigeria Deposit Insurance Corporation – SIID
4. National Association of Microfinance Banks
5. BAA Consults
6. Chartered Institute of Bankers of Nigeria
7. AFOS Foundation Germany
8. AFOS Foundation INGO
9. LAPO Microfinance Bank
10. Accion Microfinance Bank
11. NPF Microfinance Bank
12. Letshego Microfinance Bank
13. Amju Unique Microfinance Bank

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